INDEPENDENT AUDITOR'S REPORT

To the members of Modern Composites Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Modern Composites Private Limited** (the 'Company') which comprise the Balance Sheet as at **31 March 2024**, 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 notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2024, its profit (including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors / Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's reports thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors / Management is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal 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.

R B VERMA & ASSOCIATES JAIPUR Chartered Accountants

In preparing the financial statements, Board of Directors / Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors / Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors / Management are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
* Conclude on the appropriateness of Board of Directors / Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended 31 March 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

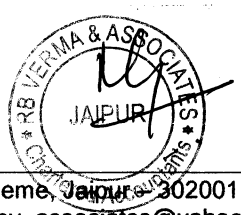
Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("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.

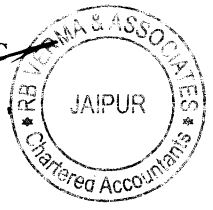
As required by section 143(3) of the Act, we report that:

a) 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;
b) 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;
c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act;
e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, from being appointed as a director in terms of section 164(2) of the Act;
f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, the clause is not applicable pursuant to exemption notification of ministry of company affairs dated 13 June 2017;
g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, no remuneration is paid / provided by the Company to its directors and therefore the same is not applicable.
h) 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:
   i) The Company did not have any pending litigations which would impact its financial statements.
   ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in note no. 27.5, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
   (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no. 27.6, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
   (c) Based on the audit procedures performed, that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
   v) The Company has not declared or paid any dividend during the period ended 31 March 2024.



vi) Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of accounts for the period ended 31 March 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

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



Rajesh Verma
Partner
Membership No. 404029

Place – Abu Road
Date – 24th May, 2024
UDIN – 24404029BKHHYD8026

ANNEXURE A FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT

Referred to in the report of even date of the Auditors to the members of Modern Composites Private Limited

(i) (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipments.

(B) The company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us, most of the property, plant and equipments have been physically verified during the year by the Management and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company as at the balance sheet date.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year and therefore this clause 3(i)(d) of the order is not applicable.

(e) According to the information and explanations given to us and as represented to us by the Management, no proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder and therefore this clause 3(i)(e) of the order is not applicable.

(ii) (a) 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 discrepancies of 10 % or more in the aggregate for each class of inventory were noticed on physical verification during the year.

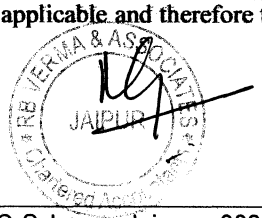
(b) The company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets and therefore this clause 3(ii)(b) of the order is not applicable.

(iii) The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or other parties and therefore this clause 3(iii) of the order is not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans or made any investment or provided any guarantee or security to parties under section 185 and 186 of the Companies Act, 2013 and therefore this clause 3(iv) of the order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act during the year and therefore this clause 3(v) of the order is not applicable.

(vi) We have been informed that the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the Company is not applicable and therefore this clause 3(vi) of the order is not applicable.



(vii) (a) 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 goods and service tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. Further no undisputed statutory dues as noted above are outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records, there are no statutory dues referred to in sub-clause (a) hereinabove as at 31 March 2024, which have not been deposited on account of dispute and therefore this clause 3(vii)(b) of the order is not applicable.

(viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 and therefore this clause 3(viii) of the order is not applicable.

(ix) (a) The Company has not taken any loan / borrowings from any lender during the year and therefore this clause 3(ix)(a) of the order is not applicable.

(b) According to the information and explanations given to us and as represented to us by the Management, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there is no outstanding term loan at the beginning of the year therefore this clause 3(ix)(c) & (d) of the order is not applicable.

(d) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures therefore this clause 3(ix)(e) of the order is not applicable.

(e) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and therefore this clause 3(ix)(f) of the order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and therefore this clause 3(x)(a) of the order is not applicable.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and therefore this clause 3(x)(b) of the order is not applicable.

(xi) (a) According to the information and explanations given to us and based on our examination of the records, no material fraud by the Company or any fraud on the company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) According to the information and explanations given to us, vigil mechanism / whistle blower policy under section 177(10) of the Companies Act is not applicable to the Company during the year and therefore this clause 3(xi)(c) of the order is not applicable.

(xii) The company is not a Nidhi Company and therefore this clause 3(xii) of the order is not applicable.

R B VERMA & ASSOCIATES JAIPUR

(xiii) According to the information and explanations given to us, 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. (Refer note no. 20)

(xiv) Internal audit as per section 138 of the Companies Act 2013 read with rule 13 of Companies (Accounts) Rule 2014 is not applicable to the Company during the year and therefore this clause 3(xiv) of the order 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 3(xv) of the order is not applicable.

(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore this clause 3(xvi)(a), (b) and (c) of the order is not applicable.

(b) According to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and therefore this clause 3(xvi)(d) of the order is not applicable.

(xvii) The Company has not incurred cash losses during the period covered by our audit.

(xviii) There has been no resignation of the statutory auditors of the Company during the year and therefore this clause 3(xviii) of the order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. (Refer note no.26)

(xx) In respect of Corporate Social Responsibility (CSR), as section 135 of the Companies Act is not applicable to the Company and therefore this clause 3(xx) of the order is not applicable.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

R B VERMA & ASSOCIATES JAIPUR Chartered Accountants

Rajesh Verma
Partner
Membership No. 404029

Place – Abu Road
Date – 24th May, 2024
UDIN – 24404029BKHHYD8026

BALANCE SHEET AS AT 31ST MARCH, 2024

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2024
ASSETS		
Non-current assets		
(a) Property, plant & equipment	2	201.41
(b) Capital work-in-progress	2	196.49
(c) Intangible assets	2	0.90
(d) Financial assets		
(i) Investments		-
(ii) Loans		-
(iii) Other financial assets		-
(e) Other Non current assets	3	195.88
Total Non-current assets		**594.68**
Current assets		
(a) Inventories	4	0.67
(b) Financial assets		
(i) Trade receivables	5	0.83
(ii) Cash and cash equivalents	6	39.92
(iii) Bank balances other than cash and cash equivalents		-
(iv) Investments		-
(v) Loans		-
(v) Other financial assets		-
(c) Other current assets	7	19.37
Total Current assets		**60.79**
TOTAL ASSETS		**655.47**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	8	500.00
(b) Other equity	9	(1.90)
Total Equity		**498.10**
LIABILITIES		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings		-
(b) Provisions		-
(c) Deferred tax liabilities (Net)	10	2.13
(d) Other non-current liabilities		-
Total Non-current liabilities		**2.13**
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings		-
(ii) Trade payables		
-Total outstanding dues of micro enterprises and small enterprises		-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		-
(iii) Other financial liabilities	11	153.79
(b) Provisions		-
(c) Other current liabilities	12	1.45
Total Current liabilities		**155.24**
TOTAL EQUITY AND LIABILITIES		**655.47**
Significant accounting policies	**1**	
Other notes on financial statements	**19 to 29**	

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

As per our report of even date attached
For R B Verma & Asssociates
Chartered Accountants
(Firm Registration No. 012650C)

(Rajesh Verma)
Partner
(Membership No. 404029)
Place : Abu Road
Date : 24th May, 2024

For and on behalf of the Board

MODERN COMPOSITES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2024

(₹ in Lacs)

Particulars	Note No.	Period ended 31st March, 2024
Income		
Revenue from operations	13	0.90
Other income	14	0.01
Total Income		**0.91**
Expenses		
Cost of materials consumed	15	0.36
Purchase of stock-in-trade		-
Changes in inventories of finished goods, stock-in-trade & stock-in-process		-
Employee benefits expense	16	0.19
Finance costs		-
Depreciation and amortization expense	2	0.05
Other expenses	17	0.08
Total Expenses		**0.68**
Profit before tax		**0.23**
Tax Expense		
Current tax		-
Deferred tax		2.13
Total tax expenses		**2.13**
Profit for the year		**(1.90)**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit plan		-
Income tax relating to above		-
Total other comprehensive income for the year (net of tax)		**-**
Total comprehensive income for the year		**(1.90)**
Earnings per equity share (face value ₹ 10 per share)	18	
Basic (₹)		(0.04)
Diluted (₹)		(0.04)
Significant accounting policies	**1**	
Other notes on financial statements	**19 to 29**	

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

For R B Verma & Asssociates
Chartered Accountants
(Firm Registration No. 012650C)

(Rajesh Verma)
Partner
(Membership No. 404029)
Place : Abu Road
Date : 24th May, 2024

For and on behalf of the Board

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31ST MARCH, 2024

(₹ in Lacs)

PARTICULARS		As at 31st March, 2024
A. Cash Flow from Operating Activities		
Profit before tax		**0.23**
Adjustments for:		
-Depreciation and amortisation expenses	0.05	
-Foreign exchange	0.01	**0.06**
Operating profit before working capital changes		**0.29**
Adjustment for		
-Trade and other receivables	(20.21)	
-Inventories	(0.67)	
-Trade and other Payables	155.24	**134.36**
Net Cash from Operating Activities (A)		**134.65**
B. Cash Flow from Investing Activities		
-Purchase of property, plant and equipment(including capital work-in progress and capital advances)	(594.73)	
Net Cash used in Investing Activities (B)		**(594.73)**
C. Cash Flow from Financing Activities		
-Receipt of Share Capital from holding Company	500.00	
Net cash used in Financing Activities (C)		**500.00**
Net increase in cash and cash equivalents(A+B+C)		**39.92**
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the close of the year		39.92

Cash and Cash Equivalent includes:-

Particulars	**As at 31st March, 2024**
Cash on hand	0.02
With Banks	
- In current accounts	39.90
Total	**39.92**

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

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 & Asssociates
Chartered Accountants
Firm Registration No. 012650C

Rajesh Verma
Partner
Membership No. 404029

Place : Abu Road
Date : 24th May, 2024

For and on behalf of the Board

MODERN COMPOSITES PRIVATE LIMITED
ABU ROAD

MODERN COMPOSITES PRIVATE LIMMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 ST MARCH, 2024

A. Equity Share Capital

Particulars	Total
Balance as at 1st April, 2023	-
Changes in Equity Share Capital due to Prior period errors	-
Restated balance at the beginning of the current reporting period	-
Changes in Equity Share Capital during the current Year	500.00
As at 31st March, 2024	**500.00**

B. Other Equity

(₹ in Lacs)

Particulars	Total
Balance as at 1st April, 2023	-
Profit/(loss) for the period	(1.90)
Other comprehensive income	-
Total Comprehensive Income for the Period	(1.90)
Balance as at 31st March, 2024	**(1.90)**

As per our report of even date attached
For R B Verma & Asssociates
Chartered Accountants
(Firm Registration No. 012650C)

(Rajesh Verma)
Partner
(Membership No. 404029)
Place : Abu Road
Date : 24th May, 2024

For and on behalf of the Board

MODERN COMPOSITES PRIVATE LIMITED
ABU ROAD

CORPORATE INFORMATION

Modern Composites Private Limited (the Company) is a company incorporated in India under the provisions of the Companies Act, 2013 (the Act) having its registered office at Abu Road, Rajasthan, India. The Company is primarily engaged in the business of manufacturing insulators.

Note no. 1: Significant Accounting Policies

(a) Basis of preparation

(i) The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods in the Financial Statements.

(ii) The Financial Statements are prepared on accrual basis under the historical cost convention except (i) claims of customers & others which are accounted for as and when paid/settled and (ii) financial assets and liabilities (including derivatives instruments) that are measured at fair value as required by relevant Ind AS. 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. Actual results could differ from those estimated. 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.

(b) 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.

(c) 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, 2013.

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; or
(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.

(d) Property, plant &equipment (PPE)

All items of 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.

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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.

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.

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.

(e) 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"

(f) 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.

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.

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.

(g) 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.

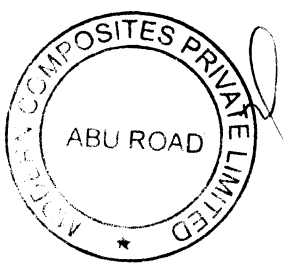
Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The Company determines the amortisation period as prescribed in Schedule II to the Act.

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.

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 loss at the end of each reporting date.





(h) 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.

(i) 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 / written down based on technical evaluation, its recoverable value and management's best estimate.

(j) Preliminary Expenses

Preliminary expenses are amortized over a period of 5 year after the commencement of commercial production.

(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.

(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 management's 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 management estimate.

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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

The Company has adopted Indian Accounting Standard 115 (Ind AS 115) - Revenue from contracts with customers'. The impact of the adoption of Ind-AS 115 on the financial statements of the Company is insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided by the Company's performance; or

(ii) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the Company has any contract wherein the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year, transaction price is adjusted for the time value of money.

(p) Other operating revenues / other income

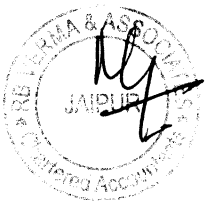
(i) Income from services is recognized (net of GST as applicable) based on the services rendered in accordance with the terms of contracts.

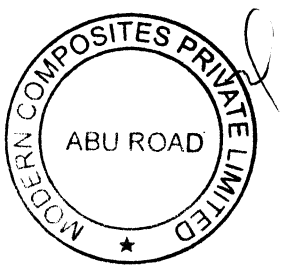
(ii) For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial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

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

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

(v) Export incentives under various schemes are recognized in the year of export.





(q) 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 the Statement of profit and loss in the period in which they arise.

(r) Research and development expenditure

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred under the respective heads of accounts. Expenditure which results in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

(s) 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 of Profit and Loss.

(t) 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.

(u) 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.

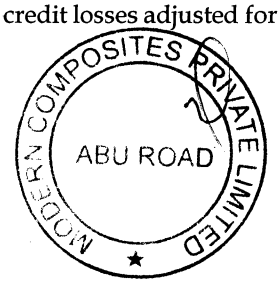
When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment 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.

(v) Impairment of financial assets

At the end of each reporting period, the Company applies the expected credit loss model for recognizing the impairment loss on financial assets including trade receivables. Expected credit loss is the difference between the contractual cash flows and the cash flows the entity expects to receive using effective interest rate.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses. For other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses unless there is significant increase in the credit risk from initial recognition in which case those are measured at lifetime expected credit losses. Lifetime expected credit losses are expected credit losses that result from all possible defaults over the expected life of financial instrument. Lifetime expected credit losses are computed based on provision matrix which takes into account historical credit losses adjusted for forward looking information, suit filed cases and credit information of customers.





(w) 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.

(x) 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.

(y) 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.

(z) 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.

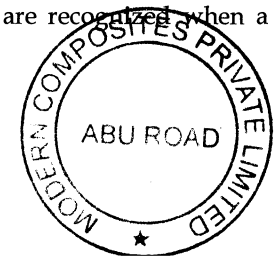
Fair values are categorized into different levels in the hierarchy as under:

- 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.

(aa) 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.

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

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

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.

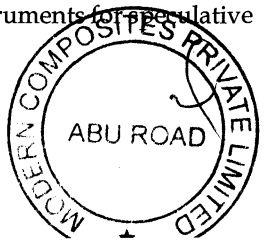
(bb) Financial liabilities and equity instruments

- 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.

(cc) 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 on the date derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss.

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. Continuous evaluation is done on estimates and judgments based on historical experience and other factors, including expectation of future events that are believed to be reasonable. 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.

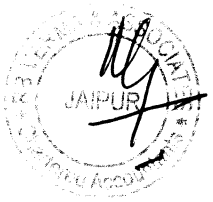
Estimates made in preparing Financial Statements:

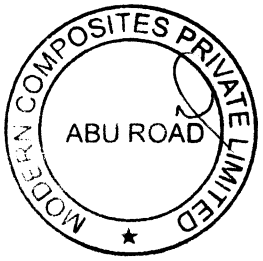
(a) Provisions and contingencies

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.

(b) Revenue recognition

The company recognised the revenue from contract with customers based on 5 steps model as per Ind AS-115 which involve judgments relating to identification of contracts with customers, identification of distinct performance obligation, determination of transaction price with respect to identified performance obligation, appropriateness of the basis used to recognise revenue and when the control of goods and services are being transferred.





MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of finacial statements

Note No. 2 : PROPERTY, PLANT & EQUIPMENT, CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS

Period ended 31st March., 2024 (₹ in Lacs)

Particulars	Gross Block				Depreciation/Amortization				Net Block
	As at 01.04.2023	Additions	Deductions/ Adjustments	As at 31.03.2024	As at 01.04.2023	Depreciation for the period	Deductions/ Adjustments	As at 31.03.2024	As at 31.03.2024
A. Property, Plant & Equipment									
Building	-	113.86	-	113.86	-	0.02	-	0.02	113.84
Plant & Machinery	-	87.60	-	87.60	-	0.03	-	0.03	87.57
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
Total (A)	-	201.46	-	201.46	-	0.05	-	0.05	201.41
B. Intangible assets									
Computer Software	-	0.90	-	0.90	-	-	-	-	0.90
Total (B)	-	0.90	-	0.90	-	-	-	-	0.90
Total (A+B)	-	202.36	-	202.36	-	0.05	-	0.05	202.31
Capital work-in-progress	-	196.49		196.49					196.49

2.1 Capital Work In Progress Ageing Schedule

As on 31st March, 2024 (₹ in Lakhs)

Particulars	Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	Total
Project in Progress	196.49	-	-	-	196.49
Projects temporary suspended	-	-	-	-	-

There is no project under Capital Work in Progress which is overdue in terms of timeliness or Cost.

2.2 Details of Pre-Operative Expenses pending capitalisation included in Capital Work in progress

(₹ in Lacs)

Pre-Operative Expenses pending capitalisation Included In Capital Work-in-Progress:	
Expenditure Incurred during the period	
Printing & Stationery	0.07
Expenses incurred for IEC standards	0.76
Audit Fees	0.35
Office Expenses	0.04
Legal and Professional Charges	0.05
Rent	6.94
Salary	2.73
Rates & Taxes (including exp.incurred for increse in share capital)	6.11
Travelling & conveyance	0.04
Miscellaneous Expenses	0.08
	17.17
Less: Income Earned during the period	3.72
Total Pre-operative Expenses incurred during the period	13.45
Less: Pre-operative Expenditure Allocated to PPE during the Period	-
Less: Pre-operative Expenditure Charged to Statement of Profit and Loss during the Period	-
Total Pre-operative Expenses Pending Capitalisation	13.45





Notes forming part of Financial Statments

Note No. 3 : OTHER NON CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
(Unsecured, considered good)	
Capital advance	195.88
Total	**195.88**

Note No. 4 : INVENTORIES

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
(Valued at lower of cost or net realisable value)	
Raw materials	0.67
Total	**0.67**

Note No. 5 : TRADE RECEIVABLES

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Trade receivables	0.83
Trade receivables from related party	-
Trade receivables which have significant increase in credit risk	-
Trade receivables - Credit Impaired	-
Less: Allowance for bad & doubtful trade receivables	
Total trade receivables	0.83
Current portion	0.83
Non-current portion	-
Break up of security details:	
Secured, considered good	-
Unsecured, considered good	0.83
Doubtful	-
Total	0.83
Allowance for bad & doubtful trade receivables	-
Total trade receivables	0.83

5.1 Balance of trade receivables are subject to reconciliations, confirmation and consequential adjustment, if any.
5.2 Ageing is as per note no. 25.
5.3 There is no unbilled dues.

R.B. VERMA & ASSOCIATES JAIPUR

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 6 : CASH AND CASH EQUIVALENTS

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Cash on Hand	0.02
Balances with Banks	
In Current accounts	39.90
Total	**39.92**

Note No. 7 : OTHER CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Prepaid expenses	0.64
Balance with Govt. authorities	18.01
Tax Deducted at Source	0.38
Preliminary Expenses	0.17
Others	0.17
Total	**19.37**

Note No. 8 : EQUITY SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
AUTHORISED	
50,00,000 Equity shares of ₹ 10/- each	500.00
Total	**500.00**
ISSUED, SUBSCRIBED AND PAID-UP	
50,00,000 Equity shares of ₹ 10/- each fully paid-up	500.00
Total	**500.00**

Note No. 9 : OTHER EQUITY

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Retained earnings	(1.90)
Total	**(1.90)**

9.1 Movement in other equity:

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Retained Earnings	
Opening balance	-
Profit for the year	(1.90)
Other comprehensive income	-
Closing balance	**(1.90)**
Total	**(1.90)**





MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 10 : DEFERRED TAX LIABILITES (NET)

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Deferred Tax Liability in relation to: (Refer note no. 19)	
Property plant & equipment and intangible assets	2.13
Deferred Tax Asset in relation to:	
Provisions	-
Receivables and advances	-
Financial Assets	-
Net Deferred Tax Liability	2.13

Note No. 11 : OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Payable towards capital goods	150.77
Other payables	3.02
Total	**153.79**

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

Note No. 12 : OTHER CURRENT LIABILITIES

(₹ in Lacs)

PARTICULARS	As at 31st March, 2024
Statutory Dues	1.45
Total	**1.45**

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 13 : REVENUE FROM OPERATIONS

(₹ in Lacs)

PARTICULARS	Period ended 31st March, 2024
Sale of products	0.90
Total	**0.90**
13.1 Particulars of sale of products	
Insulators	0.90
	0.90
13.2 Reconciliation of sales of products	
Revenue from contract with customer	0.90
Adjustment made to contract price on account of	
(a) Discounts / rebates / incentives	-
(b) Sales returns	-
	0.90

Note No. 14 : OTHER INCOME

(₹ in Lacs)

PARTICULARS	Period ended 31st March, 2024
Foreign exchange fluctuation (net)	0.01
Total	**0.01**

Note No. 15 : COST OF MATERIALS CONSUMED

(₹ in Lacs)

PARTICULARS	Period ended 31st March, 2024
Raw materials at the beginning of the year	-
Add: Purchases	1.03
Less: Raw material at the end of the year	0.67
Cost of materials consumed	**0.36**

Note No. 16 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

PARTICULARS	Period ended 31st March, 2024
Salaries, wages, gratuity, bonus and allowances	0.19
Total	**0.19**

R.B. VERMA & ASSOCIATES JAIPUR

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 17 : OTHER EXPENSES

(₹ in Lacs)

PARTICULARS	Period ended 31st March, 2024
Manufacturing Expenses	
Power consumption	0.02
	0.02
Administrative Expenses	
Rent	0.06
	0.06
Total	**0.08**

Note No. 18 : EARNINGS PER SHARE

(₹ in Lacs except EPS)

PARTICULARS	Unit	Period ended 31st March, 2024
Net profit for the year attributable to equity shareholders (Basic & diluted earnings per share)	₹ In Lacs	(1.90)
Weighted average number of equity shares outstanding	Nos.	5000000
Nominal value per share	₹	10
Earnings Per Share:		
- Basic	₹	(0.04)
- Diluted	₹	(0.04)

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

Notes forming part of Financial Statments

Note No. 19 : Income Tax

i) Tax expense recongnised in Statement of Profit and Loss (₹ in Lacs)

Particulars	31st March, 2024
(a) Statement of Profit and Loss	
Current tax for the year	-
Deferred tax for the year	2.13
Income tax expense recognised in Statement of Profit and Loss	**2.13**
(b) Other Comprehensive Income	
Actuarial gain/loss on defined benefit plan	-
Income tax charged to Other comprehensive income	-

ii) Reconciliation of effective tax rate (₹ in Lacs)

Particulars	31st March, 2024
Profit before tax	**0.23**
Enacted tax rate in India	17.160%
Current tax expenses on profit before tax at the enacted income tax rate in India	-
Tax effect of	
Expenses disallowed under Income Tax Act, 1961	-
Others	2.13
Total tax expenses in the statement of profit and loss account	**2.13**
Effective Tax rate	**926.09%**

iii) The movement in deferred tax assets and liabilities during the year ended 31st March, 2024

During the year ended 31st March, 2024 (₹ in Lacs)

Particulars	As at 1st April, 2023	Recognised in Profit and Loss	Recognised in OCI	As at 31st March, 2024
Property plant & equipment and tangible assets	-	2.13	-	2.13
Provisions	-	-	-	-
Receivables and advances	-	-	-	-
Financial Assets	-	-	-	-
Net Deferred Tax Liability	-	2.13	-	2.13

Note No. 20 : Related party disclosures as per Ind As 24

i) Name of related parties and description of relationship

a) Holding Company

Modern Insulators Limited

b) Key Management Personnel

Shri Shreyans Ranka - Whole Time Director

Shri Vikas Sharma - Whole Time Director

R.B. VERMA & ASSOCIATES JAIPUR

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

Notes forming part of Financial Statments

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

(₹ in Lacs)

Year ended 31st March, 2024

Description of the nature of the transactions	Name	Volume of transactions	Balance Outstanding
a) Holding Company			
Purchase of goods	Modern Insulators Ltd.	0.22	-
Loans & advances given	Modern Insulators Ltd.	31.00	-
Rent paid	Modern Insulators Ltd.	7.00	-
Electricity Charges	Modern Insulators Ltd.	0.02	-
Reimbursement of expenses	Modern Insulators Ltd.	0.96	-
b)Key Managerial Personnel	Shri Shreyans Ranka	-	-
Remuneration*	Shri Vikas Sharma	-	-

Terms and conditions:

All the transactions with related parties were made on normal commercial terms and conditions and at market rates.

Note No. 21 : Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 457.04 lacs)₹ 652.92 Lacs.

Note No. 22 : 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 it's 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. 23 : 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 prinicipal 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.

The Company measures the expected credit loss of trade receivables based on historical trend and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

The Ageing of trade receivables is as below:

(₹ in Lacs)

	31st March, 2024
Not due	0.83
0-6 months	-
6 months to 12 months	-
1 year to 3 year	-
beyond 3 years	-
	0.83
Less: Provision for doubtful debts	-
Total	0.83

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





Notes forming part of Financial Statments

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, 2024 (₹ in Lacs)

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	-	-	-	-	-
Trade payable	-	-	-	-	-
Other financial liabilities	153.79	-	-	-	153.79
Total	**153.79**	**-**	**-**	**-**	**153.79**

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 finacial 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 transsaction and the company follow established risk management policies, including the use of derivative like foreign exchange forward contracts to hedge exposure to foreign risk.

Foregin currency derivatives and exposures not hedged

A. Foreign currency derivatives outstanding (In Lacs)

Name of Instrument	As at 31st March, 2024	
	Foregin Currency	INR
Forward Contract	-	-

B. Foreign currency exposure not hedged

As at 31st March, 2024

	USD	EURO	GBP
Trade receivable	-	-	-
Trade payable	-	-	-

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax (₹ in Lacs)

Particulars	2023-24	
	1% increase	1% decrease
USD	-	-
EURO	-	-
GBP	-	-





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	31st March, 2024
Borrowings bearing floating rate of interest	-

Interest rate sensitivity

Particulars	2023-24
100 bps increase which decrease the profit before tax by	-
100 bps decrease which increase the profit before tax by	-

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

Note No 24. Fair value measurement

i) Financial Instruments by category

As at 31st March, 2024 (₹ in Lacs)

Particulars	FVTPL	FVTOCI	Amortized cost
Financial Assets:			
Investments			
- Equity Share	-	-	-
- Preference Share	-	-	-
- Equity Share in Subsidiary	-	-	-
Trade receivables	-	-	0.83
Cash and cash equivalents	-	-	39.92
Other bank balances	-	-	-
Other non current financial assets	-	-	-
Loans	-	-	-
Other bank balances	-	-	-
Total financial assets	-	-	**40.75**
Financial Liability:			
Borrowings	-	-	-
Trade payables	-	-	-
Other financial liabilities	-	-	153.79
Total financial liabilities	-	-	**153.79**

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.

Financial instrument measured at fair value

As at 31st March 2024 (₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Equity instruments	-	-	-	-
Total	-	-	-	-





MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 25: Ageing of trade receivables

As on 31.03.2024

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
(i)Trade receivables – considered good							
a. Undisputed	0.83	-	-	-	-	-	0.83
b. Disputed	-	-	-	-	-	-	-
c. which have significant increase in credit risk							
d. credit impaired							
(II)Trade Receivables- considered doubtful							
a. Undisputed							
b. Disputed							
c. which have significant increase in credit risk							
d. credit impaired							
Sub total	0.83	-	-	-	-	-	0.83
Less: Allowance for bad and doubtful trade recivables							-
Total							0.83

Note No. 26: Ratio analysis and its elements

Ratio	Numerator description	Denominator description	As at 31st March, 2024
Current Ratio	Current Assets	Current liabilities	0.39
Debt equity ratio			NA
Debt Service coverage ratio			NA
Return on equity ratio	Net profit after taxes	Shareholders equity	-0.004
Inventory Turnover Ratio	Cost of goods sold	Closing inventory	0.57
Trade Receivable Turnover ratio	Revenue from Operations	Closing trade receivable	1.08
Trade Payable Turnover ratio			NA
Net capital Turnover ratio	Revenue from Operations	Working Capital =Current Assets-Current Liabilities	-0.01
Net profit ratio	Net profit after Tax	Revenue from Operations	-2.11
Return on capital employed	Earnings before interest & Taxes	Capital Employed	0.001
Return on Investment	Interest Income on bank deposit + Income from sale of current investments and reinstatement current investments (FVTPL)+interest on loans	Average of bank deposit + current investments + current loans given	NA

MODERN COMPOSITES PRIVATE LIMITED ABU ROAD

MODERN COMPOSITES PRIVATE LIMITED

Notes forming part of Financial Statments

Note No. 27 : Other Statutory Information

27.1 The company do not have any Benami property ,where any proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition)Act 1988as amended and rules made there under.

27.2 The company do not have any transactions with companies struck off under section 248 of Companies Act,2013 or section 560 of Companies Act,1956.

27.3 The company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

27.4 The company have not traded or invested in crypto currency or virtual currency during the financial year.

27.5 The company has not advanced or loaned or invested funds to any other person(s) or entity(ies) ,including foreign entities (intermediatires) with the understanding that the intermediary shall:

a.directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate beneficiaries) or

b. provide any guarantee ,security or the like on behalf of the ultimate beneficiaries.

27.6 The company has not received any fund from any other person(s) or entity(ies) ,including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

a.directly or indirectly lend or or invest in other persons or entities identified in any manner whatsoever by or on behalf of funding party (Ultimate beneficiaries) or

b. provide any guarantee ,security or the like on behalf of the ultimate beneficiaries.

27.7 The company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the income tax act,1961 such as ,search or survey or any other relevant provisions of the income Tax Act,1961.

27.8 The Company has not been declared as willful defaulter by any bank or financial institution or other lenders in accordance with the guidelines issued by Reserve Bank of India.

Note No. 28: The Company has used such accounting software for maintaining its books of accounts for the period ended 31 March 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software and has not been tampered with at any time during the year.

Note No. 29: These are Company's first financial statement and therefore previous year figures could not be presented.

As per our report of even date attached
For R B Verma & Asssociates
Chartered Accountants
(Firm Registration No. 012650C)

(Rajesh Verma)
Partner
(Membership No. 404029)
Place : Abu Road
Date : 24th May, 2024

For and on behalf of the Board

MODERN COMPOSITES PRIVATE LIMITED
ABU ROAD