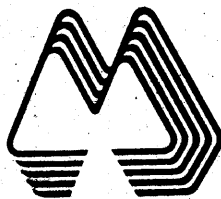
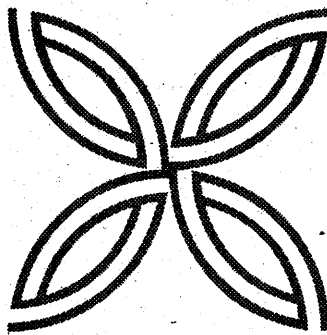


ANNUAL REPORT
2013-2014



Modern
INSULATORS LIMITED

BOARD OF DIRECTORS

Shri Sachin Ranka	– Chairman & Managing Director
Shri S.B.L. Jain	– Director
Shri R. Raniwala	– Director
Shri D.B. Deshpande	– Executive Director
Shri H.L. Sharma	– Executive Director
Shri P.K. Rao	– Additional Director

COMPANY SECRETARY

Shri Anil Kumar Sharma

AUDITORS

M/s B.L. Verma & Co.,
(Formerly known as S.S. Kothari & Co.)
Chartered Accountants,
Jaipur - 302 001

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)
Ph. : 0141-3240996
E-mail : modernjaipuroffice@gmail.com

CORPORATE HEAD QUARTER

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

PLANTS**Insulators Division**

Abu Road - 307 026
Distt. Sirohi (Rajasthan)

Yarn Division

Village : Nana Borsara
Distt. Surat (Gujarat)



NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Modern Insulators Limited will be held on Saturday, the 27th September, 2014 at 10:30 A.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business.

A. ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri D.B. Deshpande, who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To re-appoint Auditors and to fix their remuneration and in connection therewith to pass the following resolution with or without modifications, as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. B.L. Verma & Co., Chartered Accountants, Jaipur (Formerly known as M/s. S.S. Kothari & Co., Chartered Accountants, Jaipur) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the fourth consecutive Annual General Meeting (Subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors."

B. SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force) read with Schedule V of the Companies Act, 2013 and further subject to the approval of Central Government, if necessary, the approval of the Company be and is hereby accorded for the appointment of Shri Sachin Ranka as Chairman & Managing Director of the Company for a period of three years with effect from 1st April, 2014 on the terms & conditions of remuneration as specified in the explanatory statement annexed hereto."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Shri P.K. Rao who was appointed as an Additional Director of the Company by the Board of Directors with effect from 19th June, 2014 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri P.K. Rao as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto 18th June, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013

and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Shri R. Raniwala, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri R. Raniwala as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto 31st March, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Shri S.B.L. Jain, Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri S.B.L. Jain as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office upto 31st March, 2019, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the Company, be and is hereby accorded to the Board of Directors of the Company for already mortgaged/to be mortgaged and/or charged/to be charged present and/or future properties, which is situated at Abu Road, Rajasthan whether movable or immovable on first charge basis in favour of:

1. Central Bank of India for its working capital assistance of upto Rs. 5825 lacs (Fund based) & upto Rs. 2625 lacs (Non-fund based) and forward exchange contract limit upto Rs. 1200 Lacs respectively.
2. Punjab National Bank for its working capital assistance of upto Rs. 1175 lacs (Fund based) & upto Rs. 750 lacs (Non-fund based) respectively.

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

By Order of the Board

Place : JAIPUR
Date : 19th June, 2014

(ANIL KUMAR SHARMA)
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Special Business is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Share transfer books and Register of members shall remain closed from 24th September, 2014 to 27th September, 2014 (both days inclusive).

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

Item No. 4

Shri Sachin Ranka was appointed as Chairman & Managing Director of the Company with effect from 01/04/2014 for a period of 3 years by the Board of Directors of the Company (Subject to the approval of members in general meeting). The terms and conditions of payment of remuneration to Shri Sachin Ranka as Chairman & Managing Director of the Company have been approved by the Board as well as by the Remuneration Committee. The terms and conditions of remuneration referred to above are as under:-

- (A) Basic Salary: Rs. 2,00,000/- (Rupees Two Lacs only) per month for first year and thereafter increase not exceeding 20% per annum of basic salary for next 2 years.
- (B) Perquisites and allowances:
 - (i) Company's contribution towards Provident Fund as per Company's rules but not exceeding 12% of the salary.
 - (ii) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.
 - (iii) Free use of car with driver, for Company's business.
 - (iv) Free Telephone facility at residence for Company's business.
 - (v) Fees of clubs - subject to a maximum of two clubs & maximum amount of Rs. 1,00,000/- per annum.
- (C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The resolution seeks the approval of members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder for the appointment of Shri Sachin Ranka as Chairman & Managing Director of the Company for a period of 3 years with effect from 1st April, 2014.

No director, key managerial personnel or their relatives, except Shri Sachin Ranka, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

Shri P.K. Rao was appointed as an Additional Director of the Company with effect from 19/06/2014 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature of Shri P.K. Rao for the office of an Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri P.K. Rao as an Independent Director of the Company upto 31st March, 2019, pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri P.K. Rao is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri P.K. Rao fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri P.K. Rao as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

No director, key managerial personnel or their relatives, except Shri P.K. Rao, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

Item No. 6

Shri R. Raniwala is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in June, 2012. Shri R. Raniwala retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri R. Raniwala being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a terms of 5 years.

The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature of Shri R. Raniwala for the office of an Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri R. Raniwala as an Independent Director of the Company upto 31st March, 2019, pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri R. Raniwala is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri R. Raniwala fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri R. Raniwala as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri R. Raniwala as an Independent Director.

No director, key managerial personnel or their relatives, except Shri R. Raniwala, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

Item No. 7

Shri S.B.L. Jain is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors in March, 1998. Shri S.B.L. Jain retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri S.B.L. Jain being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a terms of 5 years.

The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature of Shri S.B.L. Jain for the office of an Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Shri S.B.L. Jain as an Independent Director of the Company upto 31st March, 2019, pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri S.B.L. Jain is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri S.B.L. Jain fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri S.B.L. Jain as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri S.B.L. Jain as an Independent Director.

No director, key managerial personnel or their relatives, except Shri S.B.L. Jain, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 7 for the approval of the members.

Item No. 8

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

As the mortgage or charge on properties to secure the working capital facilities on first charge basis may be regarded as disposal of the whole or substantially the whole of the Insulators division of the Company, it is considered necessary to seek members approval pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 for mortgage or charge already created/to be created.

No director, key managerial personnel or their relatives is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 8 for the approval of the members.

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting Annual Report and audited accounts for the year ended on 31st March, 2014.

1. FINANCIAL RESULTS

	(₹ in crores)	
	Year ended 31.03.2014	Year ended 31.03.2013
Profit before exceptional items and tax	26.12	20.76
Less: Exceptional items	10.40	-
Profit before tax	15.72	20.76
Less: Tax expense (Deferred Tax)	1.65	(0.38)
Profit for the year after tax	14.07	21.14

2. OPERATIONS

The overall performance of the Company has been satisfactory inspite of challenging business environment. The net turnover for the year has been ₹ 459.33 crores as against ₹ 391.62 crores in previous year and net profit before exceptional items and tax ₹ 26.12 crores for the year as against ₹ 20.76 crores in previous year showing growth of 17% and 26% respectively.

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

INSULATORS DIVISION

The division has achieved a net turnover of ₹ 273.91 crores during the year and profit before interest & depreciation of ₹ 37.75 crores as against ₹ 242.66 crores and ₹ 36.11 crores respectively of previous year. Performance of this division could be sustained due to benefit of safeguard duty imposed last year which was effective till 31st Dec. 2013. Company's vision to broaden the scope of manufacturing of all kinds of extra high voltage insulators for electrical equipments has borne the fruits witnessed by the performance of the company during the year under review.

YARN DIVISION

This division has achieved a net turnover of ₹ 185.42 crores and profit before interest & depreciation of ₹ 8.20 crores as against ₹ 148.96 crores and ₹ 5.39 crores respectively of previous year mainly due to pick up in demand.

3. EXPORTS

The company is one of the major exporter of H.T. Porcelain Insulators from India. The Company's sustained efforts in exporting its products as well as favourable exchange rates resulted in achieving higher export turnover of ₹ 79 crores during the year under review as compared to ₹ 76 crores in previous year inspite of stiff competition with the globally giant players (particularly Chinese) in Insulator Industry and deferment of delivery schedule by the overseas customers. The company possesses ability to cater to diverse needs of global customers and further concentrating to strengthen its presence in all corners of global market. This would help company in getting optimum utilization of its productive resources. Your company is a regular supplier to all the major multinational OEMs for their world wide requirements of quality porcelain insulators. The company is also focusing to save cost effectively with R&D activities and better process control so that products of the insulator division remain competitive in terms of quality and price in the international market.

4. FUTURE PROSPECTS

Your Company continues to be a leader in the manufacture of High Voltage Insulators in the Country. Despite stiff competition from other countries, international buyers show interest to your company's product for its quality & timely delivery and hence your directors are confident of achieving better working results in the coming years. Your Company is having well equipped R & D laboratory recognized by Govt. of India, Ministry of Science & Technology which takes care of the stringent quality requirements of customers and ensure quality and reliability in each and every product manufactured. In-house R&D activities have a thrust on development to replace expensive input raw material & to further bring consistency in quality of the products under manufacture. The future of insulator industry looks promising due to major thrust on power sector reforms and speedier implementation of new power projects. The Government of India has given emphasis on upgrading transmission system in the country along with plans for construction of new power transmission grids. PGCIL is looking to connect the Northern & Southern grid shortly. Also industry is pursuing the govt. for imposition of Anti dumping duty against cheaper Chinese imports as safeguard duty was effective till 31st December 2013. In view of this & looking to the present scenario in power sector, the business prospects for Insulator Industry in general and for your Company in particular are encouraging.

In order to diversify its business, your company is expanding capacity of foundry which at present is partly fulfilling company's captive requirement of SGI and Aluminium Castings. Company is targeting variety of markets including auto components. This will further boost revenue of the company.

5. AMALGAMATION OF MODERN TERRY TOWELS LIMITED WITH THE COMPANY

As desired by the Hon'ble BIFR, Modern Terry Towels Limited has filed revised DRS with them for its amalgamation with your company by taking deemed date of amalgamation as 01.01.2008 (as envisaged in original scheme). The same is under consideration for circulation and thereafter for sanction by Hon'ble BIFR.

6. DEMERGER OF YARN DIVISION OF THE COMPANY

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

7. SUBSIDIARY COMPANY

The statement under Section 212 of the Companies Act, 1956 in respect of Motile Power Trade Pvt. Ltd., subsidiary of the Company along with audited accounts is attached.

8. DIRECTORS

Shri Sachin Ranka has been appointed as Chairman & Managing Director of the Company with effect from 01.04.2014 for a period of three years by the Board of Directors of the Company. Shri D.B. Deshpande, Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In compliance with the provision of Section 149 and other applicable provisions of the Companies Act, 2013, Shri R. Raniwala and Shri S.B.L. Jain, Directors of the Company are proposed to be appointed as Independent Directors of the Company for five consecutive years for a term upto March 31, 2019. Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

9. AUDITORS

M/s B.L. Verma & Co., Chartered Accountants (Formerly known as S.S. Kothari & Co., Chartered Accountants), statutory auditors of the Company retires at the forthcoming Annual General Meeting. Your Directors recommend their re-appointment to audit the accounts of the Company. As required under the provision of the Section 139 of the Companies Act, 2013 the company has obtained written confirmation from M/s B.L. Verma & Co., Chartered Accountants, that their re-appointment, if made, would be in conformity with the limits specified in the said section. The observations made by the Auditors are self explanatory and have been dealt with in the notes forming part of the financial statements and hence need no further clarifications.

10. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

Your Directors sincerely appreciate the workers, staff and officers for putting in their best efforts. The Company has enjoyed healthy and cordial industrial relations throughout the year under review.

There is no employee getting remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:-

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

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

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

13. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 177 of the Companies Act, 2013. The present Audit Committee consists of member directors as follows:-

Shri R. Raniwala (Independent Director) - Chairman
 Shri S.B.L. Jain (Independent Director)
 Shri H.L. Sharma (Executive Director)

14. ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for all the stake holders of the Company who has been continuously supporting the growth of your Company. In particular, the Directors value the dedication and commitment of your Company's employees and thank the Financial Institutions, Banks, Government Authorities, customers, vendors, shareholders and Central as well as State Governments for their continued cooperation and support.

ON BEHALF OF THE BOARD

Place : Jaipur
 Dated : 19th June, 2014

(SACHIN RANKA)
 Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

A. TECHNOLOGY ABSORPTION:

1. Research and Development (R&D):

- a) Specific area in which R&D carried out by company:
 - i) Successful implementation of alternative china clays to existing ones in short supply, maintaining uninterrupted production activity at optimum recovery & porcelain quality.
 - ii) Process optimization & improvement to conserve natural resources particularly energy, fuels, water & major input materials by way of minimizing process loss, reusing & recycling.
 - iii) Successful plant scale implementation of coarse feldspar Bauxite body with enhanced recovery.
 - iv) Development of vibration set up of testing for 765 kV LRI.
 - v) Computerization of testing machines to have accurate results.
 - vi) Development of 400 kV LRI without arcing horn.
 - vii) 765 kV - 10 kN insulators development in 3 units with resulting improvement in pollution performance.
- b) Benefits as a result of the above R&D:
 - i) Uninterrupted plant operations at optimum level with desired yield.
 - ii) Development of alternate / low cost raw material source.
 - iii) Entry in new product segment.
 - iv) Improvement in Quality & reliability of product.
- c) Future plan of action:
 - i) Automation in material handling.
 - ii) Further development of alternate sources of china clays for smoother & cost effective operation.
 - iii) Development of a suitable low temperature bauxite body & glaze with an improvement in yield.
 - iv) Development of 800 kV HVDC longrod insulators.
 - v) Development of 400 kV longrod/Railway insulator in composite body.
 - vi) Development of glass insulators as a new product category.
- d) Expenditure on R&D

i)	Capital	₹ 1.22 lacs
ii)	Recurring	₹ 275.90 lacs
	Total	₹ 277.12 lacs

Total R&D expenditure, as %age of total turnover: 0.55%

2. Technology Absorption, Adoption and innovation:

- a) Efforts, in brief made towards technology absorption, adoption and innovation:
 - i) Development & implementation of Pyroblocks for kiln lining in place of bulky bricks. This has resulted in better fuel economy.
 - ii) Installation of coal gasifier to generate producer gas out of coal is underway. This producer gas is going to yield further fuel economy.
 - iii) Controlled electrical drying of heavy-section solid core & critical hollow insulators have been successfully developed & implemented in regular production with a formidable jump in both dryer & kiln recovery.
 - iv) Pug Electric Drying with 400 Hz frequency has been tried out successfully.
 - v) VFD installed on two agitators for power saving without affecting quality parameters.
 - vi) LED lights are being introduced for street lighting purpose to save power.
 - vii) Installed AC system in 14 PEDs to maintain uniform temperature throughout the year to improve recovery.
 - viii) Installed evaporative cooling system at slip house for uniform ageing of filter cake as per temperature of extruded blanks to improve recovery.
- b) Benefits derived as a result of above efforts:
 - i) Improvement in efficiency & productivity.
 - ii) Reduction in firing cycle time & cost saving with increased productivity.
 - iii) Reduction in production cost.
 - iv) Reduction in rejections at various stages.

B. FOREIGN EXCHANGE EARNING & OUTGO:

The company has earned during the period foreign exchange of ₹ 7920.61 lacs at F.O.B. price against an outgo of ₹ 1398.20 lacs.

INDEPENDENT AUDITORS' REPORT

To the Members of
Modern Insulators Limited
Report on the Financial Statements

We have audited the accompanying financial statements of Modern Insulators Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 audit opinion.

Basis for Qualified Opinion

- (a) *Provision for taxation (including interest) estimated at ₹ 885.79 lacs for current year (upto the year ₹ 7148.07 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals. Meanwhile Income Tax department has completed assessments for Assessment Year 2008-09, 2009-10 & 2011-12 wherein substantive orders have been passed allowing losses pertaining to proposed amalgamation and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 2710.22 lacs which shall be effective if the amalgamation scheme is not sanctioned. The department had also completed assessment for the Assessment Year 2010-11 and had raised demand of ₹ 961.47 lacs in respect of disallowance of losses pertaining to proposed amalgamation pending approval from concerned authorities; the company has filed appeal against the said demand before CIT (Appeals).*

- (b) *Balances of Trade Payables & Trade Receivables are subject to reconciliations/confirmations.*
 (c) *The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.*

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, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 25 to the financial statements pertaining to exceptional item. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, 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 statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - Except for the effect of the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in section 211(3C) of the Act, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - On the basis of the written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **B.L. VERMA & CO.**
 (Formerly known as S.S. Kothari & Co.)
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)

PARTNER

Place : Jaipur

Date : 19th June, 2014

(Membership No. 10900)

ANNEXURE FORMING PART OF THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except furniture & fixtures for which detailed records are not maintained.
- (b) As per information and explanations given to us, most of the fixed assets have been physically verified during the year by management in accordance with a phased programme of verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- (iii) (a) The company had given loans to two subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 3620 lacs and the year end balance is ₹ 1300 lacs (Previous year ₹ 4200 lacs & ₹ 3620 lacs respectively). The said loan is without interest and principal amount is repayable on demand.
- (b) The company has given interest-free loan/advance to a company covered under section 301 of companies Act, 1956 in view of proposed amalgamation awaiting approvals. Maximum amount outstanding during the year was ₹ 3326.95 lacs and the year end balance is ₹ 2715.95 lacs (previous year ₹ 2789.85 lacs & ₹ 2245.15 lacs respectively).
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and for the sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) (a) Based on audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements, referred to in section 301 of Companies Act 1956, exceeding Rupees Five lacs in respect of each party during the year.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit carried out during the year commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, service tax, sales-tax, wealth tax, custom duty, excise duty and other statutory dues applicable to it and no undisputed statutory dues as noted above is outstanding for a period of more than six months from the date it became payable. The company has not paid/provided income tax (refer comments under the Head "Basis for Qualified Opinion" in Auditors' Report and Note No.31 of Financial Statement).
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income tax, sales tax,

excise duty and Service Tax etc. as at 31st March, 2014 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 Sales Tax Act 1956 and RV Act 2003	CST and VAT	231.82	2007-08	Rajasthan Tax Board, Ajmer
		115.72	2008-09	Rajasthan Tax Board, Ajmer
		15.48	2009-10 & 2011-12	Assistant Commissioner Commercial Taxes, Pali
Income Tax Act 1961	Income Tax	961.47*	2009-10	CIT (Appeals), Jaipur
Central Excise Act 1944	Excise Duty & Service Tax	99.69	Various years from 2005-06 to 2010-11	Central Excise and Service Tax Appellate Tribunal, Delhi
		6.51	2012-13	Commissioner Central Excise (Appeals), Jaipur
		91.09	2004-05 to 2009-10	Additional Commissioner, Central Excise, Jaipur / Joint Commissioner Central Excise, Jodhpur

* Refer Note No. 31 of Financial Statement.

- (x) The Company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit and as per information and explanations given by the management, there has been no default in repayment of dues to any financial institution or bank or debenture holders during the year.
- (xii) Based on our examination of books of account and information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statutes applicable to chit fund, nidhi or mutual benefit fund/society are not applicable to the company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and hence requirement of para 4(xiv) is not applicable.
- (xv) As per information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The company has not taken any fresh term loan during the year under review.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) No allotment of shares has been made by the company during the year.
- (xix) The company has not issued any debenture during the year covered by audit.
- (xx) During the year the company has not raised any money by way of public issue.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **B.L. VERMA & CO.**
 (Formerly known as S.S. Kothari & Co.)
 Chartered Accountants
 (Firm Registration No. 001064C)

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

Place : Jaipur
 Date : 19th June, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in lacs)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	2174.35	2174.35
Reserves & Surplus	2	19718.21	18311.61
		<u>21892.56</u>	<u>20485.96</u>
Non-Current Liabilities			
Long-term borrowings	3	14.49	680.00
Deferred Tax Liability (Net)	4	1479.26	1314.41
Other long term liabilities	5	1007.77	833.28
Long term provisions	6	904.92	744.04
		<u>3406.44</u>	<u>3571.73</u>
Current Liabilities			
Short term borrowings	7	4874.02	4964.59
Trade payables	8	3244.74	2903.66
Other current liabilities	9	1701.09	2997.73
Short term provisions	6	177.14	241.57
		<u>9996.99</u>	<u>11107.55</u>
Total		<u>35295.99</u>	<u>35165.24</u>
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	10	13200.23	13172.50
Intangible assets	10	32.31	12.86
Capital work-in-progress		199.14	186.42
		<u>13431.68</u>	<u>13371.78</u>
Non-current investments	11	117.11	122.05
Long term loans and advances	12	4776.33	5478.56
		<u>18325.12</u>	<u>18972.39</u>
Current assets			
Current investments	13	1870.08	831.23
Inventories	14	6087.44	6310.66
Trade receivables	15	6594.35	5705.73
Cash and bank balances	16	723.09	607.93
Short term loans and advances	12	1544.60	2568.53
Other current assets	17	151.31	168.77
		<u>16970.87</u>	<u>16192.85</u>
Total		<u>35295.99</u>	<u>35165.24</u>

Significant Accounting Policies

Other Notes on Financial Statement

26 to 38

As per our report of even date attached

For B.L. VERMA & CO.

(Formerly known as S.S. Kothari & Co.)

Chartered Accountants

(Firm Registration No. 001064C)

(B.L. VERMA)

Partner

(Membership No. 10900)

Place : Jaipur

Date : 19th June, 2014

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

S.B.L. Jain

R. Raniwala

Directors

H.L. Sharma

Anil Kumar Sharma – Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)			
Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
INCOME			
Revenue from Operations	18	45932.50	39162.02
Other Income	19	460.62	481.08
Total Revenue		<u>46393.12</u>	<u>39643.10</u>
EXPENSES			
Cost of materials consumed	20	21569.93	18470.67
Changes in inventories of finished goods & stock in process	21	76.52	(825.99)
Employee benefits expense	22	3517.28	3152.34
Finance cost	23	1159.71	1270.46
Depreciation and amortization expense	10	824.20	803.42
Other expenses	24	16634.03	14696.37
Total Expenses		<u>43781.67</u>	<u>37567.27</u>
Profit before exceptional items & tax		2611.45	2075.83
Exceptional items	25	1040.00	-
Profit before tax		1571.45	2075.83
Tax Expense :			
Deferred tax		164.85	(37.75)
Tax in respect of earlier years (net)		-	0.21
		<u>164.85</u>	<u>(37.54)</u>
Profit for the year		<u>1406.60</u>	<u>2113.37</u>
Earning per equity share (₹)			
Basic & Diluted	35	6.47	9.72
Significant Accounting Policies			
Other Notes on Financial Statement	26 to 38		

As per our report of even date attached

 For **B.L. VERMA & CO.**
 (Formerly known as S.S. Kothari & Co.)
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)
 Partner
 (Membership No. 10900)
 Place : Jaipur
 Date : 19th June, 2014

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

 S.B.L. Jain
 R. Raniwala
 H.L. Sharma
 Directors

Anil Kumar Sharma – Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

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

ii) Use of Estimates

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

iii) Fixed Assets

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

iv) Depreciation

Depreciation on fixed assets is provided as follows:

- (a) On straight line method at the revised rates and in the manner specified in schedule XIV of the Companies Act, 1956 as amended vide notification No. GSR-756 (E) dated 16th December 1993 issued by the Department of Company Affairs. Depreciation has been calculated on Plant and Machinery as continuous process plant based on expert's opinion.
- (b) No amount has been written off from leasehold land. The same will be charged to the Profit & Loss Account only in the year in which the respective lease period expires.

v) Investments

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

vi) Inventories

- (a) Raw materials, Stores & spares and stock in process are valued at cost.
 - (b) Finished Stock is valued at lower of cost or estimated net realisable value.
 - (c) Waste is valued at estimated net realisable value.
- Cost of raw materials & stores is computed on weighted average basis. Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value of leftover stock out of the products manufactured as per customers' specifications are estimated at nominal value.

vii) Revenue Recognition

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

viii) Excise Duty/Cenvat

- (a) Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision made for goods lying in bonded warehouse.

- (b) The Cenvat credit in respect of excise duty is utilised for payment of excise duty on goods despatched. The unutilised Cenvat credit is carried forward in the books.

ix) Borrowing cost

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

x) Employee Benefits

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

xi) Foreign Currency Transactions

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

xii) Prior year adjustments

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

xiii) Research and Development

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

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

xv) Taxation

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

xvi) Impairment of Assets

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

xvii) Provisions, Contingent Liabilities and Contingent Assets

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

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. SHARE CAPITAL

	As at 31.03.2014	As at 31.03.2013
AUTHORISED		
2,50,00,000 (Previous Year 2,50,00,000) Equity shares of ₹ 10/- each	2500.00	2500.00
5,00,000 (Previous Year 5,00,000) Preference shares of ₹ 100/- each	500.00	500.00
	<u>3000.00</u>	<u>3000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
2,17,43,500 (Previous Year 2,17,43,500) Equity shares of ₹ 10/- each fully paid-up	<u>2174.35</u>	<u>2174.35</u>

- 1.1 The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
 1.2 Details of shareholders holding more than 5% of the total number of shares

Name of the Share holder

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Ajaymeru Trading & Investments Pvt. Ltd.	5656915	26.02	5656915	26.02
Pride Mercantiles Pvt. Ltd.	4496301	20.68	4496301	20.68
1.3 Reconciliation of Number of Shares				
Equity shares at the beginning of the year	21743500		21743500	
Equity shares at the end of the year	<u>21743500</u>		<u>21743500</u>	

2. RESERVES AND SURPLUS

	As at 31.03.2014	As at 31.03.2013
Capital Reserve		
As per last balance sheet	25.00	25.00
Debentures Redemption Reserve		
As per last balance sheet	320.00	-
Add : Transferred to/from Statement of Profit & Loss	<u>(320.00)</u>	<u>320.00</u>
	<u>-</u>	<u>320.00</u>
Statement of Profit & Loss		
As per last balance sheet	17966.61	16173.24
Add: Profit for the year	1406.60	2113.37
Less : Transferred from/to Debenture Redemption Reserve	<u>(320.00)</u>	<u>320.00</u>
Surplus in the Statement of Profit & Loss	<u>19693.21</u>	<u>17966.61</u>
Total	<u><u>19718.21</u></u>	<u><u>18311.61</u></u>

3. LONG TERM BORROWINGS

	As at 31.03.2014		As at 31.03.2013	
	Non-current	Current	Non-current	Current
Secured				
Debentures				
Zero Coupon secured Redeemable Debentures	-	-	680.00	600.00
	<u>-</u>	<u>-</u>	<u>680.00</u>	<u>600.00</u>
Term loans from				
Financial Institution	-	-	-	960.00
Others	14.49	6.63	-	12.26
	<u>14.49</u>	<u>6.63</u>	<u>-</u>	<u>972.26</u>
Total	<u><u>14.49</u></u>	<u><u>6.63*</u></u>	<u><u>680.00</u></u>	<u><u>1572.26*</u></u>

*Considered in other current liabilities.

- 3.1 Other Loans are secured against hypothecation of the specific assets.
 3.2 Other loans are repayable as per various payment schedules. Last instalment due in September-2016. Rate of Interest 10.65% p.a. (Previous year 8.08% to 9.09% p.a.).

4. DEFERRED TAX LIABILITY (NET)

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
(a) Deferred Tax Liability		
Depreciation	2196.48	1920.87
(b) Deferred Tax Asset		
Provisions allowable for Tax purpose on payment basis	682.21	554.64
Others (Provision for doubtful debts)	35.01	51.82
	<u>717.22</u>	<u>606.46</u>
Net Deferred Tax Liability	<u>1479.26</u>	<u>1314.41</u>

5. OTHER LONG TERM LIABILITIES

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
Entry Tax Payable	<u>1007.77</u>	<u>833.28</u>

6. PROVISIONS

(₹ in lacs)

	As at 31.03.2014		As at 31.03.2013	
	Long term	Short term	Long term	Short term
Provisions for employee benefits				
For Gratuity	749.81	55.18	614.02	81.14
For Unavailed Leaves	<u>155.11</u>	<u>39.21</u>	<u>130.02</u>	<u>51.02</u>
	<u>904.92</u>	<u>94.39</u>	<u>744.04</u>	<u>132.16</u>
Other provisions				
For excise duty on closing finished stock	-	82.75	-	109.41
Total	<u>904.92</u>	<u>177.14</u>	<u>744.04</u>	<u>241.57</u>

7. SHORT TERM BORROWINGS

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
Secured		
Bank borrowings for working capital	<u>4874.02</u>	<u>4964.59</u>

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

8. TRADE PAYABLES

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
Trade Payables	<u>3244.74</u>	<u>2903.66</u>

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

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

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
Current maturities of long term borrowings (Refer note No.3)	6.63	1572.26
Statutory dues	106.31	63.33
Payable towards capital goods	98.91	93.95
Advance received from customers	280.56	234.29
Sundry deposits	100.64	104.14
Other payable*	<u>1108.04</u>	<u>929.76</u>
Total	<u>1701.09</u>	<u>2997.73</u>

* Includes employees' dues and liabilities for expenses etc.

10. FIXED ASSETS

(₹ in lacs)

PARTICULARS	TANGIBLE ASSETS							INTANGIBLE ASSETS
GROSS BLOCK	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 01.04.2013	1036.13	3432.22	17508.32	224.77	183.66	187.90	22573.00	65.05
Addition	6.05	195.40	567.90	15.58	8.67	68.61	862.21	24.56
Deduction	-	-	-	14.85	6.86	20.49	42.20	-
As at 31.3.2014	1042.18	3627.62	18076.22	225.50	185.47	236.02	23393.01	89.61
As at 01.04.2012	957.40	3320.39	17117.52	210.40	178.19	201.66	21985.56	65.05
Addition	78.73	111.83	390.80	18.19	5.83	24.98	630.36	-
Deduction	-	-	-	3.82	0.36	38.74	42.92	-
As at 31.3.2013	1036.13	3432.22	17508.32	224.77	183.66	187.90	22573.00	65.05

DEPRECIATION	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 01.04.2013	-	930.53	8152.64	123.68	138.83	54.82	9400.50	52.19
Charge for the year	-	101.33	677.97	14.35	7.15	18.29	819.09	5.11
Deduction	-	-	-	7.41	6.55	12.85	26.81	-
As at 31.3.2014	-	1031.86	8830.61	130.62	139.43	60.26	10192.78	57.30
As at 01.04.2012	-	832.08	7487.92	111.84	132.91	54.45	8619.20	49.27
Charge for the year	-	98.45	664.72	12.51	6.13	18.69	800.50	2.92
Deduction	-	-	-	0.67	0.21	18.32	19.20	-
As at 31.3.2013	-	930.53	8152.64	123.68	138.83	54.82	9400.50	52.19

NET BLOCK	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL	Computer Software
As at 31.3.2014	1042.18	2595.76	9245.61	94.88	46.04	175.76	13200.23	32.31
As at 31.3.2013	1036.13	2501.69	9355.68	101.09	44.83	133.08	13172.50	12.86

11. NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at 31.03.2014	As at 31.03.2013
LONG TERM INVESTMENTS (AT COST)		
Trade Investments (Unquoted)		
a. Investment in Govt. securities		
National Saving Certificates (Deposited with Govt. Department)	0.01	0.01
b. Investment in shares of subsidiary companies		
Motile Power Trade Private Ltd.	4.30	4.30
(43000 Equity shares of ₹ 10/- each, fully paid up;		
Previous year 43000 Equity shares of ₹ 10/- each, fully paid up)		
Gujarat Polyfils (India) Ltd.		4.94
(Nil; Previous year 49400 Equity shares of ₹ 10/- each, fully paid up)		
c. Investment in shares of other company		
VS Lignite Power Pvt. Ltd. *		
(385186 Class 'A'- Equity shares of ₹ 10/- each, fully paid up;	38.52	38.52
Previous year 385186 Class 'A'- Equity shares of ₹ 10/- each, fully paid up)		
(742814 Class 'A'- 0.01% Cumulative & Redeemable		
Preference shares of ₹ 10/- each, fully paid up;	74.28	74.28
Previous year 742814 Class 'A'- 0.01% Cumulative & Redeemable		
Preference shares of ₹ 10/- each, fully paid up)		
* Lying with said company under lien.		
Total	117.11	122.05

12. LOANS AND ADVANCES

(₹ in lacs)

	As at 31.03.2014		As at 31.03.2013	
	Long term	Short term	Long term	Short term
Loans and Advances to related parties (Refer Note No.29)	2715.95	-	2245.15	-
Loans to Subsidiary Companies (Refer Note No.30)	1300.00	-	2520.00	1100.00
Capital Advances	358.04	-	268.48	-
Income Tax Advance	-	456.01	-	456.01
Tax Deducted at Source	-	237.76	-	205.11
Balance with Government Authorities	-	207.86	-	138.05

Prepaid Expenses	-	69.76	-	111.29
Loans to employees	-	57.22	-	46.68
Advance to Suppliers	-	348.47	-	329.37
Deposits	-	150.87	444.93	166.99
Others	402.34	16.65	-	15.03
Total	4776.33	1544.60	5478.56	2568.53

13. CURRENT INVESTMENTS

	As at 31.03.2014	As at 31.03.2013
Non-trade Investments (Quoted)		
a. HDFC Cash Management Fund 3124170.877 Units (Previous Year Nil)	313.20	-
b. Motilal Oswal MOST 10 Year Gilt Fund - Growth Nil (Previous Year 1453572.882 Units)	-	150.00
c. Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvestment Nil (Previous Year 527950.773 Units)	-	528.81
d. Birla Sun Life Dynamic Bond Fund - Retail - Quarterly Dividend - Regular Plan - Reinvestment 1438553.511 Units (Previous Year 1313568.437 Units)	166.13	152.42
e. HDFC Gilt Fund LTP Growth 649696.592 Units (Previous Year Nil)	150.00	-
f. Birla Sun Life Floating Rate Long Term Growth 829011.178 Units (Previous Year Nil)	1240.75	-
Total	1870.08	831.23

13.1 Market Value of Investment ₹ 1893.67 Lacs (Previous Year ₹ 840.75 Lacs)

14. INVENTORIES

	As at 31.03.2014	As at 31.03.2013
Raw Materials (In Transit ₹ 164.01 lacs; Previous Year ₹ 201.87 lacs)	1333.29	1509.99
Stocks in Process	2418.77	2148.47
Finished Stock	1795.22	2142.04
Stores & spares (In Transit ₹ 49.26 lacs; Previous Year ₹ 59.09 lacs)	540.16	510.16
Total	6087.44	6310.66

15. TRADE RECEIVABLES

	As at 31.03.2014	As at 31.03.2013
Trade Receivables (Unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	700.23	792.25
Considered doubtful	103.00	159.71
Less : Provision for doubtful debts	803.23	951.96
	103.00	159.71
Others (Considered Good)	700.23	792.25
Total	5894.12	4913.48
	6594.35	5705.73

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

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

16. CASH AND BANK BALANCES

	As at 31.03.2014	As at 31.03.2013
Cash and Cash equivalents		
Cash on Hand	2.55	4.32
Balances with Banks	529.78	384.61
Other Bank Balances		
Fixed Deposit with banks	190.76	219.00
Total	723.09	607.93

16.1 Fixed deposits with banks include deposits of ₹ 21.12 lacs (Previous year ₹ 105.55 lacs) with original maturity of more than 12 months.

16.2 Fixed deposits with banks against margin ₹ 177.87 lacs (Previous year ₹ 166.02 lacs) are held to secure the company's non-fund based limits availed from the banks.

17. OTHER CURRENT ASSETS

	As at 31.03.2014	As at 31.03.2013
Export Benefits & Insurance claims receivable	99.28	122.22
Accrued interest	52.03	46.55
Total	151.31	168.77

18. REVENUE FROM OPERATIONS

	Year ended 31.03.2014	Year ended 31.03.2013
Sale of Products	50145.25	42784.35
Other operating Revenues		
Export Incentives	189.56	- 226.01
	50334.81	43010.36
Less : Excise Duty	4402.31	3848.34
Total	45932.50	39162.02
18.1 : Particulars of sale of products		
Insulators & Metal fittings	29349.76	26024.73
Yarn & Waste	20795.49	16759.62
Total	50145.25	42784.35

19. OTHER INCOME

	Year ended 31.03.2014	Year ended 31.03.2013
Liabilities & sundry-balances written back (Net)	9.14	130.19
Interest Income	76.90	61.21
Foreign exchange fluctuation (Net)	183.38	144.71
Miscellaneous Income (Including Dividend)	187.90	144.97
Profit on sale of Fixed Assets (net)	3.30	-
Total	460.62	481.08

20. COST OF MATERIALS CONSUMED

	Year ended 31.03.2014	Year ended 31.03.2013
Imported	(₹ in lacs) 1377.63	(₹ in lacs) 1165.98
Indigenous	20192.30	17304.69
Total	21569.93	18470.67
	% of consumption 6.39	% of consumption 6.31
	93.61	93.69
	100.00	100.00
20.1 Details of Materials Consumed		
Clays	1549.45	1259.03
Calcined Alumina	2462.82	2308.19
Metal Fittings	2586.48	2875.65
Polyester Chips	13956.78	11181.25
Spin Finish Oil	355.77	290.30
Others	658.63	556.25
Total	21569.93	18470.67

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

	Year ended 31.03.2014	Year ended 31.03.2013
Inventories at the beginning of the year		
Finished Goods	2142.04	1998.93
Stock in process	2148.47	1465.59
	4290.51	3464.52
Less: Inventories at the end of the year		
Finished Goods	1795.22	2142.04
Stock in process	2418.77	2148.47
	4213.99	4290.51
Total	76.52	(825.99)

22. EMPLOYEE BENEFITS EXPENSE

	Year ended 31.03.2014	Year ended 31.03.2013
Salaries, Gratuity, Wages, Bonus and other allowances	3190.53	2856.94
Contribution to Provident & other Funds	282.14	247.16
Staff & Labour Welfare	44.61	48.24
Total	3517.28	3152.34
22.1 Disclosure in respect of employee benefits as per Accounting Standard 15 is given below :		
Assumptions		
- Discount rate	8.50%	8.00%
- Expected rate of return on assets	-	-
- Expected rate of future salary increase	6.00%	5.50%

	(₹ in lacs)			
	Year ended 31.03.2014		Year ended 31.03.2013	
	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
Change in present value of obligations				
Present value of obligations as at the beginning of the year	659.16	181.04	583.76	169.46
Interest cost	55.62	14.48	46.69	13.56
Current service cost	60.20	30.91	52.77	27.46
Past service cost	-	-	-	-
Benefits paid	(40.48)	(41.52)	(33.58)	(52.26)
Actuarial loss on Obligations	34.49	9.41	45.52	22.82
Present value of obligations as at the close of the year	804.99	194.32	695.16	181.04
Change in fair value of plan assets				
Liability recognized in the Balance Sheet	Not applicable		Not applicable	
Present value of obligations as at the end of the year	804.99	194.32	695.16	181.04
Fair value of plan assets as at the close of the year	-	-	-	-
Funded status/difference	804.99	194.32	695.16	181.04
Unrecognized Actuarial (Gain)/Loss	-	-	-	-
Net (Assets)/Liability recognized in Balance Sheet	804.99	194.32	695.16	181.04
Expenses recognized in statement of Profit and Loss				
Current service cost	60.20	30.91	52.77	27.46
Past service cost	-	-	-	-
Interest cost	55.62	14.48	46.69	13.56
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain)/ Loss recognized during the year	34.49	9.41	45.52	22.82
Total Expense recognized in statement of Profit and Loss	150.31	54.80	144.98	63.84
Movement in liability recognised in the balance sheet				
Opening net liability	695.16	181.04	583.76	169.46
Expenses as above	150.31	54.80	144.98	63.84
Benefits Paid	(40.48)	(41.52)	(33.58)	(52.26)
Actual return on plan assets	-	-	-	-
Acquisition adjustments	-	-	-	-
Closing net Liability	804.99	194.32	695.16	181.04
Amounts for the current and previous four periods are as follows :				
Present Value of Obligation - Gratuity	31.03.2014 (12 Months)	31.03.2013 (12 Months)	31.03.2012 (12 Months)	31.03.2011 (18 Months)
Defined Benefit Obligation	804.99	695.16	583.76	500.32
Plan Assets	-	-	-	-
Unrecognised past service Cost	-	-	-	-
Deficit	(804.99)	(695.16)	(583.76)	(500.32)
Experience adjustments on plan liabilities	(33.84)	(43.27)	(27.99)	27.97
Experience adjustments on plan assets	-	-	-	(50.82)

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

23. FINANCE COST

	(₹ in lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest Expenses	969.04	1065.03
Other Borrowing Cost	190.67	205.43
Total	1159.71	1270.46

24. OTHER EXPENSES

	(₹ in lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
MANUFACTURING EXPENSES		
Power & Fuel	8184.13	7893.22
Stores & Spares Consumption	2729.40	1943.76
Packing	2209.67	1891.48
Job Charges	398.57	285.55
Excise duty on increase/decrease in Finished Stock	(26.67)	(6.99)
Repairs & Maintenance:		
Plant & Machinery	669.56	557.65
Buildings	464.95	369.25
Others	21.67	16.11
Other expenses	261.92	165.76
Total	14913.20	13115.79

ADMINISTRATIVE EXPENSES			
Rent		30.63	21.36
Insurance (Net)		26.85	27.42
Rates & Taxes		8.90	9.35
Travelling & Conveyance		144.82	154.88
Legal & Professional Expenses		65.67	80.24
Telecommunication Expenses		11.11	12.50
Directors fees and Expenses		0.31	0.42
Payment to Auditors			
for Audit fee		1.80	1.80
for Tax Audit fee		0.60	0.60
for Expenses		2.24	2.89
Other expenses		250.54	229.40
		<u>543.47</u>	<u>540.86</u>
SELLING EXPENSES			
Commission, rebates etc.		433.66	341.19
Carriage outward (Net)		454.39	495.90
Bad debts written off	174.16		
Less : Provision for doubtful debts	<u>56.71</u>	117.45	
Provision for doubtful debts			37.65
Sales Promotion & Advertisement		27.83	25.41
Insulators testing charges		124.85	112.19
Other expenses		19.13	26.62
		<u>1177.31</u>	<u>1038.96</u>
OTHER EXPENSES			
Lease rent on land		0.05	0.05
Loss on sale of Fixed Assets (Net)			0.71
		<u>0.05</u>	<u>0.76</u>
Total		<u>16634.03</u>	<u>14696.37</u>

24.1 Value of stores, spare parts and components consumed:

Imported

Indigenous

Year ended 31.03.2014		Year ended 31.03.2013	
₹ in lacs	(%)	₹ in lacs	(%)
39.87	1.46	46.87	2.41
<u>2689.53</u>	<u>98.54</u>	<u>1896.89</u>	<u>97.59</u>
<u>2729.40</u>	<u>100.00</u>	<u>1943.76</u>	<u>100.00</u>

25. EXCEPTIONAL ITEMS

Pursuant to Arbitration award, the company has entered into a tripartite agreement for assignment of its recoverable loan to Zero Coupon Debenture holder in full and final settlement of their dues; this has resulted into a loss of ₹ 1040 lacs and the same has been shown as exceptional item in the statement of Profit and Loss.

26. CONTINGENT LIABILITIES NOT PROVIDED FOR

	As at 31.03.2014		As at 31.03.2013	
i) Guarantees given by bankers on behalf of the Company	2216.26		2304.18	
ii) Outstanding Letters of Credit	104.69		104.22	
iii) Disputed liabilities, not acknowledged as debts	195.12		67.43	
iv) Disputed Income Tax demand	7.50		7.50	
Deposited under protest ₹ 7.50 Lacs (Previous Year ₹ 7.50 Lacs)				
v) Disputed Land Tax demand	15.70		15.70	
Deposited under protest ₹ 15.70 Lacs (Previous Year ₹ 15.70 Lacs)				
vi) Disputed Excise duty/Service Tax demands	217.57		287.16	
Deposited under protest ₹ 20.28 Lacs (Previous Year ₹ 37.64 Lacs)				
vii) Disputed Sales Tax demand	448.59		525.37	
Deposited under protest ₹ 85.57 Lacs (Previous Year ₹ 68.01 Lacs)				
viii) Interest on disputed Entry Tax	403.78		295.07	

27. COMMITMENTS

	As at 31.03.2014		As at 31.03.2013	
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	2851.32		2403.53	

28. Profit for the year has been arrived at after adjusting prior year debits ₹ 7.07 lacs (Previous year ₹ 21.34 lacs) and prior year credits ₹ 2.09 Lacs (Previous year ₹ 12.46 Lacs). Expenses/Income arisen/settled during the year have been charged to revenue.
29. Long term loans and advances include interest free loan of ₹ 2715.95 lacs (Previous year ₹ 2245.15 lacs) paid to a company covered under section 301 of Companies Act 1956 in view of proposed amalgamation awaiting approvals (Maximum amount due at any time during the year ₹ 3326.95 lacs; previous year ₹ 2789.85 lacs).

30. Loans to subsidiary companies :

(₹ in lacs)

Sr No.	Name of the Company	As at 31.03.2014	As at 31.03.2013	Maximum balance during the year
1	Motile Power Trade Pvt. Ltd.	1300	1300	1300
2	Gujarat Polyfils (India) Ltd.	-	2320	2320

31. Provision for taxation (including interest) estimated at ₹ 885.79 lacs for current year (upto the year ₹ 7148.07 lacs) has not been made in accounts, in view of proposed amalgamation proceedings awaiting approvals. Meanwhile Income Tax Department has completed assessments for Assessment Year 2008-09 & 2009-10 & 2011-12 wherein substantive orders have been passed allowing losses pertaining to proposed amalgamation and at the same time protective assessment orders have been made (presuming that no amalgamation had taken place) with demand of ₹ 2710.22 lacs which shall be effective if the amalgamation scheme is not sanctioned. The department had also completed assessment for the Assessment Year 2010-11 and had raised demand of ₹ 961.47 lacs in respect of disallowance of losses pertaining to proposed amalgamation pending approval from concerned authorities; the company has filed appeal against the said demand before CIT (Appeals).
32. Research and Development expenditure debited to the Statement of Profit and Loss by charge to relevant heads of account amounting to ₹ 277.12 lacs (previous year ₹ 409.61 lacs).

33. Segment information as per Accounting Standard 17

A) Primary Segment reporting (By Business Segment)

The two identified segments are

i) Insulators

ii) Yarn (FDY)

(₹ in lacs)

	Year ended 31.03.2014			Year ended 31.03.2013		
	Insulators	Yarn	Total	Insulators	Yarn	Total
1 Segment Revenue						
Sale	29349.76	20795.49	50145.25	26024.73	16759.62	42784.35
2 Segment Result						
Profit before Financial Expense	3396.41	374.75	3771.16	3253.08	93.21	3346.29
Less: Financial Exp.	1150.11	9.60	1159.71	1265.24	5.22	1270.46
Profit before tax	2246.30	365.15	2611.45	1987.84	87.99	2075.83
3 Capital Employed						
Segment Assets	23731.94	11564.05	35295.99	24091.39	11073.85	35165.24
Segment liabilities	12461.80	941.63	13403.43	13862.70	816.58	14679.28
Capital Employed	11270.14	10622.42	21892.56	10228.69	10257.27	20485.96

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

	Year ended 31.03.2014	Year ended 31.03.2013
Revenue by Geographical market		
In India	42156.59	35007.76
Other than India	7988.66	7776.59
	<u>50145.25</u>	<u>42784.35</u>
Carrying Amount of Segment Assets (Trade Receivables)		
In India	5025.93	4172.31
Other than India	1568.42	1533.42
	<u>6594.35</u>	<u>5705.73</u>

34. Related party Disclosures as per Accounting Standard 18:

i) Related Party Relationships :

- a) Where control exists
Modern Terry Towels Ltd.
Modern Denim Ltd.
- b) Key Management Personnel :
Shri Sachin Ranka (Chairman & Managing Director)
Shri H.L. Sharma (Executive Director)
Shri D.B. Deshpande (Executive Director)
Shri R.R. Maheshwari (Executive Director-upto 30.04.2013)
- c) Subsidiary Companies :
Motile Power Trade Pvt. Ltd.
Gujarat Polyfils (India) Ltd.
- d) Relatives of key Management Personnel and their enterprises where transactions have taken place:
Shubham Corporate Advisory Services Pvt. Ltd.
Smt. Meena Ranka
Smt. Smriti Ranka
Shri Shreyans Ranka

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

Type of related Parties	Description of the nature of the transactions	Name	Volume of transactions		Outstanding as on 31.03.2014	Outstanding as on 31.03.2013
			Year ended 31.03.2014	Year ended 31.03.2013		
Where Control exists	Purchase of goods	Modern Terry Towels Ltd. Modern Denim Ltd.	1.22 -	1.09 0.26	- -	- -
	Loans & Advances given	Modern Terry Towels Ltd.	470.80	-	2715.95	2245.15
	Others	Modern Terry Towels Ltd. Modern Denim Ltd.	0.05 0.22	8.79 0.09	- -	- -
Key Managerial Personnel	Remuneration etc.	Shri H. L. Sharma	13.70	13.85	-	-
		Shri D.B. Deshpande	46.95	10.23	-	-
		Shri R.R. Maheshwari	14.43	13.01	-	-
Subsidiary Companies	Loan given	Motile Power Trade Pvt. Ltd. Gujarat Polyfils (India) Ltd.	- (1280.00)	- (580.00)	1300.00 -	1300.00 2320.00
	Loss on assignment of its debts in terms of tripartite agreement	Gujarat Polyfils (India) Ltd.	(1040.00)	-	-	-
Relatives of Key Managerial Personnel and their enterprises	Rent paid	Shubham Corporate Advisory Services Pvt. Ltd.	6.00	6.00	-	-
		Smt. Meena Ranka	2.40	2.10	-	-
		Smt. Smriti Ranka	4.80	-	-	-
	Remuneration	Shri Shreyans Ranka	11.14	5.02	-	-

35. Earning per Share as per Accounting Standard 20 :

	Year ended 31.03.2014	Year ended 31.03.2013
i) Net profit available for Equity Shareholders (₹ in lacs)	1406.60	2113.37
ii) Number of Equity Shares of ₹ 10/- each	21743500	21743300
iii) Basic & Diluted earning per share (₹)	6.47	9.72

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

Particulars	Currency	Amount in Foreign Currency		Purpose
		As at 31.03.2014	As at 31.03.2013	
Forward Contracts	EURO	-	171850	Hedging for Export receivables
b) Foreign currency exposures which are not hedged as at the Balance Sheet date				
		Payable As at 31.03.2014	Receivables As at 31.03.2013	
USD		278981	1680536	Payable 307116 Receivables 2244251
EURO		58812	208155	53077 371856
GBP		-	22365	-

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

	Year ended 31.03.2014	Year ended 31.03.2013
Raw Materials	1195.50	997.80
Components & Spare Parts	129.83	56.83
Capital Goods	-	46.57
(ii) Expenditure in foreign currency:	40.78	38.99
Selling Commission	-	15.13
Technical Consultancy	16.57	17.65
Foreign Travelling Expenses	3.45	30.79
Testing Expenses	12.07	4.35
Others	-	-
(iii) Earnings in foreign exchange:	7920.61	7571.29
Export of goods calculated on FOB basis	-	-

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

As per our report of even date attached

 For **B.L. VERMA & CO.**
 (Formerly known as S.S. Kothari & Co.)
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)

Partner

(Membership No. 10900)

Place : Jaipur

Date : 19th June, 2014

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

S.B.L. Jain

R. Raniwala

H.L. Sharma

Directors

Anil Kumar Sharma – Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	(₹ in Lacs)	
Particulars	2013-14	2012-13
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	2611.45	2075.83
ADJUSTMENTS FOR		
- Depreciation	824.20	803.42
- Foreign Exchange	(18.46)	13.42
- Interest and Bank Charges	1159.71	1270.46
- (Profit)/Loss on Sale of Fixed Assets	(3.30)	0.71
- Provision for doubtful debts	-	37.65
Operating Profit before working capital changes	4573.60	4201.49
ADJUSTMENTS FOR		
- Trade and other receivables	873.46	(615.00)
- Inventories	223.22	(1087.61)
- Trade and other payable	881.01	793.94
Cash generation from Operations	6551.29	3292.82
Interest and bank charges paid	(1159.71)	(1272.78)
Income Tax Paid	-	(0.21)
Net Cash from operating activities before exceptional items	5391.58	2019.83
Exceptional items	(1040.00)	-
Net Cash from operating activities after exceptional items	4351.58	2019.83
(B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets (including Capital Work in Progress)	(899.49)	(606.01)
- Sale of Fixed Assets	18.69	23.01
- Investment	(1033.91)	18.77
Net cash used in investing activities	(1914.71)	(564.23)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from Borrowings		
Banks	(90.57)	1161.65
Other Loan	8.86	(24.46)
Term Loan	(960.00)	(1584.00)
Other Secured Loan	(1280.00)	(1468.00)
Net Cash from financing activities	(2321.71)	(1914.81)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	115.16	(459.21)
Cash & Cash Equivalents- Opening Balance	607.93	1067.14
Cash & Cash Equivalents- Closing Balance	723.09	607.93

As per our report of even date attached

For **B.L. VERMA & CO.**
 (Formerly known as S.S. Kothari & Co.)
 Chartered Accountants
 (Firm Registration No. 001064C)

(B.L. VERMA)
 Partner
 (Membership No. 10900)
 Place : Jaipur
 Date : 19th June, 2014

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

S.B.L. Jain
 R. Raniwala
 H.L. Sharma

Directors

Anil Kumar Sharma – Company Secretary

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

1 Name of the Subsidiary Company	Motile Power Trade Pvt. Ltd.
2 The financial period of the Subsidiary Company ended on	31st March, 2014
3 Extent of interest of Modern Insulators Limited in the capital of Subsidiary at the end of the financial year of the Subsidiary	(86%) 43000 Equity shares of ₹ 10/- each fully paid-up
4 The net aggregate amount of Profit/Loss of the Subsidiary so far as it concerns the members of Modern Insulators Limited.	
a) Not dealt with in the Company's accounts for the period ended on 31st March, 2014 amounted to	
i) For the Subsidiary's financial period ended as in (2) above	Profit ₹ 0.03 lacs
ii) For the Subsidiary's financial years of the Subsidiary since it became Subsidiary of the Company.	Loss ₹ 0.09 lacs
b) Dealt with in Company's accounts for the period ended 31st March, 2014 amounted to	
i) For Subsidiary financial period ended as in (2) above	-
ii) For the previous financial years of the Subsidiary since it became the holding Company's Subsidiary.	-

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

S.B.L. Jain
R. Raniwala
H.L. Sharma } Directors

Anil Kumar Sharma – Company Secretary

Place : Jaipur

Date : 19th June, 2014

MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
 Phone : 0141-3240996 E-mail : modernjaipuroffice@gmail.com
 CIN : L31300RJ1982PLC002460

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
29th Annual General Meeting-27th September, 2014

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302-004 on Saturday the 27th September, 2014 at 10:30 A.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No. No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

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



MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
 Phone : 0141-3240996 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 29th Annual General Meeting of the Company, to be held on Saturday, the 27th September, 2014 at 10:30 A.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1 2 3 4 5 6 7 8

Signed this day of 2014.

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, Vijay Path, Tilak Nagar, Jaipur-302 004 not less than FORTY EIGHT HOURS before the commencement of the meeting.

Affix
 Re 1/-
 Revenue
 Stamp

**Book Post
(Printed Matter)**

If undelivered please return to :



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