

**ANNUAL REPORT**  
**2020-2021**



**Modern**  
**INSULATORS LIMITED**

**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri Shreyans Ranka	– Whole-Time Director
Shri P.K. Gokhroo	– Executive Director
Shri R. Raniwala	– Independent Director
Smt. Meenu Sacheti	– Independent Director
Shri S.K. Sharma	– Independent Director
Shri Rahul Singhvi	– Independent Director

**CHIEF FINANCIAL OFFICER**

Shri D.S. Singhvi

**COMPANY SECRETARY**

Shri Gaurav Goyal

**AUDITORS**

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

**SECRETARIAL AUDITORS**

M/s. Jyoti Soni & Associates,  
Practicing Company Secretaries,  
Jaipur - 302 002

**REGISTRAR & SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

Talheti, Village Karoli, Teh. Abu Road  
Dist. Sirohi - 307 510 (Rajasthan)  
Ph. : 02974-228044  
E-mail : [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com)

**CORPORATE HEAD QUARTER**

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

**PLANTS****Insulators Division**

Abu Road - 307 510  
Distt. Sirohi (Rajasthan)

**Terry Towels Division**

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



## NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the Members of **Modern Insulators Limited** will be held on Thursday the 30th September, 2021 at 11 A.M. at Registered Office of the Company at Modern Insulators Limited, Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi - 307510 to transact the following business:

### A. ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended 31st March, 2021 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri Shreyans Ranka (DIN: 06470710), who retires by rotation and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS

- (3) **To approve increase in remuneration of Shri Sachin Ranka (DIN:00335534), Chairman & Managing Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and 201 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the members of the Company be and is hereby accorded to the revision in the remuneration of Shri Sachin Ranka (DIN: 00335534), Chairman & Managing Director of the Company w.e.f. 1st April, 2021 till remainder of duration of his tenure i.e. upto 31st March, 2022 on following terms & conditions :-

- i) **Basic Salary: -**  
Rs. 700000/- per month.
- ii) **Perquisites and allowances: -**
  - a) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
  - b) Company's contribution towards National Pension System (NPS) as per Company's rules but not exceeding 10% of the basic salary.
  - c) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.
  - d) Free use of car with driver for Company's business.
  - e) Free Telephone facility at residence for Company's business.
  - f) Fees of Clubs – subject to maximum of two clubs, the total amount of which shall not exceed Rs. 2,00,000/- per annum.
- iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

**“FURTHER RESOLVED THAT** where in any financial year during the tenure of Shri Sachin Ranka, Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.”

- (4) **To re-appoint Shri Shreyans Ranka (DIN: 06470710) as a Whole-Time Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections

196, 197, 198 and 201 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the members of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri Shreyans Ranka (DIN:06470710) as a Whole-Time Director of the Company for three year with effect from 01.04.2021 whose office shall be liable to retire by rotation, on the terms and conditions as mentioned below:-

- i) **Basic Salary: -**  
Rs. 2,36,250/- per month from 01.04.2021 with such increments as the Board may decide from time to time.
- ii) **Perquisites and allowances: -**
  - a. Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
  - b. Company's contribution towards National Pension System (NPS) as per Company's rules but not exceeding 10% of the basic salary.
  - c. Free use of car with driver, for Company's business.
  - d. Free Telephone facility at residence. All personal long distance calls shall be billed by the Company
  - e. Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.
- iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or any Committee thereof.
- iv) Shri Shreyans Ranka shall be subject to retire by rotation during his tenure as the Whole Time Director of the Company.

**“FURTHER RESOLVED THAT** where in any financial year during the tenure of Shri Shreyans Ranka, as a Whole-Time Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.”

- (5) **To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2022**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Rajesh & Company, Cost Accountants (Firm Registration No. 000031), the Cost Auditors appointed by the Board of Directors on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2022, be paid the remuneration of Rs. 50,000/- and reimbursement of expenses upto Rs.25,000/- be and is hereby ratified and approved.”

**“RESOLVED FURTHER THAT** the Board of Directors and/or Company Secretary of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By the Order of the Board

Place : Abu Road  
Date : 14th August, 2021

**(Gaurav Goyal)**  
Company Secretary

**Notes:**

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of Item No. 3 to 5 set out in the Notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/ re-appointment as Director at the Annual General Meeting, is annexed hereto.
2. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 (as amended), the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by Central Depository Services (India) limited ("CDSL").
3. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
4. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
5. Institutional / Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting. The said certified true copy of the Board resolution should be sent to the Scrutinizer by email through its registered email address to jyotisoni1804@gmail.com with a copy marked to compliance@moderninsulators.com.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
8. Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
9. The Share transfer books and Register of members shall remain closed from 24th September, 2021 to 30th September, 2021 (both days inclusive) in connection with the Annual General Meeting.
10. Section 20 of the Companies Act, 2013 permits service of documents on members by a company through electronic mode. So in accordance with the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report for the year 2020-21 is being sent through electronic mode to those members whose email addresses are registered with the Company/Depository Participant.

Due to Covid 19 pandemic, SEBI vide Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, has eased compliance norms pertaining to requirement of sending physical copies of annual reports to shareholders for general meeting to be held

up-to December 31, 2021. In view of the above, the Company will not dispatch physical copies of the annual report.

The Annual Report and Notice of the AGM is being sent to members who have registered their email ID with the Company / Depositories. The members who have not registered their email ID with the Company can access the Annual Report on the website of the Company [www.moderninsulators.com](http://www.moderninsulators.com).

11. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to Beetal in case the shares are held by them in physical form.
12. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE219W01012 of the Company for dematerialization of the shares.
13. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
14. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
15. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the registrar and Share transfer Agent.
17. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
18. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
19. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
  - a. The change in the residential status on return to India for permanent settlement.
  - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
20. The Statutory Registers maintained under the provisions of the

Companies Act, 2013, will be available for inspection by the Members at the AGM.

21. Members are requested to send all communications relating to shares and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:  
Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062
22. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
23. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.

#### 24. Voting

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 23rd September, 2021 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

##### (I) Voting through Electronic means

1. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company provides to Members the facility of exercising their right to cast vote(s) at the AGM by electronic means and the business may be transacted through e-voting services.
2. The facility for voting through Ballot/Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The remote e-voting period commences on Monday, 27th September, 2021 (9:00 AM) and ends on Wednesday, 29th September, 2021 (5:00 PM). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 23rd September, 2021, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution casts by the member, the member shall not be allowed to change it subsequently.
5. The Board of Directors of the Company has appointed Shri Jyoti Soni, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.moderninsulators.com](http://www.moderninsulators.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and the same shall be communicated to BSE Limited.
7. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 23rd September, 2021 may obtain the User ID and password in the manner as mentioned below.

#### THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- (i) The voting period begins on 27th September, 2021 (9.00 A.M) and ends on 29th September, 2021 (5.00 P.M). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholder's/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/">https://evoting.cdslindia.com/</a></li> </ol>



Type of shareholders	Login Method
	Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDEAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDEAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDEAS" "Portal or click" at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- (v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended

not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer and to the Company at the email address viz; [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xvii) If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.
- (xviii) All grievances connected with the facility for voting by electronic means may be addressed to Shri Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N.M. Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to or call on 022-23058542/43.

## EXPLANATORY STATEMENT

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

### Item No. 3

The members of the Company at the General Meeting held on 28th September, 2017 had approved the re-appointment of Shri Sachin Ranka (DIN: 00335534) as the Chairman & Managing Director of the Company for the period of Five years i.e. from 01.04.2017.

Further, considering the contribution of Shri Sachin Ranka and the progress made by the Company under his leadership and guidance and pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors in their meeting held on 28th June, 2021 increase the remuneration of Shri Sachin Ranka w.e.f. 01/04/2021 till remainder of duration of his tenure i.e. upto 31st March, 2022 on the terms & conditions as set out in the resolution.

Shri Sachin Ranka is a Chairman & Managing Director and also a Promoter of the Company. Shri Sachin Ranka is Masters in Business Administration from University of Rajasthan. He has more than 35 years' experience in the field of management

The Board recommends the Special Resolutions set out at Item No. 3 of this Notice for the approval by the Members.

Except himself and Shri Shreyans Ranka, Whole-Time Director, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

### Item No. 4

The members of the Company at the General Meeting held on 28th September, 2018 had approved the appointment of Shri Shreyans Ranka (DIN: 06470710) as the Whole Time Director of the Company for the period of three years i.e. from 01.04.2018.

The Board of Directors in their meeting held on 10th February, 2021, on the recommendation of the Nomination & Remuneration Committee had and subject to the approval of members of the Company has re-appointed

Shri Shreyans Ranka as a Whole Time Director of the Company for a further period of 3 year from 1st April, 2021 till 31st March, 2024.

Further, considering the contribution of Shri Shreyans Ranka and the progress made by the Company under his leadership and guidance and pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors in their meeting held on 28th June, 2021 increase the remuneration of Shri Shreyans Ranka w.e.f. 01/04/2021 for a period of three years i.e. upto 31st March, 2024 on the terms and condition as set out in the resolution.

Shri Shreyans Ranka is not disqualified from being re-appointed as a Whole Time Director in terms of Section 164 of the Act, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent for the said re-appointment.

Shri Shreyans Ranka is a Whole-Time Director and a Promoter of the Company. Shri Shreyans Ranka is Bachelor in Industrial Engineering from University of Illinois at Urbana-Champaign, USA & Masters in Management at Imperial Business School, London. He has more than 9 years' experience in the field of management and has consented to act as a Whole Time Director of the Company.

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

The Board recommends the Special Resolutions set out at Item No. 4 of this Notice for the approval by the Members.

Except Shri Sachin Ranka, Chairman & Managing Director of the Company and Shri Shreyans Ranka, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

**Item No. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company across for the financial year ending March 31, 2022.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by

the members of the Company. Accordingly, consent of the members is sought for passing of resolution for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2021.

None of the Directors or key managerial personnel of the Company or their relatives are directly or indirectly concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 for approval of the members.

**ANNEXURE TO THE NOTICE**

**DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT  
THE FORTHCOMING ANNUAL GENERAL MEETING**

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

<b>Name</b>	<b>Shri Shreyans Ranka</b>
<b>DIN</b>	06470710
<b>Date of Birth</b>	21/02/1988
<b>Qualifications</b>	Bachelor in Industrial Engineering from University of Illinois at Urbana - Champaign, USA & Masters in Management at Imperial Business School, London
<b>Expertise in Specific area</b>	Finance and Corporate Management
<b>Date of First appointment on the Board of the Company</b>	01/04/2018
<b>Relationship with other Director</b>	Son of Chairman & Managing Director
<b>Shareholding in the Company</b>	500
<b>Directorship held in other Public companies</b>	NIL
<b>Chairman/ Member in the Committees of the Boards of companies in which he is Director</b>	NIL



## DIRECTORS' REPORT

### To the Members of Modern Insulators Limited

Your Directors are pleased to present the 36th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2021.

### FINANCIAL PERFORMANCE (₹ in Crores)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from Operations	390.29	436.88	398.47	439.72
Other income	16.50	6.57	15.73	6.09
<b>Total revenue</b>	<b>406.79</b>	<b>443.45</b>	<b>414.20</b>	<b>445.81</b>
Profit before finance cost and depreciation	55.72	42.15	54.43	41.96
Finance cost	9.29	12.92	9.29	12.92
Depreciation	10.63	10.34	10.64	10.34
<b>Profit before exceptional items and tax</b>	<b>35.80</b>	<b>18.89</b>	<b>34.50</b>	<b>18.70</b>
Exceptional Items	—	—	—	—
<b>Profit before tax</b>	<b>35.80</b>	<b>18.89</b>	<b>34.50</b>	<b>18.70</b>
Tax expense	0.37	(3.75)	0.37	(3.75)
<b>Profit after tax</b>	<b>35.43</b>	<b>22.64</b>	<b>34.13</b>	<b>22.45</b>
Other comprehensive income (Net of tax)	(0.84)	(0.31)	(0.84)	(0.31)
<b>Total comprehensive income</b>	<b>34.59</b>	<b>22.33</b>	<b>33.29</b>	<b>22.14</b>
Retained earnings at the beginning of the year	216.35	194.02	216.14	194.00
Retained earnings at the end of the year	250.94	216.35	249.44	216.14

### OPERATIONS

The Standalone revenue from operation for the year has been ₹ 390.29 crores as against ₹ 436.88 crores in previous year and net profit for the year stood at ₹ 34.59 crores as against ₹ 22.33 crores as compared to previous year.

The Consolidated revenue from operation for the year has been ₹ 398.47 crores as against ₹ 439.72 in previous year and net profit for the year stood at ₹ 33.29 crores as against ₹ 22.14 crores as compared to previous Year.

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the impact of COVID19 on business operations of the Company detailed in this Report as well as Notes to the Financial Statements of the Company.

### DIVIDEND AND RESERVES

In order to conserve the resources of the Company by taking into account the prevailing economic situation and the need of resources for growth, the Board of Directors of the Company have decided not to recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2021. There is no dividend which remains outstanding or remain to be paid & require to be transferred to IEPF by the company during the year ended 31st March, 2021. During the year under review, no amount from the profit is transferred to General Reserve.

### IMPACT OF COVID-19 PANDEMIC

The impact of the second COVID wave started showing up from end of March'21 and within few weeks most of the State Government Imposed Lockdown and various curbs to control the spread of virus.

The Corona virus Pandemic is having a deep Impact on businesses and has already caused an unprecedented collapse in economic activities. Due to weak domestic consumption and consumer sentiment, there can be delay in Investment which further add pressure on growth.

The Covid-19 impact remains a serious concern for governments and businesses. The Company has implemented Standard Operating Procedures of social distancing, workplace sanitisation and employee health monitoring, and these are being followed strictly across all its manufacturing locations and its registered office. Company has also taken various Initiatives focusing on safeguarding workforce health. Further Company is also taking effective steps to control cost in all quarters and assess how profitability, loans, revolving credit and cash flows can support ongoing operations in a low revenue environment. The company has taken necessary measures to maintain adequate financial liquidity to ensure availability of Raw Materials and needed resources for sustained operations.

### ALLOTMENT OF SHARES BY MODERN POLYTEX LIMITED PURSUANT TO DEMERGER OF YARN DIVISION OF THE COMPANY

Your Company alongwith MPL had filed joint application in NCLT, Jaipur for seeking clarification for issue of shares of MPL to the shareholders of MIL pursuant to the order of NCLT, New Delhi dated 12.12.2017.

Your Company and MPL will take effective steps to complete the formalities relating to allotment of shares of MPL pursuant to demerger of Yarn Division of the Company and thereafter the listing of the same after receiving clarification from NCLT, Jaipur.

### SCHEME OF ARRANGEMENT FOR THE MERGER OF MODERN DENIM LIMITED INTO THE COMPANY

The Board of Directors of your Company approved the merger/ amalgamation of Modern Denim Limited with the Company under the ambit of Board for Industrial & Financial Reconstruction (BIFR). Modern Denim Limited was a sick Company and the same was registered with BIFR under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Since, SICA stood repealed and BIFR stand dissolved in terms of Sick Industrial Companies (Special Provisions) Repeal Act, 2003 the Board of Directors has approved the scheme of compromise, arrangement and amalgamation of Modern Denim Limited with the Company under the provisions of section 230-232 of the Companies Act, 2013 which is under process of approval from concerned authorities.

The consolidation of two companies will facilitate savings in the administrative cost and also beneficial in terms of saving of Income Tax under the provisions of Income Tax Act, 1961.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, Listing Regulations and Ind AS 110 - Consolidated Financial Statements (CFS)/and Ind AS 28 - Investment in Joint Ventures, the Audited Consolidated Financial Statements forms integral part of this Annual Report.

### Performance of Subsidiary/ Joint Venture

#### Modern Inviro Private limited

This subsidiary was incorporated on December 23, 2019 and has not yet commenced any operations.

#### Shriji Designs - MIL (JV)

The company has entered into Joint Venture Agreement with Shriji Designs to participate in railways EPC tender. The JV was awarded tender for design, supply, erection, testing and commissioning of 25 KV OHE between Sanwad-Nimarkhedhi NTPC siding of Western Railway. The revenue from operation during the year has been ₹ 853.43 Lacs as against ₹ 815.88 Lacs in previous year and has incurred loss of ₹ 129.85 Lacs as against ₹ 19.07 Lacs as compared to previous year.

## **SEC - MIL (JV)**

The company has entered into Joint Venture Agreement with Sikka Engineering Company on 09th July, 2020 and has not yet commenced any operations.

## **SHARE CAPITAL**

The Authorized Share Capital of the Company stood at ₹95.00 crore. During the year under review, the Company has not altered/modified the authorized share capital of the Company. The paid up Equity Share Capital as at March 31, 2021 stood at ₹47.14 crore.

## **CREDIT RATING**

India Ratings and Research Pvt. Ltd., a credit rating agency had assigned rating BBB/Stable for the fund-based working capital limit and A3+ for non-fund based working capital limit.

## **FINANCE AND ACCOUNTS**

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2021 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2021. The Notes to the Financial Statements form an integral part of this Report.

Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses financial results on a quarterly basis which are subjected to limited review.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Management Discussion and Analysis Report is given in **Annexure - A**.

## **CORPORATE GOVERNANCE**

Pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, (SEBI (LODR) Regulations, 2015) a report on Corporate Governance along with a Certificate from the Company Secretary in Practice towards compliance of the provisions of Corporate Governance, forms an integral part of this Annual Report and are given in **Annexure - B**.

The Executive Director and the Chief Financial Officer have certified to the Board with regard to financial statements and other matters as required under Regulation 17(8) read with Schedule II to the SEBI (LODR) Regulations, 2015.

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

During the year under review, the Company has one wholly-owned subsidiary company and two joint venture firm. Company does not have any associate company.

Pursuant to Section 129(3) of the Act, the consolidated financial statements of the Company and its subsidiary and joint venture, prepared in accordance with the relevant Accounting Standard specified under of the Act, and the rules thereunder form part of this Annual Report. A statement containing the salient features of the financial statements of the Company's subsidiary and joint venture in **Form AOC-1** is given in this Annual Report as **Annexure-C**. Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the audited financial statements along with other relevant documents, in respect of subsidiary, are available on the website of the Company, in the link <https://www.moderninsulators.com/investors/Financials>.

## **PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT BY THE COMPANY**

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

## **DEPOSITS**

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

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

All transactions entered with Related Parties for the year under review were on arm's length basis. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. All Related Party Transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2021, are given in **Note No. 38** to the Financial Statements forming part of this Annual Report.

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

The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company and can be seen at the link <http://www.moderninsulators.com>. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration and sitting fees.

## **DIRECTORS**

In accordance with the provisions of Section 152 of the Act and the Company's Articles of Association, Shri Shreyans Ranka, Whole-Time Director retires by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment. His appointment is placed for approval of the members and forms part of the notice of the ensuing Annual General Meeting. The information about the Director seeking his reappointment as per Para 1.2.5 of Secretarial Standards on General Meetings has been given in the notice convening the ensuing Annual General Meeting Directors.

During the year, Shri Shreyans Ranka (DIN: 06470710), Whole-Time Director of the Company whose term expires on 31st March, 2021 has been reappointed by the Board of Directors for a period of three year from 01.04.2021. The resolution seeking the re-appointment of Shri Shreyans Ranka as Whole-Time Director w.e.f. 1st April, 2021 has been included in the Notice of the AGM. The Board of Directors recommend the resolution for your approval.

The Board accepted the resignation of Shri Swapan Nath (DIN: 00806810) from the office of the Director, with effect from 20th February, 2021. The Board placed on record its deep appreciation for the valuable contribution and services rendered by Shri Swapan Nath during his tenure of the Board.

## **KEY MANAGERIAL PERSONNEL**

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri Shreyans Ranka, Whole-Time Director, Shri Pradeep Kumar Gokhroo, Executive Director, Shri Dinesh Singh Singhvi, Chief Financial Officer and Shri Gaurav Goyal, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

#### **DECLARATION OF INDEPENDENCE**

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

The Ministry of Corporate Affairs ('MCA') vide Notification No. G.S.R. 804(E) dated October 22, 2019 and effective from December 01, 2019 has introduced the provision relating to inclusion of names of Independent Directors in the Data Bank maintained by Indian Institute of Corporate Affairs ('IICA'). All Independent Directors of your Company are registered with IICA.

In the opinion of the Board, the independent directors possess the requisite integrity, experience, expertise, proficiency and qualifications.

#### **ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual directors pursuant to the provisions of the Act and the Listing Regulations.

The Board evaluated its performance after seeking inputs from all the directors based on criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the committee members based on criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of Nomination & Remuneration Committee (NRC) had one-on-one meetings with the Executive and Non- Executive (Non-Independent) Directors. These meetings were intended to obtain Directors' inputs on effectiveness of the Board/Committee processes.

The Board and the NRC reviewed the performance of individual directors based on criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent directors, performance of non-independent directors and the board as a whole was evaluated. The Independent Directors in the said meeting also evaluated the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. Additionally, the Chairman of the Board was also evaluated on key aspects of his role, taking into account the views of executive directors and non-executive directors in the aforesaid meeting. The above evaluations were then discussed in the board meeting that followed the meeting of the independent directors and NRC, at which the performance of the Board, its Committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

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

During the year 2020-21, seven Board Meetings were held, on 02nd June, 2020, 09th July, 2020, 30th July, 2020, 14th September, 2020, 07th

November, 2020, 25th January, 2021 and 10th February, 2021. Further details on the Board Meetings are provided in the Corporate Governance Report, forming part of this Annual Report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

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

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee (dissolved w.e.f 01/04/2021)

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

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the financial year 2020-21.

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

- (a) that in the preparation of the Annual Accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

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

##### **Statutory Auditors**

M/s R. B. Verma & Associates, Chartered Accountants, Jaipur (ICAI Firm Registration No. 012650C) were appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the Members held on September 27, 2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors. Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on September 27, 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 07, 2018, the requirement of seeking ratification of the Members



for the appointment of the Statutory Auditors has been withdrawn from the Statute. Hence the resolution seeking ratification of the Members for continuance of their appointment at this AGM is not being sought.

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

The Statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 in the year under review.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Jyoti Soni & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2020-21. The Secretarial Audit Report, issued by M/s Jyoti Soni & Associates, Company Secretaries for the financial year 2020-21, forms part of this Report, and is set out in **Annexure-E** to this Report. The observations in Secretarial Audit Report are self-explanatory and hence do not call for any further comments under Section 134 of the Companies Act, 2013. Company has devised system to adhere future compliance in timely and proper manner.

#### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board at its meeting held on 28th June, 2021, has appointed M/s Rajesh & Company, Cost Accountants, Jaipur (Firm Registration No. 000031), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2021-22. As required under the Companies Act, 2013 a resolution seeking Members approval for remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for ratification.

#### **Internal Auditors**

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

#### **ANNUAL RETURN**

As provided under Section 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), Annual Return is available on the website of the Company at the web-link [https://www.moderninsulators.com/Investors/Modern/Financial/annualreport\\_20-21.pdf](https://www.moderninsulators.com/Investors/Modern/Financial/annualreport_20-21.pdf).

#### **REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy, which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Executive and Non-executive Directors (by way of sitting fees and commission), Key Managerial Personnel, Senior Management and other employees. The policy also provides the criteria for determining qualifications, positive attributes and Independence of Director and criteria for appointment of Key Managerial Personnel/Senior Management and performance evaluation, which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The above policy has been posted on the website of the Company at [www.moderninsulators.com](http://www.moderninsulators.com)

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

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the

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

#### **RISK MANAGEMENT**

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

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

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

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s S. Garg & Co., Chartered Accountants, a firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

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

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

The Company is a caring corporate citizen and lays significant emphasis on development of the host communities around which it operates. The Company, with this intent, has identified several projects relating to Social Empowerment and Welfare, Environment Sustainability, Health Care and Education during the year, and initiated various activities in and around its plant location. The work on several initiatives has picked up momentum during the year, resulting in a spend of ₹ 40.33 Lacs. The Annual Report on CSR activities is given in **Annexure-F** to this Report.

Pursuant to the MCA notification dated 23.01.2021 if CSR expenses of the Company are less than 50 lacs then the functions of the Committee can be discharged by the Board. Therefore, the Board of Directors in their meeting held on 10th February, 2021 decided to dissolve the Corporate Social Responsibility Committee w.e.f. 01/04/2021 and the functions of the Corporate Social Responsibility Committee shall be discharged by the Board.

#### **ENVIRONMENT, HEALTH AND SAFETY**

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

#### **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees either permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year under review, company has not received any complaint.

#### **PARTICULAR OF EMPLOYEES**

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

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

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

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

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

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as stipulated under Section

134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014, is given in **Annexure-H** to this Report.

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

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

#### **THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR**

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2020-2021.

#### **THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF DURING THE FINANCIAL YEAR**

There is no such instance, hence not applicable.

#### **SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards issued by the institute of Company Secretaries of India.

#### **GENERAL**

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

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future; and

#### **APPRECIATION**

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

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

For and on behalf of the Board of Directors

Place : Abu Road  
 Date : 14th August, 2021

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



## Annexure A to Boards' Report

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **ECONOMIC AND INDUSTRY OVERVIEW**

##### **Global Economic Outlook**

The onset of the COVID-19 pandemic brought economic activities to a near standstill at the beginning of FY 2020-21 as a nationwide lockdown was imposed to contain the virus spread. As a result, India's GDP contracted in Q1 FY 2020-21. However, with the gradual unlocking in June 2020, the economy recorded a rebound, fuelled by the synchronised relief and revival measures undertaken by the Central Government and the RBI. With the release of significant pent-up demand alongside festive demand gaining traction, the second half witnessed a return to growth, with GDP contraction for the full year coming in at 7.3%, much better than the double-digit degrowth estimated earlier.

However, the more intense second wave of COVID-19 hit India hard at the end of FY 2020-21, necessitating the imposition of new localised lockdowns. That said, with mass vaccination underway in full steam and the element of surprise being minimal, we believe the economy is now much better placed to absorb external shocks than it was a year earlier.

Between Emerging Market and Developing Economies, all countries face a health crisis and severe external demand shock, which will have a severe impact on economic activity.

##### **Indian Economy**

With an overall slowdown in the global economy which is estimated to have contracted by around 3.3% in 2020 on account of COVID-19 pandemic, the prospects in 2021 have shown sizeable improvement and the negative growth is expected to be reversed with positive growth of 6% expected to moderate to 4.4% in 2022. These are unprecedented and uncertain times. There has been an adverse economic impact on people, communities and countries.

The vaccination drive has picked up momentum pan-India and the outlook remains positive with the advent of new vaccines reaching the market. Emerging Markets like India have witnessed a slowdown and there is economic fallout registered because of sustained lockdowns in various parts of the Country. Growth in India is contracted in FY 2021 with the country witnessing a second wave of the pandemic in March, 2021. The localised lockdowns have resumed which are likely to impair economic activity. However, the COVID-19 pandemic has severely affected economies worldwide.

The measures taken by the government to contain spread of the COVID-19 pandemic have had an impact on the economic activities as well as on the data collection mechanisms. Estimates are, therefore, likely to undergo sharp revisions for the aforesaid causes in due course. Economic recovery is expected due to mega vaccination drive, strong growth in consumption and investment coupled with resurgence in high frequency indicators such as power demand etc.

##### **Industry Overview**

The power generation, transmission and distribution sector is the key growth driver for the Insulator industry. The Government of India is putting emphasis on power sector reforms by overcoming impediments; it will however take some time before on-ground demand improvement is visible. With the thrust on 'POWER FOR ALL' given by Government of India, insulator demand is likely to increase further in coming years.

The COVID 19-induced lockdown adversely affected the demand for textile products across markets. India was no different. As the lockdown was gradually relaxed, labour availability increased in the key textile hubs of

the country, with demand being boosted by a steady increase in consumer spending especially online sales as well as impending festive demand. The value of exports of Indian textile products also recovered to near pre-COVID levels in Q3 FY 2020-21.

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

#### **BUSINESS PERFORMANCE REVIEW**

##### **Insulators Division**

During the year under review, the division has registered a turnover of ₹ 345.98 crores as against ₹ 387.29 crores and profit before interest & depreciation of ₹ 51.03 crores as against ₹ 49.34 crores of previous year. Turnover have slightly reduced mainly due to outbreak of corona virus pandemic.

##### **Terry Towels Division**

The turnover of this division has been ₹ 44.31 crores as against ₹ 49.59 crores and Profit before interest & depreciation have been ₹ 4.69 crores as against Loss of ₹ 7.20 crores.

##### **Exports**

The company is the largest exporters of H.T. Porcelain Insulators from India. The Company has achieved export turnover of ₹ 100 crores during the year as compared to ₹ 109.22 crores in previous year in spite of global economic and social disruption caused by COVID-19 pandemic. Almost every country has been affected by this pandemic. In spite of pandemic conditions affecting the operations, the company has managed well their export business by way of improved processes, maintaining flawless supply chain, proactive approach with customers & advance planning. In order to keep the pandemic issues at bay, and to increase its presence in the international market, the company is making continuous efforts by exploring newer markets, making agents, representatives and forming JVs across the globe. Further company is also offering new and improved features in products. Some of them are, insulators with RTV coating, developing big diameter & high strength Hollow Insulators etc. This way company is not only increasing the product offering capabilities but also meeting the complex and stringent requirements of customers thereby keeping an edge over competition. The company is also focused on economizing the manufacturing processes by way of R&D activities, better process control and optimum utilization of its production resources. Company is regularly supplying to all the major multinational OEMs for their worldwide requirements of Porcelain Insulators. Post Covid pandemic, to overcome travel restrictions, company has employed innovative approaches to remain in contact with customers both domestic & overseas. Some of these approaches are, participating in virtual exhibitions, regular video conferences, on-camera factory inspections and utilizing agents network worldwide to reach new customers. The Company is also making efforts to add new customers from South East Asian Countries, East & Southern Africa, Latin America, etc. as market opportunities are shifting towards developing economies. The company is also focusing on getting product approvals from various power utilities to strengthen its presence in the international market. These steps will help export turnover to increase in the coming years.

## **ANALYSIS AND REVIEW**

The company continues to be a leader in the manufacture of Extra High Voltage Insulators in the country. Despite stiff competition, buyers show interest in company's products for its quality & timely delivery. The company has a well equipped R & D laboratory, which takes care of the stringent quality requirements of customers and ensures quality and reliability in each and every product manufactured. In-house R&D activities have a thrust on qualitative development to replace expensive input raw material & to bring consistency in the quality of the product under manufacture.

The company has a fully equipped SGI and Aluminium foundry to cater demand from various segments apart from fulfilling company's major captive requirement of SGI and aluminium castings.

### **Opportunities & Challenges**

Looking to current lockdown, India's electricity sector is likely to register a decline in power demand during 2021-22.

Insulator demand is expected to improve in medium term with Central Electrical Authority (CEA) targeting to upgrade the existing transmission lines and adding new substations. Railway electrification in the country is in full swing, which will further increase demand of insulators in the coming months. Also we are putting all our efforts to promote Long Rod Insulators to all SEBs & private TSP's.

Extension of anti-dumping duty for a further period of 5 years on import of insulators from China will provide sustainable relief to domestic manufacturers. Apart from this, Govt. of India "MAKE IN INDIA" policy and "ATMANIRBHAR BHARAT ABHIYAN" will further facilitate more business opportunities as competition from overseas suppliers, especially from China will reduce to some extent.

## **RISKS & CONCERNS**

Slow economic activity and liquidity challenges have affected the overall demand scenario in the industry. The later part of the year also witnessed an unprecedented outbreak of pandemic Covid-19 impacting global economies, supply chain also led to delay in implementation of power projects by state governments. Complete lockdown of the country was unparalleled to any disruption experienced in the past several decades. COVID-19 would definitely leave a deep cut in economy and corporate financials.

Delay in orders from state transmission utilities and power utilities may affect performance. Project delays from the customer's side may affect order book position.

## **OUTLOOK**

Government initiatives are expected to catalyse demand improvement in near future. With Government's focus on 'POWER FOR ALL' the medium to long-term fundamentals look encouraging. The company is alert and in touch with the ground realities of the changing business environment and is confident of increasing its share in the domestic as well as international market. Indian Railway network is growing at a healthy rate. A lot of emphasis is given to Railway Electrification in recent years with a vision of providing an eco-friendly, faster and energy-efficient mode of transportation. Railways have plans to electrify at 6000 kms per year. This will result in sustaining the demand for Railway insulators. The company continues to examine the possibilities of expansion and shall make the necessary investments when attractive opportunities arise.

## Annexure B to Boards' Report

### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The "Listing Regulations").

#### **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Good Corporate Governance is the adoption of best business practices which ensure that the Company operates within the regulatory framework. The adoption of such corporate practices ensures accountability, ethical behaviour, transparency and fairness to all stakeholders. The Company believes in practicing good Corporate Governance and endeavours to improve on these aspects on an ongoing basis. The philosophy on corporate governance is an important tool for shareholder protection and maximisation of their long-term values.

Your Company complies with the requirements stipulated under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, with the Stock Exchanges ("Listing Regulations") with regards to corporate governance.

#### **BOARD OF DIRECTORS**

##### **Composition of Board of Directors**

The Board is broad-based and consists of eminent individuals from Industrial, Managerial, Technical, Financial and Marketing background. The Company is managed by the Board of Directors in co-ordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

As on March 31, 2021, the Company's Board consists of Seven directors. The Board comprises of Two Executive Promoter Director, one Executive Director, and Four Independent Directors including one Woman Director. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations. The Directors are professionals and have expertise in their respective functional areas.

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board:

Sr. No.	Name of Directors	Expertise in Specific Functional Areas
1.	Shri Sachin Ranka	Industrialist, Business Strategy, Corporate Management and Leadership
2.	Shri Shreyans Ranka	Business Strategy, Sales & Marketing and Business Management
3.	Shri P.K. Gokhroo	Finance, Corporate Planning and Strategy, Sales & Marketing
4.	Shri R. Raniwala	Finance, Capital Market and Wealth Management, Board service and governance
5.	Shri S. K. Sharma	Board service and governance
6.	Shri Rahul Singhvi	Capital Markets, Wealth Management, Fund raising
7.	Smt. Meenu Sacheti	Industrialist, Finance, Board service and governance

The Composition of the Board and directorship held, as on 31st March, 2021 are as follows:

Name of Directors	Executive/ Non-Executive/ Independent	No. of Equity Shares held	Directorships in other Public Limited Companies	Membership in Committees of other Companies		List of Directorship held in other listed Companies and Category of Directorship
				Chairman	Member	
Shri Sachin Ranka	Promoter/ Chairman & Managing Director	500	1	—	—	Modern Denim Limited (Chairman & Managing Director)
Shri Shreyans Ranka	Promoter/ Executive Director	500	—	—	—	—
Shri P.K. Gokhroo	Executive Director	—	—	—	—	—
Shri R. Raniwala	Non-Executive Independent Director	—	—	—	—	—
Shri S.K. Sharma	Non-Executive Independent Director	—	1	2	—	Modern Denim Limited (Independent Director)
Shri Rahul Singhvi	Non-Executive Independent Director	—	1	—	2	Modern Denim Limited (Additional Director- Non Executive)
Smt. Meenu Sacheti	Non-Executive Independent Director	—	1	—	—	Modern Denim Limited (Independent Director)

1. Shri Sachin Ranka and Shri Shreyans Ranka are related to each other. None of the other Directors is related inter-se.
2. Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
3. Membership in Committees includes only Audit Committee and Stakeholders' Relationship Committee

#### **Independent Directors confirmation by the Board**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. They have also given declaration under Rule 6(1) and (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, that their names are registered in the data bank as maintained by the Indian Institute of Corporate Affairs (IICA). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors, if applicable, are required to undertake online proficiency self-assessment test conducted by the IICA within a period of two (2) year from the date of inclusion of their names in the data bank or such time as amended by the Central Government.

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

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board Meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly. In case of business exigencies, the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

Minimum four Board meetings are held every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs, if any, of the Company. During the financial year 2020-21, the Board of Directors met seven times i.e., on June 02, 2020, July 09, 2020, July 30, 2020, September 14, 2020, November 07, 2020, January 25, 2021 and February 10, 2021. The gap intervening between two meetings was within the time prescribed under the Act and SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

#### **Attendance of Directors at the Board Meetings and last Annual General Meeting (AGM)**

Name of Directors	Attendance of A GM held on 30th Sept., 2020	Date of Board Meeting						
		02nd June, 2020	9th July, 2020	30th July, 2020	14th Sept., 2020	7th Nov., 2020	25th Jan., 2021	10th Feb., 2021
Shri Sachin Ranka	—	√	√	√	√	√	√	√
Shri Shreyans Ranka	—	√	√	√	√	√	√	√
Shri P.K. Gokhroo	√	NA	NA	NA	√	√	√	√
Smt. Meenu Sacheti	—	√	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	√	√
Shri R. Raniwala	√	Leave of Absence	Leave of Absence	√	√	√	Leave of Absence	√
Shri T. C. Chejara	—	Leave of Absence	Leave of Absence	Leave of Absence	NA	NA	NA	NA
Shri Rahul Singhvi		NA	NA	NA	√	√	Leave of Absence	√
Shri S.K. Sharma	—	Leave of Absence	√	√	√	Leave of Absence	√	√
Shri Swapan Nath	—	NA	NA	NA	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence

#### **Note:**

1. Shri T.C. Chejara has resigned w.e.f 01/08/2020.
2. Shri P.K. Gokhroo, Shri Rahul Singhvi and Shri Swapan Nath was appointed w.e.f 01/08/2020.
3. Shri Swapan Nath has resigned w.e.f 10/02/2021.

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

A separate meeting of Independent Directors of the Company was held on 9th February, 2021, without the presence of Non-Independent Directors and members of the management, to discuss the matters as required under Schedule IV of the Act and the Listing Regulations. The meeting was attended by all the Independent Directors.

### **Code of Conduct**

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

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

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

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

### **Performance evaluation**

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

### **Insider Trading Code**

The Company has adopted an Policy for prohibition of Insider Trading for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations. This Policy is displayed on the Company's website viz. [www.moderninsulators.com](http://www.moderninsulators.com)

### **COMMITTEES OF THE BOARD**

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

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

#### **Audit Committee**

Your Company has an independent Audit Committee. The Committee is governed in line with the regulatory requirements mandated by Companies Act, 2013 and Regulation 18 of the SEBI (LODR), Regulations, 2015. The Audit Committee acts as a link between the statutory and internal auditors, and the Board of Directors. The Audit Committee is provided with the necessary assistance and information so as to enable it to carry out its function effectively.

As on 31st March, 2021, the Audit Committee comprises of two Independent Directors and one Executive Director. Shri R. Raniwala, Independent Director is the Chairman of the Audit Committee. The Members possess adequate knowledge of Accounts, Audit, Finance, etc. The composition of the Audit Committee meets the requirements as per the Section 177 of the Companies Act, 2013 and Regulation 18(1) of the SEBI (LODR) Regulations.

During the year under review, 5 Audit Committee Meetings were held, on 30th July, 2020, 14th September, 2020, 07th November, 2020, 25th January, 2021 and 09th February, 2021.

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

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	5	5
Shri S.K. Sharma	Member	Independent	5	4
Shri T.C. Chejara	Member	Non-Executive	1	-
Shri P.K. Gokhroo	Member	Executive	4	4

1. The Chairman of the Audit Committee was present at the last AGM of the Company held on 30th September, 2020.
2. Shri T.C. Chejara resigned w.e.f 01/08/2020 and Shri P.K. Gokhroo was appointed w.e.f. 01/08/2020.



**Brief description of terms of reference**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation of appointment, remuneration and terms of appointment of the auditors.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies, practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Review and monitor the auditor's independence, performance and effectiveness of audit process.
7. Approval or any subsequent modification of transactions of the Company with related parties.
8. Scrutiny of inter-corporate loans and investments.
9. Evaluation of internal financial controls and risk management systems.
10. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussion with internal auditors of any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
16. To review the Whistle Blower mechanism.
17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
18. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act, 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
19. The Auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report.
20. Reviewing the utilization of loans and/ or advances investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

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

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

### **Nomination and Remuneration Committee**

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

The purpose of the committee is to screen and review individuals qualified to serve as executive director, non-executive directors, key managerial personnel and independent directors, consistent with the criteria approved by the board and to recommend for approval by the board, nominees for election at the AGM.

As on 31st March, 2021 the Nomination and Remuneration Committee (NRC) comprises of 3 Non-Executive Independent Directors. During the year under review, 3 NRC Meeting was held, on 30th July, 2020, 14th September, 2020 and 09th February, 2021.

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

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	3	3
Shri S.K. Sharma	Member	Independent	3	3
Shri T.C. Chejara	Member	Non-Executive	1	-
Shri Rahul Singhvi	Member	Independent	2	2

1. The Chairman of the Nomination & Remuneration Committee was present at the last AGM of the Company held on 30th September, 2020.
2. Shri T.C. Chejara resigned w.e.f. 01/08/2020 and Shri Rahul Singhvi was appointed w.e.f. 01/08/2020.

### **Terms of Reference**

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

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal and shall carry out evaluation of every Director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensures that:
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
4. The Chairperson of the said Committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the company.
5. To consider and fix the remuneration package of Non-Executive and Executive Directors including pension rights and any compensation payment.
6. All elements of remuneration package of Directors such as benefits, bonus, stock options, pension etc.
7. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made thereunder.

### **Remuneration Policy**

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

### **Remuneration to Directors**

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

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

#### **(a) Non- Executive Directors**

(Rs. in lacs)

Name of the Director	Remuneration	Sitting Fees	No. of Shares held
Shri R. Raniwala – Independent Director	–	0.62	–
Shri S.K. Sharma – Independent Director	–	–	–
Smt. Meenu Sacheti – Independent Director	–	0.13	–
Shri Rahul Singhvi – Independent Director	–	0.24	–
Mr. T. C. Chejara – Non- Executive Director	–	–	150

1. Shri T.C. Chejara resigned w.e.f. 01/08/2020 and Shri Rahul Singhvi was appointed w.e.f. 01/08/2020.

**(b) Executive Directors**

(Rs. in lacs)

Name of Director and Designation	Salary & Allowances	Performance linked incentive	Total	Period of Contract	No. of Shares held
Shri Sachin Ranka – Chairman & Managing Director	54.90	–	54.90	01/04/2017 to 31/03/2022	500
Shri Shreyans Ranka – Whole-Time Director	17.92	–	17.92	01/04/2018 to 31/03/2021	500
Shri P.K. Gokhroo – Executive Director	47.08	–	47.08	01/08/2020 to 31/07/2023	–
Shri Swapan Nath – Executive Director	41.11	–	41.11	01/08/2020 to 31/07/2023	–

- Remuneration is within limits specified under section 197 of the Act, as recommended by Nomination and Remuneration Committee and approved by Board.
- Shri P.K. Gokhroo and Shri Swapan Nath was appointed w.e.f. 01/08/2020.
- Shri Swapan Nath has resigned w.e.f. 10/02/2021.

**PERFORMANCE EVALUATION**

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

The Company Secretary or Board nominee or the consultant will tabulate the Forms. The Tabulated Report would be sent to all Board Members for evaluation and if any director disagrees with the self-evaluated results, he/she will suitably intimate the Chairman of the Board, else the same will be deemed to have been accepted.

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

**Corporate Social Responsibility Committee**

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

**Composition and Attendance during the Year**

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

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

During the year under review, Two CSR Committee meetings were held, on 30th July, 2020 and 10th February, 2021.

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

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri Sachin Ranka	Chairman	Executive	2	2
Shri R. Raniwala	Member	Independent	2	2
Shri T.C. Chejara	Member	Non-Executive	1	–
Shri P.K. Gokhroo	Member	Executive	1	1

1. Shri T.C. Chejara resigned w.e.f 01/08/2020 and Shri P.K. Gokhroo was appointed w.e.f. 01/08/2020.

Pursuant to the MCA notification dated 23.01.2021 if CSR expenses of the Company are less than ₹ 50 lacs then the functions of the Committee can be discharged by the Board. Therefore, the Board of Directors in their meeting held on 10th February, 2021 decided to dissolve the Corporate Social Responsibility Committee w.e.f. 01/04/2021 and the functions of the Corporate Social Responsibility Committee shall be discharged by the Board.

**Stakeholders' Relationship Committee**

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

During the year under review, 4 Stakeholder Relationship Committee Meetings were held, on 30th July, 2020, 14th September, 2020, 07th November, 2020 and 09th February, 2021.

AS on 31st March, 2021, the composition of the Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri R. Raniwala	Chairman	Independent	4	4
Shri S.K. Sharma	Member	Independent	4	3
Shri T.C. Chejara	Member	Non-Executive	1	—
Shri P.K. Gokhroo	Member	Executive	3	3

1. Shri T.C. Chejara resigned w.e.f 01/08/2020 and Shri P.K. Gokhroo was appointed w.e.f. 01/08/2020.

#### Terms of reference:

- The Stakeholders Relationship Committee shall consider and resolve the grievances of all stakeholders and security holders of the Company.
- The Chairperson of the said Committee or, in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company.
- Review all Shareholder's grievances like non-receipt of annual reports, non-receipt of dividend etc.
- Issue of Duplicate Share Certificates, Transfer of Shares in Physical form & Share Transfer Work.
- Any other work, policy related and incidental to the objectives of the Committee as per provisions of the Act and rules made there under.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

#### Details of Complaints Received and Resolved

Particulars	No. of Complaints
Complaints pending as on 1st April, 2020	0
Complaints received during the period 1st April, 2020 to 31st March, 2021	1
Complaints disposed off during the period 1st April, 2020 to 31st March, 2021	1
Complaints outstanding as on 31st March, 2021	0

#### Name and Designation of the Compliance Officer

Name : Mr. Gaurav Goyal

Designation: Company Secretary & Compliance Officer

Address: Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi - 307510

#### GENERAL BODY MEETINGS

##### Details of Annual General Meetings

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

Financial Year/Meetings	Date	Time	Venue	No. of Special Resolution(s) Passed
2017-18 33rd AGM	28th September, 2018	4.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	2
2018-19 34th AGM	27th September, 2019	11.00 A.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	3
2019-20 35th AGM	30th September, 2020	11.00 A.M.	Modern Insulators Limited Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi -307510 (Rajasthan)	3

#### Postal Ballot & E-voting

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

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

### **MEANS OF COMMUNICATION**

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

### **DISCLOSURES**

1. During the year under review, no materially significant Related Party Transactions, that may have a potential conflict with the interest of the Company at large, have been entered into. All contracts/arrangements/ transactions entered into by your Company with its related parties were on an arm's-length basis and in the ordinary course of business. A policy on dealing with related party transactions has been uploaded on the website of the Company, [www.moderninsulators.com](http://www.moderninsulators.com).
2. The Company has submitted Annual Secretarial Compliance Report to BSE and the details of compliance is also given in the Secretarial Audit Report annexed with the Annual Report. No penalty or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority.
3. The Company has adequate risk assessment and minimization system in place including for commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.
4. The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the Financial Statements for accounting periods beginning on or after 01.04.2016, as per the roadmap announced by Ministry of Corporate Affairs Companies. The significant accounting policies which are consistently applied have been set out in the notes to the Financial Statements.
5. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.
6. The Certificate of Company Secretary in practice is annexed herewith as a part of the report.
7. Details relating to fees paid to the Statutory Auditors are given in Note 31 to the Financial Statements.
8. Details in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been disclosed in the Directors' Report.
9. Management Discussion and Analysis Report is forming part of the Annual Report and is in accordance with the requirements laid out in the Listing Regulations.
10. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
11. Details of the Directors seeking appointment/reappointment have been provided in the Notice of the Annual General Meeting.
12. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
13. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and the Listing Regulations.
14. The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company).

### **DISCRETIONARY REQUIREMENT UNDER REGULATION 27 OF LISTING REGULATION**

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

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



### **CEO/CFO CERTIFICATION**

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

### **GENERAL SHAREHOLDERS' INFORMATION**

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

Day & Date	:	Thursday, 30th September, 2021
Time	:	11.00 A.M.
Venue	:	Modern Insulators Limited, Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi (Registered Office of the Company)

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

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

<b>Particulars of Quarter</b>	<b>Tentative dates*</b>
First quarterly results	: On or before 14th August, 2021
Second quarterly / Half yearly results	: On or before 14th November, 2021
Third quarterly results	: On or before 14th Feb., 2022
Annual results for the year ending on 31st March, 2022	: On or before 30th May, 2022

\*or such other dates as may be allowed by MCA/SEBI

Annual General Meeting for the year ending on 31st March, 2022: Sept, 2022

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

The Register of Members and the Share Transfer Books of the Company shall remain closed from 24th September, 2021 to 30th September, 2021(both days inclusive).

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

<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 Scrip Code: 515008	<b>Calcutta Stock Exchange</b> 7, Lyons Range, Dalhousie Kolkata Scrip Code: 023461
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#### **5. Listing Fees to the Stock Exchanges**

The Company has paid listing fees upto financial year 2021-2022 to BSE Limited.

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

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

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

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

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories.

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

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of Depository Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both of the Depositories. The status as on 31st March, 2021 is as under:

<b>Mode</b>	<b>No. of Shares</b>	<b>% (Percentage)</b>
Physical Form	10682046	22.66
NSDL	34724988	73.66
CDSL	1736866	3.68
<b>Total</b>	<b>47143900</b>	<b>100.00</b>

### Process of Dematerialization of Shares

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail the benefits of dealing in shares in demat form. For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

- Demat account should be opened with a Depository Participant (DP).
- Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Beetal Financial & Computer Services Private Limited.
- RTA will process the DRF and confirm or reject the request to DP/ depositories
- Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his demat account maintained with the DP

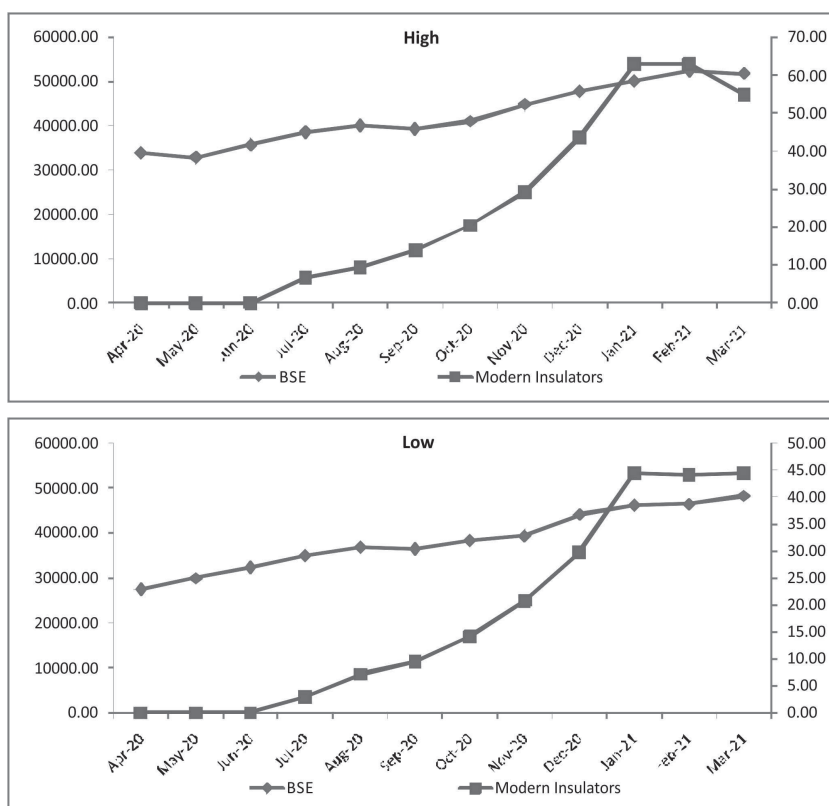
**ISIN No. of the Company: INE219W01012**

### 9. Market Price Data:

Month	BSE Limited			
	High	Low	Close	No. of shares traded
June, 2020	—	—	—	—
July, 2020	6.81	2.87	6.81	375
August, 2020	9.37	7.15	9.37	2064
September, 2020	13.82	9.55	13.82	961
October, 2020	20.42	14.09	20.42	310
November, 2020	29.2	20.8	29.2	1927
December, 2020	43.6	29.75	43.6	1017613
January, 2021	62.9	44.45	59.3	261141
February, 2021	62.9	44.1	47.75	583261
March, 2021	55	44.35	45.20	261693

Company has received approval for revocation of suspension and the trading in equity shares has been started from 30th June, 2020.

### 10. Performance in comparison to broad-based indices i.e. BSE Sensex



**11. Distribution of Shareholding as on 31st March, 2021**

Sr. No	No. of Equity Shares	Number of Shares	% of Shareholding	No. of Shareholders
1.	1-5000	7745308	16.43	131674
2.	5001-10000	1039590	2.21	1333
3.	10001-20000	861559	1.83	590
4.	20001-30000	480257	1.02	187
5.	30001-40000	217775	0.46	61
6.	40001-50000	221646	0.47	48
7.	50001-100000	621820	1.32	85
8.	100001 & Above	35955945	76.26	115
	<b>Total</b>	<b>47143900</b>	<b>100.00</b>	<b>134093</b>

**12. Category of Shareholders as on 31st March, 2021**

Category	No. of shares	% Holding
Promoter & Promoter Group	28416435	60.28
Central Govt. /State Govt./ President Of India	1506	-
Corporate Bodies	482815	1.02
Mutual Funds	821	-
Insurance Companies	1980234	4.20
Banks/Financial Institutions	1950883	4.14
FII's	146772	0.31
Individuals including NRI	14164434	30.05
<b>Total</b>	<b>47143900</b>	<b>100.00</b>

**13. Consolidation of Folios and Avoidance of Multiple Mailing**

In order to enable the Company to reduce costs and duplicity of efforts for providing services to investors, members who have more than one folio in the same order of names are requested to consolidate their holdings under one folio. Members may write to the Registrars & Transfer Agents indicating the folio numbers to be consolidated along with the original shares certificates to be consolidated.

**14. Reconciliation of Share Capital Audit**

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

**15. Plant Locations**

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

1. Insulators Division : Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi - 307510 (Rajasthan)
2. Terry Towels Division : Village: Nidrad, Taluka : Sanand- 382110, Ahmedabad, Gujarat

**16. Address for Correspondence**

The Company Secretary heads the Secretarial Department of the Company. In case of any problem/query, shareholders can contact at registered office of the Company at:

Talheti, Village Karoli,  
 Tehsil Abu Road, Dist. Sirohi - 307510  
 Phone: 91-02974-228044  
 Email: [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com)

## CODE OF CONDUCT DECLARATION

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management for the year ended 31st March, 2021.

Place : Abu Road  
 Date : 14th August, 2021

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

### CEO/CFO CERTIFICATION

The Board of Directors

Modern Insulators Limited

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

- a. We have reviewed the Financial Statements and the Cash Flow Statement for the year 31st March, 2021, and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and comply with the existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company. We have not come across any reportable deficiencies in the design or operation of internal controls.
- d. We have indicated to the Auditors and the Audit Committee that:
  - i. there are no significant changes in the internal control over financial reporting during the year;
  - ii. the significant changes, if any, in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. there are no instances of significant fraud of which we have become aware.

**For Modern Insulators Limited**

Place : Abu Road  
 Date : 14th August, 2021

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

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

### CERTIFICATE

(Pursuant to clause 10 of part C of Schedule V of SEBI (LODR) Regulations, 2015)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; in respect of Modern Insulators Limited (CIN: L31300RJ1982PLC002460) having its registered office at Talheti, Village Karoli, Tehsil Abu Road, Dist. Sirohi - 307510, I hereby certify that:

On the basis of verification of the books, papers, minute books, forms and returns filed maintained by the Company and written representations/declaration received from Directors and taken on record by the Board of Directors, as on March 31, 2021, none of the Director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the SEBI/Ministry of Corporate Affairs or any such Statutory authority.

**For Kasliwal Maheshwari & Associates**  
 Practicing Company Secretaries

**Rajat Kasliwal**  
 Partner  
 Membership No. 44052

Place: Jaipur  
 Date: 28th June, 2021  
 UDIN: A044052C000529823

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Modern Insulators Limited

1. We have examined the compliance of conditions of Corporate Governance by Modern Insulators Limited (“the Company”) for the year ended on March 31, 2021 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) & other applicable regulations and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘the SEBI Listing Regulations’).

**Management Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditors’ Responsibility**

3. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.
4. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance and Guidance Manual on Quality of Audit and Attestation Services issued by the Institute of Company Secretaries of India. It was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in Corporate Governance Report during the year ended 31 March 2021.

**Other matters and Restriction on use**

6. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. This Certificate is addressed to and provide to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

**For Kasliwal Maheshwari & Associates**

Practicing Company Secretaries

**Rajat Kasliwal**

Partner

Membership No. 44052

Place: Jaipur

Date: 28th June, 2021

UDIN: A044052C000529878



### Annexure C to Boards' Report FORM NO. AOC. 1

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

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

##### Part "A": SUBSIDIARIES

S. No.	Particulars	Description
1.	Name of the Subsidiary	Modern Inviro Private Limited
2.	Reporting period for the subsidiary concerned, if different from the Holding Company's Reporting Period	–
3.	Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in the case of Foreign Subsidiaries.	NA
4.	Share Capital	10 Lacs
5.	Reserves & Surplus	(0.04) Lacs
6.	Total Assets	10.06 Lacs
7.	Total Liabilities	0.10 Lacs
8.	Investments	–
9.	Turnover	–
10.	Profit before Taxation	(0.20) Lacs
11.	Provision for Taxation	–
12.	Profit after Taxation	(0.20) Lacs
13.	Proposed Dividend	–
14.	% of Shareholding	100

**Note:-**

1. Above subsidiary is yet to commence operations.
2. No subsidiary was liquidated or sold during the year.

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

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Particulars	Description	
1	Name of Associates/Joint Ventures	Shriji Design-MIL (JV)	SEC MIL (JV)
2.	Latest audited Balance Sheet Date	31.03.2021	31.03.2021
3.	Shares of Associate/Joint Ventures held by the company on the year end	–	–
	Number	NA	NA
	Amount of Investment in Associates/Joint Venture	–	–
	Extend of Holding %	–	–
4.	Description of how there is significant influence	Joint Venture	Joint Venture
5.	Reason why the associate/joint venture is not consolidated	Consolidated	Consolidated
6.	Networth attributable to Shareholding as per latest audited Balance Sheet	(150.11) Lacs	(0.02) Lacs
7.	Profit / Loss for the year		
	i. Considered in Consolidation	(129.85) Lacs	(0.02) Lacs
	ii. Not Considered in Consolidation	–	–

**Note:-**

1. SEC MIL (JV) is yet to commence operations.
2. No Associate or Joint Venture was liquidated or sold during the year.

## Annexure D to Boards' Report

### FORM NO. AOC. 2

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2021, which were not at arm's length basis.

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangement/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Modern Denim Limited	Purchase, sale and reimbursement of expenses	01.04.2020 to 31.03.2021	Omnibus approval given by the Audit Committee for sale, purchase etc in the normal course of business	14/02/2020	NIL
Modern Denim Limited	Loan & Advances given	01.04.2020 to 31.03.2021	Loan and advances given pursuant to the proposed amalgamation of Modern Denim Limited with the Company.	14/02/2020	Nil
Shriji Designs MIL JV	Sale of good/ services	01.04.2020 to 31.03.2021	Omnibus approval given by the Audit Committee for sale in the normal course of business	14/02/2020	Nil
Shriji Designs MIL JV	Loan & Advances given	01.04.2020 to 31.03.2021	Loan and advances given for its working capital requirement.	14/02/2020	Nil
Jumbo Finance Limited (Relative of KMP)	Loan given	01.04.2020 to 31.03.2021	Demand Loan given as per agreement	14/02/2020	NIL
Modern Medisciences Pvt. Ltd. (relative of KMP)	Loan given	01.04.2020 to 31.03.2021	Demand Loan given as per agreement	14/08/2019	
Shubham Corporate Advisory Services Pvt. Ltd.	Leave and License agreement of Corporate office Premises	01.04.2020 to 31.03.2022	Use of Office Space for Corporate Head Quarter at Mumbai at a monthly Compensation of Rs. 150000/- plus applicable taxes.	14/02/2020	NIL
Smt. Smriti Ranka	Rent Agreement	01.12.2019 to 31.11.2020 and 01.12.2020 to 31.03.2021	Rent of Guest house at Ahmedabad at a monthly compensation of Rs. 120000/- Plus applicable taxes.	14.11.2019 and 07.11.2020	NIL
H.S. Ranka Foundation	Contribution towards CSR activities	01.04.2020 to 31.03.2021	Omnibus approval given by the Audit Committee for CSR expenses	14.02.2020	NIL

For Modern Insulators Limited

**Sachin Ranka**

Chairman & Managing Director

DIN: 00335534

Place : Abu Road

Date : 14th August, 2021

## Annexure E to Boards' Report FORM MR-3

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED 31ST March, 2021**

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

To,  
The Members

#### **MODERN INSULATORS LIMITED**

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

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

- (vi) The laws as are applicable specifically to the Company are as under:
  - (a) Petroleum Act, 1934 and rules made there under;

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India
- II. The Listing Agreements entered into by the Company with BSE Limited. *Company has received approval for revocation of suspension and the trading of shares of the Company has been started w.e.f. 30.06.2020.*
- III. The Company is also listed on Calcutta Stock Exchange but the trading of the company is suspended.

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

1. During the year there was one instance for delay in intimation under regulation 7(2) of SEBI (prohibition of insider trading) Regulation, 2015 for inter-se transaction and violation of company's code of conduct for trading of shares during the closure of trading window by the promoters.
2. The Company has granted interest free unsecured loan to a company covered under section 189 of the Companies Act 2013. The company has not provided interest on the said loan as prescribed u/s 186(7) of Companies Act, 2013 for which we have been informed that the same is not provided in view of proposed amalgamation under the provisions of Companies Act, 2013.

#### **We further report that**

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

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

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

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as **ANNEXURE 'A'** and forms an integral part of this report.

**FOR JYOTI SONI & ASSOCIATES**  
Practicing Company Secretaries

Jyoti Soni  
[Prop.]

ACS No. 38058

C P No.: 19478

UDIN : A038058C000533069

Place: Jaipur

Date: 28th June, 2021

## ANNEXURE 'A'

To,  
 The Members  
 Modern Insulators Limited

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

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

**FOR JYOTI SONI & ASSOCIATES**  
 Practicing Company Secretaries

Jyoti Soni  
 [Prop.]

ACS No. 38058

C P No.: 19478

UDIN: A038058C000533069

Place: Jaipur  
 Date: 28th June, 2021

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

**1. A brief outline of the Company's CSR policy of the Company**

The Company had proposed to undertake activities relating to rural development including preventive healthcare, safe drinking water, environment sustainability, medical relief, enhancing vocational skills etc for the Financial Year 2020-21. The CSR policy is available on the Company's website. The web link of the same is [http://moderninsulators.com/Investors/invpdf/Policy\\_CSR.pdf](http://moderninsulators.com/Investors/invpdf/Policy_CSR.pdf).

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

S. No.	Name of Director	Designation	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Sachin Ranka	Chairman	Managing Director	2	2
2.	Shri R. Raniwala	Member	Independent Director	2	2
3.	Shri T.C. Chejara	Member	Non-Executive Director	1	—
4.	Shri P.K. Gokhroo	Member	Executive Director	1	1

Shri T.C. Chejara resigned w.e.f. 01/08/2020 and Shri P.K. Gokhroo was appointed w.e.f. 01/08/2020.

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

**a. Web-link of Composition of CSR Policy: -**

[https://www.moderninsulators.com/Investors/invpdf/Policy\\_CSR.pdf](https://www.moderninsulators.com/Investors/invpdf/Policy_CSR.pdf)

**b. Web-link of Composition of CSR committee: -**

<https://www.moderninsulators.com/board-of-directors-important-committee/>

**c. Web-link of CSR projects approved by the Board: -**

<https://www.moderninsulators.com/wp-content/uploads/2021/07/csr-annual-action-plan-fy-2021-22.pdf>

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). -**

Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any -**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set off for the financial year, if any (in Rs.)
		NOT APPLICABLE	

**6. Average net profit of the Company as per section 135(5):**

**Rs. 2007.65 Lacs**

(a)	Two percent of average net profit of the Company as per Section 135(5)	Rs. 40.15 Lacs
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
(c)	Amount required to be set off for the financial year, If any	Nil
(d)	Total CSR obligation for the financial year (7a+7b+7c).	Rs. 40.15 Lacs

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of transfer
<b>40.33</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>



(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (Rs. in Lacs)	Mode of implementation Direct (Yes/No.)	Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration
1.	Distribution of Food Packets	Item no. (i)	Yes	Rajasthan	Sirohi	10.01	Yes	NA	NA
2.	Medical relief including medical camps, general health care activities etc./ Promoting Education	Item No. (i)	Yes	Rajasthan	Sirohi	1.32	No	Modern Swastik Seva Sansthan	NA
3.	Medical relief including medical camps, general health care activities etc./ Promoting Education	Item No. (i)	No	Maharashtra	Mumbai	26.00	No	H.S. Ranka Foundation	NA
4.	Rural Developments including Educational programs at rural areas, development of vocational skills	Item No. (ii)	Yes	Rajasthan	Udaipur & Danta	3.00	No	JASCAP	NA

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Nil

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (Rs. in Lacs.)
(i)	Two percent of average net profit of the company as per section 135(5)	40.15
(ii)	Total amount spent for the Financial Year	40.33
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.18
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.18

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of transfer	
—	NA	NA	NA	NA	NA	NA	NA

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed / Ongoing
–	NA	NA	NA	NA	NA	NA	NA	NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- a. Date of creation or acquisition of the capital asset(s). : NA
- b. Amount of CSR spent for creation or acquisition of capital asset. : NA
- c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : NA
- d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : NA

(Sachin Ranka)

Place : Abu Road  
 Date : 14th August, 2021

Chairman & Managing Director &  
 Chairman of CSR Committee  
 DIN: 00335534

## ANNEXURE G TO BOARDS' REPORT

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

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

Median remuneration of all the employees of the Company for the Financial Year 2020-21	218168
Percentage increase in the median remuneration of employees in the Financial Year	3.00%
Number of permanent employees on the rolls of the Company as on 31st March, 2021	1653

Name of Director & KMP	Ratio of Remuneration to median remuneration of all employees	% increase in remuneration in Financial year 2020-21
Shri Sachin Ranka	30.62	NA
Shri Shreyans Ranka	9.62	NA
Shri P.K. Gokhroo	28.93	NA
Shri Swapan Nath	80.74	NA
Shri D.S. Singhvi	11.40	9.25%
Shri Gaurav Goyal	2.45	26.00%

### Note :

- (1) The ratio of remuneration to the median remuneration is based on the remuneration paid during the period 1st April, 2020 to 31st March, 2021.
- (2) Average percentage increase made in the salaries of employees, other than the managerial personnel in the financial year 2020-21, was 7.94% over the previous financial year, which is in line with the industry benchmark and cost of living index. However, the average salaries of the managerial personnel for the same financial year increased by 10.76%.
- (3) The remuneration is as per the remuneration policy of the company.

### Annexure H to Boards' Report

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

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

##### (A) Conservation of Energy:

S. No.	Particulars	Remarks
(i)	The steps taken or impact on conservation of energy:	Having realised the need for being energy efficient in all of our industrial processes, we are constantly focused on monitoring to conserve energy through improved operational techniques. Some of the measures taken by the company in this direction are as under:
(ii)	The steps taken by the Company for utilizing alternate sources of energy:	
(iii)	The capital investment on energy conservation equipments:	i) Fixed capacitors installed to achieve Power factor from 0.997 to 1.0 ii) In house panel prepared for 14 nos of Glazing booth (Timer provided for stopping idle running) for saving energy. iii) By utilizing Solar power, we have saved 47.96 lacs unit during the year. iv) VFD provided to Secondary Air blower to Eleven out of Twelve kilns, for quality improvement & energy saving purpose. v) Provide level sensor in Blunger to avoid dry running of Roto Pump to reduce maintenance cost. vi) 12 nos of FP Panels out of 29 renovated to reduce breakdown & cost saving purpose. vii) To reduce wire burning break frequency in PED, changed supply wire dia. From 4 sq. mm to 10 sq. mm in 16 out of 80 PED's. viii) Seven out of fifteen curing chamber control circuit modified for quality improvement & energy saving purpose. ix) Conventional Thermal over load relay replaced with Microprocessor based MPO (Motor protection device) in all motors upto 20 HP to reduce motor failure rate. x) Timely coordination with RSEB team for line maintenance work to reduce power interruption (RSEB Supply) to 86 nos from 134 nos.

##### (B) Technology Absorption:

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

- I. We have developed & implemented in plant scale a Premium High Strength porcelain insulator recipe for special requirements of insulators from certain customers focused mainly on the export market.
- II. In an attempt to serve a premium market segment of semi conducting glaze insulators, we have developed a technology of manufacturing the same and successfully implemented.
- III. In an attempt to cut down cost of manufacturing, we have successfully come out with a Domestic clay body recipe without compromising on the recovery & final technical performance of the insulators. This has been successfully implemented in production after several reassuring plant trials on selected product category.
- IV. Overall kiln fuel factor improved thereby indicating kiln operational efficiency.
- V. Dryer cycle time reduction for certain categories of insulators.
- VI. Ultrasonic level sensors installed in Slip house slurry tank for better process control & reduction in Electrical & Mechanical breakdown.

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

- I. Reduction in power cost due to reduced power consumption. Improvement in efficiency & productivity.
- II. Reduction in firing cycle time & cost saving.
- III. Consistent supply of quality clays is ensured.
- IV. Reduction in rejections at various stages.
- V. Entry in new product segments.
- VI. Improvement in quality & reliability of products.

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

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

i)	Capital	:	–
ii)	Recurring	:	₹ 335.82 Lacs
	Total	:	₹ 335.82 Lacs

Total R&D expenditure, as %age of total turnover: 0.89%

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

The Company has earned during the period foreign exchange of ₹ 10416.85 Lacs against an outgo of ₹ 1246.44 Lacs.

## INDEPENDENT AUDITOR'S REPORT

To the members of **Modern Insulators Limited**

### Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **Modern Insulators Limited** (the 'Company') which comprise the Balance Sheet as at **31 March 2021**, 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.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in "Basis for Qualified Opinion" section of our report, the aforesaid standalone 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 2021, its profit (including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

*Provision for taxation including interest estimated at Rs.1647.64 Lacs for the year ended 31 March 2021 (Previous Year Rs.1392.88 Lacs; upto the year Rs.4650.74 Lacs) has not been made in accounts in view of the*

*proposed amalgamation under the provisions of Companies Act, 2013. (Refer note no. 33(iv)(a))*

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 Standalone 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 qualified opinion.

#### Emphasis of Matter

We draw attention to note no. 47 of the standalone financial statements, which describes the impact of COVID 19 on the operations of the Company. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31 March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion, on these matters. In addition to what has been stated in the "Basis for Qualified Opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matter
<b>Measurement, presentation and disclosure of allowance for Expected Credit Losses (ECL) on trade receivables</b>	<b>Our audit procedures included, but were not limited to the following:</b>
<ul style="list-style-type: none"> <li>The Company is required to recognize allowance for ECL on trade receivables due to the credit risks associated with each individual trade receivable.</li> <li>Management determines the allowance for ECL on trade receivables by reviewing customers ageing profile, historical loss adjusted to reflect current and estimated future economic conditions, credit history and suit filed cases for additional allowance.</li> <li>The determination of allowance for ECL is subjective and requires management to make judgements and assumptions, hence this is considered as key audit matter.</li> <li>Refer note no. 1, 1A and 7 to the standalone financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Tested effectiveness of controls with respect to (i) development of methodology for allowance for expected credit losses, (ii) completeness and accuracy of the information used and (iii) computation of allowance for expected credit losses.</li> <li>Tested sample of the data used in the model to the underlying accounting records.</li> <li>Evaluated the ECL model calculations, agreeing the data inputs and checking the mathematical accuracy of the calculations.</li> <li>Assessed the key inputs and assumptions used.</li> <li>Assessed whether the disclosures in the financial statements are adequate.</li> </ul>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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 Standalone Financial Statements

The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors 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 flow 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.

In preparing the standalone financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone 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 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 management.
- Conclude on the appropriateness of 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 up to 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 2021 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, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Standalone 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) Except for the effects of the matter described in the "Basis for Qualified Opinion" section, 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 as on 31 March 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021, 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 with reference to financial statements of the company and the operating effectiveness of such controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013, refer to our report in Annexure B;
- 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, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the



Company to its directors is in accordance with the provisions of section 197 of the Act.

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 has disclosed the impact of pending litigations on its financial position in standalone financial statements. (Refer note no. 38)
- ii) The Company has made provision, as required under the applicable law or Ind AS for material foreseeable losses, if any, on long term contracts including derivative contracts. (Refer note no. 48).

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

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

**Rajesh Verma**  
 Partner

Place : Abu Road  
 Date : 28th June, 2021

Membership No.404029  
 UDIN - 21404029AAAAAX1428

## ANNEXURE A FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipments except furniture & fixtures for which detailed records are not maintained.
- (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 in accordance with a phased programme of verification at reasonable intervals 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 are held in the name of the Company or its division.
- (ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on physical verification during the year.
- (iii) (a) The Company has granted interest free unsecured loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. According to the information and explanations given to us, since the amount paid is in connection to proposed amalgamation, no terms have been specified for repayment of loan and interest. In view of likely advantage to the Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Company (Refer note no. 45).
- (b) The Company has also granted unsecured loan to another Company and Joint Venture covered in the register maintained under section 189 of the Companies Act, 2013, which is payable on demand. We are informed that the Company has received the amount demanded from the party and thus there is no default during the year. Interest on such loan has been paid / provided during the year. In our opinion, the terms and conditions of grant of such loan are not, prima facie, prejudicial to the interest of the Company. (Refer note no. 11.1)
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and therefore this clause is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the central government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We had not, however carried out detailed examination of the same to determine whether they are accurate and complete.
- (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 provident fund, employees' state insurance, income tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and 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 dues of income tax, sales tax, value added tax, duty of excise and service tax etc., as applicable, as at 31 March 2021, which have not been deposited on account of dispute.
- (viii) According to the information and explanations given to us and based on our examination of the records, the company has not defaulted in repayment of dues to bank during the year. The company does not have any dues to debenture holders and loans from financial institutions/government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year and therefore this clause is not applicable.
- (x) According to the information and explanations given to us and based on our examination of the records, we have neither come across any instance of material fraud by the Company or any fraud on the company by the officers or employees noticed or reported during the year nor we have been informed of any such fraud by the Management.
- (xi) The managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The company is not a Nidhi Company and therefore this clause is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details

of such transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore this clause is not applicable.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them and therefore this clause is not applicable.

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

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

**Rajesh Verma**  
 Partner

Place : Abu Road  
 Date : 28th June, 2021

Membership No.404029  
 UDIN - 21404029AAAAAX1428

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

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

We have audited the internal financial controls with reference to financial statements of **Modern Insulators Limited** ("the Company") as of **31st March, 2021** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial control with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with reference to financial statements

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

### Inherent Limitations of Internal Financial Controls with reference to financial statements

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

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

**Rajesh Verma**  
 Partner

Place : Abu Road  
 Date : 28th June, 2021

Membership No.404029  
 UDIN - 21404029AAAAAX1428

**STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2021**

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant & equipment	2	18146.84	19130.06
(b) Capital work-in-progress	2	—	—
(c) Intangible assets	2	33.51	53.59
(d) Financial assets			
(i) Investments	3	10.01	10.01
(ii) Loans	4	4766.00	4766.00
(iii) Other financial assets	5	1090.44	1342.76
(e) Other non-current assets		—	—
<b>Total Non-current assets</b>		<b>24046.80</b>	<b>25302.42</b>
<b>Current assets</b>			
(a) Inventories	6	11393.93	12359.78
(b) Financial assets			
(i) Trade receivables	7	9397.03	8507.15
(ii) Cash and cash equivalents	8	140.92	79.70
(iii) Bank balances other than cash and cash equivalents	9	253.59	65.99
(iv) Investments	10	931.95	236.31
(v) Loans	11	798.85	4123.17
(vi) Other financial assets	12	343.60	420.04
(c) Other current assets	13	1830.29	1886.79
<b>Total Current assets</b>		<b>25090.16</b>	<b>27678.93</b>
<b>TOTAL ASSETS</b>		<b>49136.96</b>	<b>52981.35</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	4714.39	4714.39
(b) Other equity	15	29291.35	25832.24
<b>Total Equity</b>		<b>34005.74</b>	<b>30546.63</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	59.97	83.62
(b) Provisions	17	2290.66	2089.02
(c) Deferred tax liabilities (Net)	18	2722.39	2730.78
(d) Other non-current liabilities	19	35.21	40.99
<b>Total Non-current liabilities</b>		<b>5108.23</b>	<b>4944.41</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	2273.45	9975.79
(ii) Trade payables			
– Total outstanding dues of micro enterprises and small enterprises	21	385.67	344.69
– Total outstanding dues of creditors other than micro enterprises and small enterprises	21	3824.97	4215.44
(iii) Other financial liabilities	22	1812.74	1867.35
(b) Provisions	23	412.78	334.95
(c) Other current liabilities	24	1313.38	752.09
<b>Total Current liabilities</b>		<b>10022.99</b>	<b>17490.31</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49136.96</b>	<b>52981.35</b>

**Significant accounting policies**
**Other notes on standalone Financial Statements**

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

As per our report of even date attached

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No. 012650C

**Rajesh Verma**

Partner

Membership No. 404029

Place : Abu Road

Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman &amp; Managing Director (DIN : 00335534)

Shreyans Ranka – Whole-Time Director (DIN : 06470710)

P.K. Gokhroo – Executive Director (DIN : 06810797)

R. Raniwala – Independent Director (DIN : 00506419)

S.K. Sharma – Independent Director (DIN : 01378040)

Rahul Singhvi – Independent Director (DIN : 08816920)

D.S. Singhvi – Chief Financial Officer

Gaurav Goyal – Company Secretary

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021**

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>Income</b>			
Revenue from operations	25	39028.81	43687.55
Other income	26	1650.36	657.37
<b>Total Income</b>		<b>40679.17</b>	<b>44344.92</b>
<b>Expenses</b>			
Cost of materials consumed	27	10851.00	13061.35
Purchase of stock-in-trade		175.08	617.22
Changes in inventories of finished goods, stock-in-trade & stock-in-process	28	763.24	(2386.72)
Employee benefits expense	29	6633.21	7164.57
Finance costs	30	929.14	1292.11
Depreciation and amortization expense	2	1063.06	1033.57
Other expenses	31	16684.53	21673.73
<b>Total Expenses</b>		<b>37099.26</b>	<b>42455.83</b>
<b>Profit before exceptional items and tax</b>		<b>3579.91</b>	<b>1889.09</b>
<b>Exceptional items</b>		<b>—</b>	<b>—</b>
<b>Profit before tax</b>		<b>3579.91</b>	<b>1889.09</b>
<b>Tax Expense</b>			
Current tax		—	—
Deferred tax		37.06	(375.25)
<b>Total tax expenses</b>		<b>37.06</b>	<b>(375.25)</b>
<b>Profit for the year</b>		<b>3542.85</b>	<b>2264.34</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit plan		(129.19)	(48.10)
Income tax relating to above		45.45	16.81
<b>Total other comprehensive income for the year (net of tax)</b>		<b>(83.74)</b>	<b>(31.29)</b>
<b>Total comprehensive income for the year</b>		<b>3459.11</b>	<b>2233.05</b>
<b>Earnings per equity share (face value ₹ 10 per share)</b>	32		
Basic (₹)		7.51	4.80
Diluted (₹)		7.51	4.80

**Significant accounting policies**

1

**Other notes on standalone Financial Statements**

33 to 49

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

As per our report of even date attached

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No. 012650C

**Rajesh Verma**

Partner

Membership No. 404029

Place : Abu Road

Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman &amp; Managing Director (DIN : 00335534)

Shreyans Ranka – Whole-Time Director (DIN : 06470710)

P.K. Gokhroo – Executive Director (DIN : 06810797)

R. Raniwala – Independent Director (DIN : 00506419)

S.K. Sharma – Independent Director (DIN : 01378040)

Rahul Singhvi – Independent Director (DIN : 08816920)

D.S. Singhvi – Chief Financial Officer

Gaurav Goyal – Company Secretary

**STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021**

(₹ in Lacs)

PARTICULARS	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	3579.91	1889.09
Adjustments for:		
–Depreciation and amortisation expenses	1063.06	1033.57
–Provisions	150.28	211.48
–Foreign exchange	45.35	127.55
–Profit on disposal of property, plant and equipment	(524.25)	(32.12)
–Finance costs	929.14	1292.11
–Loss on fair valuation of investment carried at FVTPL	(291.37)	543.73
–Interest income	(341.44)	(465.83)
<b>Operating profit before working capital changes</b>	<b>4610.68</b>	<b>4599.58</b>
Adjustment for		
–Trade and other receivables	(737.57)	(94.08)
–Inventories	965.85	(3106.08)
–Trade and other Payables	150.83	2024.86
<b>Net Cash from Operating Activities (A)</b>	<b>4989.79</b>	<b>3424.28</b>
<b>B. Cash Flow from Investing Activities</b>		
–Proceeds from sale of property, plant and equipment	560.74	64.89
–Purchase of property, plant and equipment(including	(96.25)	(1237.83)
–Capital work-in progress)		
–Loans and advances	3324.32	(2971.54)
–Interest Income	341.44	465.83
–Investment in Equity shares	(404.27)	(606.72)
<b>Net Cash from Investing Activities (B)</b>	<b>3725.98</b>	<b>(4285.37)</b>
<b>C. Cash Flow from Financing Activities</b>		
–Repayment of Long term borrowings (net)	(23.07)	(3.74)
–Repayment of Short term borrowings (net)	(7702.34)	779.97
–Interest Paid	(929.14)	(1292.11)
<b>Net cash used in Financing Activities (C)</b>	<b>(8654.55)</b>	<b>(515.88)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	<b>61.22</b>	<b>(1376.97)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>79.70</b>	<b>1456.67</b>
<b>Cash and cash equivalents at the close of the year</b>	<b>140.92</b>	<b>79.70</b>
<b>Cash and Cash Equivalent includes:–</b>		
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Cash on hand	8.56	16.89
With Banks		
–In current accounts	74.59	62.81
–In deposit accounts maturing within 3 months	57.77	–
<b>Total</b>	<b>140.92</b>	<b>79.70</b>

The accompanying notes form an integral part of the standalone 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 Flow'.

As per our report of even date attached

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

**Rajesh Verma**  
 Partner  
 Membership No. 404029

 Place : Abu Road  
 Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
Shreyans Ranka	– Whole-Time Director	(DIN : 06470710)
P.K. Gokhroo	– Executive Director	(DIN : 06810797)
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S.K. Sharma	– Independent Director	(DIN : 01378040)
Rahul Singhvi	– Independent Director	(DIN : 08816920)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	



## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

### A. Equity Share Capital

(₹ in Lacs)

As at 1st April, 2019	4714.39
Changes in Equity Share Capital	-
As at 31st March, 2020	4714.39
Changes in Equity Share Capital	-
<b>As at 31st March, 2021</b>	<b>4714.39</b>

### B. Other Equity

(₹ in Lacs)

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	Capital Reserve	Retained Earnings	
Balance as at 1st April, 2019	2911.45	1285.87	19401.87	23599.19
Profit for the year	-	-	2264.34	2264.34
Other comprehensive income	-	-	(31.29)	(31.29)
Total Comprehensive Income for the Year	-	-	2233.05	2233.05
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21634.92</b>	<b>25832.24</b>
Balance as at 1st April, 2020	2911.45	1285.87	21634.92	25832.24
Profit for the year	-	-	3542.85	3542.85
Other comprehensive income	-	-	(83.74)	(83.74)
Total Comprehensive Income for the Year	-	-	3459.11	3459.11
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>25094.03</b>	<b>29291.35</b>

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

As per our report of even date attached

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

**Rajesh Verma**  
 Partner  
 Membership No. 404029  
 Place : Abu Road  
 Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole-Time Director (DIN : 06470710)  
 P.K. Gokhroo – Executive Director (DIN : 06810797)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 S.K. Sharma – Independent Director (DIN : 01378040)  
 Rahul Singhvi – Independent Director (DIN : 08816920)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

## Notes forming part of standalone Financial Statements

### CORPORATE INFORMATION

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

### 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 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.
- (iii) 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)

The Company has applied for the one time transition exemption of considering the fair value as on the date of transition i.e. 01<sup>st</sup> April, 2016 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Freehold land is carried at Cost. All other 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.

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 or as per technical evaluation. Leasehold lands are amortised over the lease term unless it is reasonably certain that the Company will obtain ownership by the end of lease term.

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

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

The useful life considered for calculation of depreciation / amortisation for various Asset class are as under:

S. No.	Asset class	Useful life
1.	Leasehold Assets	Lease period
2.	Factory Building	4-30 Years
3.	Non- factory building	4-60 Years
4.	Plant & Machinery	1-30 Years
5.	Furniture & Fixtures	2-10 Years
6.	Office equipments	0-5 Years
7.	Vehicles	2-10 Years

Based on technical evaluation, management believes that the useful life as given above best represent the period over which the management expects to use these assets.

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 the period over which the future economic benefits will flow to the Company after taking into account all relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The useful life considered for calculation of depreciation / amortisation for various Asset class are as under:

Asset class	Useful life
Computer Software	1-3 Years

Based on technical evaluation, management believes that the useful life as given above best represent the period over which the management expects to use these assets.

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, 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) Investment in subsidiary and joint venture

Investments in subsidiary company and joint venture are recognized at cost as per Ind AS 27.

#### (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 recognized 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.

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**

Effective 01 April 2018, 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 based on 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, 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") based on following:

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

At amortised cost:

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

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

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

At fair value through OCI:

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

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

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

in profit and loss account as other income where right to receive is established.

At fair value through Profit or Loss:

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

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

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The Company recognises a loss allowance for expected credit losses on financial asset. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to lifetime credit expected losses. The Company calculates the expected credit losses on trade receivables using a provision matrix based on 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 either as 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) Useful life of Property, plant and equipment and intangible assets

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

- (b) Post-employment benefit plans

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

- (c) Expected credit losses on financial assets

The loss allowance on financial assets including trade receivables are based on assumption about the risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation based on Company's history of credit losses adjusted to reflect current and estimated future economic conditions, suit filed cases and credit information of customers at the end of each reporting period.

- (d) 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.

- (e) Impairment of non-financial assets

The company has used certain judgments and estimation to estimate future projection and discount rate to compute value in used of assets/ cash generating units and to assess impairment.

- (f) 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.

**Notes forming part of standalone Financial Statements**
**Note No. 2 : PROPERTY, PLANT & EQUIPMENT, CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS**
**As at 31st March, 2021**
**(₹ in Lacs)**

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2020	Additions	Deductions/ Adjustments	As at 31.03.2021	As at 01.04.2020	Depreciation for the year	Deductions/ Adjustments	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
<b>A. Property, Plant &amp; Equipment</b>										
Leasehold Land	3644.49	—	—	<b>3644.49</b>	214.38	53.60	—	<b>267.98</b>	<b>3376.51</b>	3430.11
Freehold Land	3792.50	—	—	<b>3792.50</b>	—	—	—	—	<b>3792.50</b>	3792.50
Building	4499.27	—	—	<b>4499.27</b>	658.48	152.10	—	<b>810.58</b>	<b>3688.69</b>	3840.79
Plant & Machinery	10492.17	35.75	163.27	<b>10364.65</b>	2783.62	761.89	142.01	<b>3403.50</b>	<b>6961.15</b>	7708.55
Furniture & Fixtures	179.99	8.12	15.07	<b>173.04</b>	72.47	16.91	6.70	<b>82.68</b>	<b>90.36</b>	107.52
Office Equipments	122.83	25.41	0.02	<b>148.22</b>	74.24	20.09	—	<b>94.33</b>	<b>53.89</b>	48.59
Vehicles	284.86	18.95	19.26	<b>284.55</b>	82.86	30.37	12.42	<b>100.81</b>	<b>183.74</b>	202.00
<b>Total (A)</b>	<b>23016.11</b>	<b>88.23</b>	<b>197.62</b>	<b>22906.72</b>	<b>3886.05</b>	<b>1034.96</b>	<b>161.13</b>	<b>4759.88</b>	<b>18146.84</b>	<b>19130.06</b>
<b>B. Intangible assets</b>										
Computer Software	110.96	8.02	—	<b>118.98</b>	57.37	28.10	—	<b>85.47</b>	<b>33.51</b>	53.59
<b>Total (B)</b>	<b>110.96</b>	<b>8.02</b>	—	<b>118.98</b>	<b>57.37</b>	<b>28.10</b>	—	<b>85.47</b>	<b>33.51</b>	<b>53.59</b>
<b>Total (A+B)</b>	<b>23127.07</b>	<b>96.25</b>	<b>197.62</b>	<b>23025.70</b>	<b>3943.42</b>	<b>1063.06</b>	<b>161.13</b>	<b>4845.35</b>	<b>18180.35</b>	<b>19183.65</b>
<b>Capital work-in-progress</b>									—	—

**As at 31st March, 2020**
**(₹ in Lacs)**

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2019	Additions	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Depreciation for the year	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
<b>A. Property, Plant &amp; Equipment</b>										
Leasehold Land	3644.49	—	—	<b>3644.49</b>	160.79	53.59	—	<b>214.38</b>	<b>3430.11</b>	3483.70
Freehold Land	3792.50	—	—	<b>3792.50</b>	—	—	—	—	<b>3792.50</b>	3792.50
Building	4492.79	6.48	—	<b>4499.27</b>	491.32	167.16	—	<b>658.48</b>	<b>3840.79</b>	4001.47
Plant & Machinery	9355.15	1152.17	15.15	<b>10492.17</b>	2083.55	710.73	10.66	<b>2783.62</b>	<b>7708.55</b>	7271.60
Furniture & Fixtures	173.25	16.74	10.00	<b>179.99</b>	57.49	19.44	4.46	<b>72.47</b>	<b>107.52</b>	115.76
Office Equipments	102.21	20.82	0.20	<b>122.83</b>	54.59	19.72	0.07	<b>74.24</b>	<b>48.59</b>	47.62
Vehicles	289.14	39.97	44.25	<b>284.86</b>	70.94	33.56	21.64	<b>82.86</b>	<b>202.00</b>	218.20
<b>Total (A)</b>	<b>21849.53</b>	<b>1236.18</b>	<b>69.60</b>	<b>23016.11</b>	<b>2918.68</b>	<b>1004.20</b>	<b>36.83</b>	<b>3886.05</b>	<b>19130.06</b>	<b>18930.85</b>
<b>B. Intangible assets</b>										
Computer Software	109.31	1.65	—	<b>110.96</b>	28.00	29.37	—	<b>57.37</b>	<b>53.59</b>	81.31
<b>Total (B)</b>	<b>109.31</b>	<b>1.65</b>	—	<b>110.96</b>	<b>28.00</b>	<b>29.37</b>	—	<b>57.37</b>	<b>53.59</b>	<b>81.31</b>
<b>Total (A+B)</b>	<b>21958.84</b>	<b>1237.83</b>	<b>69.60</b>	<b>23127.07</b>	<b>2946.68</b>	<b>1033.57</b>	<b>36.83</b>	<b>3943.42</b>	<b>19183.65</b>	<b>19012.16</b>
<b>Capital work-in-progress</b>									—	

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

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

**Notes forming part of standalone Financial Statements**
**Note No. 3 : NON-CURRENT INVESTMENTS**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Trade Investments (Unquoted)		
<b><u>Investment in Govt. securities (carried at cost)</u></b>		
National Saving Certificates	0.01	0.01
(Deposited with Govt. department)		
<b><u>Investment in Subsidiary (carried at cost)</u></b>		
Modern Inviro Private Limited	10.00	10.00
100000 Equity Shares of ₹ 10/- each fully paid up (31st March, 2020 - 100000 Equity Shares of ₹ 10/- each fully paid up)		
<b>Total</b>	<b>10.01</b>	<b>10.01</b>
3.1 Aggregate amount of unquoted investments	10.01	10.01
3.2 Aggregate amount of impairment in the value of investments	—	—

**Note No. 4 : NON-CURRENT LOANS**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
(Unsecured, considered good)		
Loans and advances to related party (Refer note no. 45)	4766.00	4766.00
<b>Total</b>	<b>4766.00</b>	<b>4766.00</b>
<b>Break-up:</b>		
Loans considered good- Secured	—	—
Loans considered good- Unsecured	4766.00	4766.00
Loans which have significant increase in credit risk	—	—
Loans- credit impaired	—	—
<b>Total</b>	<b>4766.00</b>	<b>4766.00</b>
Less: Allowance for doubtful loans	—	—
<b>Total Loans</b>	<b>4766.00</b>	<b>4766.00</b>

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

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
(Unsecured, considered good)		
Fixed Deposits with banks	40.07	266.41
Security Deposits	1050.37	1057.23
Recoverable from VSLP (Refer note no. 46)	—	191.22
Allowance for doubtful deposits	—	(172.10)
<b>Total</b>	<b>1090.44</b>	<b>1342.76</b>

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

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

5.3 Security deposits includes balances with electricity board, etc. and have been given for business purpose.

**Note No. 6 : INVENTORIES**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
(Valued at lower of cost or net realisable value)		
Raw materials (Including in transit 31.03.21- ₹ 73.16 Lacs; 31.03.2020- ₹ 269.25 Lacs)	2535.61	2755.02
Stock in process	2390.98	3095.14
Finished stock (Including in transit 31.03.21- ₹ 24.39 Lacs; 31.03.2020- ₹ NIL Lacs)	5555.54	5604.17
Stock-in-trade (Traded goods)	32.31	42.76
Fuel	83.49	86.05
Packing Material	153.34	202.82
Stores & spares (Including in transit 31.03.21- ₹ 42.12 Lacs, 31.03.2020- ₹ 34.01 Lacs)	642.66	573.82
<b>Total</b>	<b>11393.93</b>	<b>12359.78</b>

6. Inventory write downs are accounted, considering the value of inventory ageing and net realisable value. Write downs of inventory during the year amounted to ₹ Nil Lacs (Previous year ₹ Nil). These write downs are recognised as an expense in the statement of Profit &amp; Loss. The reversal on account of above during the year amounted to ₹ Nil (Previous year ₹ Nil).

**Notes forming part of standalone Financial Statements**
**Note No. 7 : TRADE RECEIVABLES**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Trade receivables	9730.45	8628.54
Trade receivables from related party (Refer note no. 37)	—	121.52
Trade receivables which have significant increase in credit risk	—	—
Trade receivables - Credit Impaired	—	—
Less : Allowance for doubtful trade receivables	333.42	242.91
<b>Total receivables</b>	<b>9397.03</b>	<b>8507.15</b>
Current portion	9387.63	8489.71
Non-current portion	9.40	17.44
<b>Break up of security details</b>		
Secured, considered good	—	—
Unsecured, considered good	9397.03	8507.15
Doubtful	333.42	242.91
<b>Total</b>	<b>9730.45</b>	<b>8750.06</b>
Allowance for doubtful trade receivables	(333.42)	(242.91)
<b>Total trade receivables</b>	<b>9397.03</b>	<b>8507.15</b>

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

7.2 Includes ₹ 334.26 Lacs (31st March, 2020- ₹ 87.34 Lacs) under litigation for which adequate provision has been made.

**Note No. 8 : CASH AND CASH EQUIVALENTS**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
<b>Cash on Hand</b>	<b>8.56</b>	<b>16.89</b>
Balances with Banks		
In Current accounts	74.59	62.81
In Deposit accounts (Original maturity upto 3 months)	57.77	—
<b>Total</b>	<b>140.92</b>	<b>79.70</b>

**Note No. 9 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Bank deposits (With maturity more than 3 months but less than 12 months)	253.59	65.99
<b>Total</b>	<b>253.59</b>	<b>65.99</b>

9.1 Bank deposits are kept towards margin against limits availed from the banks.

**Note No. 10 : CURRENT INVESTMENTS**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
<b>Investment in Equity Instruments (Quoted)</b>		
<b>(Carried at FVTPL)</b>		
Centrum Capital Limited	159.48	52.22
567555 (31st March, 2020- 567555) Equity Shares of ₹ 1/- each fully paid up		
Uniply Industries Limited	25.62	29.53
642000 (31st March, 2020- 642000) Equity Shares of ₹ 2/- each fully paid up		
HDFC Life Insurance Company Limited	243.51	154.56
(35000 (31st March, 2020-35000) Equity Shares of ₹ 10/- each fully paid up		
Divis Laboratories Limited	21.16	—
583 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Bajaj Finance Limited	23.99	—
706 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
PI Industries Limited	19.10	—
847 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Reliance Industries Limited	14.54	—
726 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Bajaj Finserv Limited	23.20	—
265 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Astral Poly technik Limited	17.31	—
1071 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		

**Notes forming part of standalone Financial Statements**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Dabur India Limited 2360 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	12.76	—
Asian Paints Limited 534 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	13.55	—
Havells India Limited 1565 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	16.48	—
Cholamandalam Investment and Finance Co. 3711 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	20.74	—
Kotak Mahindra Bank Limited 907 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	15.91	—
Titan Company Limited 808 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	12.58	—
Shree Cements Limited 52 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	15.33	—
Torrent Pharmaceuticals Limited 535 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	13.60	—
AU Small Finance Bank Limited 1721 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	21.10	—
Page Industries Limited 49 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	14.86	—
Aarti Industries Limited 1309 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	17.23	—
Britannia Industries Limited 335 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	12.15	—
Tata Consultancy Services Limited 445 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	14.14	—
Eicher Motors Limited 468 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	12.19	—
Pidilite Industries Limited 539 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	9.76	—
APL Apollo Tubes Limited 597 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	8.36	—
<b>Sub Total (Quoted)</b>	<b>778.65</b>	<b>236.31</b>
<b>Investment in Equity Instruments (Unquoted)</b> (Carried at FVTPL)		
HDB Financials Limited 21000 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up	153.30	—
<b>Sub Total (Unquoted)</b>	<b>153.30</b>	<b>—</b>
<b>Total (Quoted &amp; Unquoted Investment)</b>	<b>931.95</b>	<b>236.31</b>
10.1 Aggregate amount of quoted & unquoted investments (At cost)	<b>1299.46</b>	<b>895.19</b>
10.2 Aggregate amount of impairment in the value of investment	<b>367.51</b>	<b>658.88</b>

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

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
(Unsecured, considered good)		
Loans to related parties	703.71	1816.33
Loans to others	95.14	2306.84
<b>Total</b>	<b>798.85</b>	<b>4123.17</b>
<b>Break-up:</b>		
Loans considered good- Secured	—	—
Loans considered good- Unsecured	798.85	4123.17
Loans which have significant increase in credit risk	—	—
Loans- credit impaired	—	—
<b>Total</b>	<b>798.85</b>	<b>4123.17</b>
Less: Allowance for doubtful loans	—	—
<b>Total Loans</b>	<b>798.85</b>	<b>4123.17</b>

**Notes forming part of standalone Financial Statements**

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

Name of the Company	Terms of Loan	Maximum balance outstanding during the year		Amount Outstanding	
		2020-21	2019-20	2020-21	2019-20
Jumbo Finance Limited	– Payable on demand – Interest rate- 11% p.a.	925.47	3435.00	–	925.47
Shriji Designs MIL JV	– Payable on demand – Interest rate- 12% p.a.	938.67	890.86	703.71	890.86

**Note No. 12 : OTHER CURRENT FINANCIAL ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good)		
Deposits	28.21	52.02
Advances to employees	25.75	44.97
Export benefits receivables	250.75	261.88
Accrued interest	38.36	46.46
Others	0.53	14.71
<b>Total</b>	<b>343.60</b>	<b>420.04</b>

**Note No. 13 : OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Prepaid expenses	72.24	85.40
Advances to suppliers for goods & services	516.10	204.07
Balance with Govt. authorities	216.72	624.76
Income Tax advance	456.01	456.01
Tax Deducted at Source	511.57	445.04
Others	57.65	71.51
<b>Total</b>	<b>1830.29</b>	<b>1886.79</b>

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

**Note No. 14 : EQUITY SHARE CAPITAL**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2020	As at 31st March, 2019
Authorised		
9,00,00,000 (31st March, 2020- 9,00,00,000) equity shares of ₹ 10/- each	9000.00	9000.00
5,00,000 (31st March, 2020- 5,00,000) Preference shares of ₹ 100/- each	500.00	500.00
<b>Total</b>	<b>9500.00</b>	<b>9500.00</b>
Issued, subscribed and paid-up		
4,71,43,900 (31st March, 2020- 4,71,43,900) Equity shares of ₹ 10/- each fully paid-up	4714.39	4714.39
<b>Total</b>	<b>4714.39</b>	<b>4714.39</b>

**14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :-**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Balance as at the beginning of the year	47143900	4714.39	47143900	4714.39
Add : Issued during the year	–	–	–	–
<b>Balance as at the end of the year</b>	<b>47143900</b>	<b>4714.39</b>	<b>47143900</b>	<b>4714.39</b>

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

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

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Vijay Beneficiary Trust	16495731	34.99	16244047	34.46
Jay Beneficiary Trust	6530886	13.85	6530886	13.85
Pride Mercantiles Pvt. Ltd.	5343453	11.33	5343453	11.33

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



**Notes forming part of standalone Financial Statements**
**Note No. 15 : OTHER EQUITY**

(₹ in Lacs)

PARTICULARS	Reserves and Surplus			Total
	Securities Premium Reserve	Capital Reserve	Retained Earnings	
Balance as at 1st April, 2019	2911.45	1285.87	19401.87	23599.19
Profit for the year	—	—	2264.34	2264.34
Other comprehensive income	—	—	(31.29)	(31.29)
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21634.92</b>	<b>25832.24</b>
Balance as at 1st April, 2020	2911.45	1285.87	21634.92	25832.24
Profit for the year	—	—	3542.85	3542.85
Other comprehensive income	—	—	(83.74)	(83.74)
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>25094.03</b>	<b>29291.35</b>

**15.1 The description of the nature and purpose of each reserve within equity is as follows:**

**A. Capital Reserve:** Capital Reserve is created mainly on amalgamation of MTTL with the Company. This reserve is utilised in accordance with the provisions of the Act.

**B. Securities Premium Reserve:** Securities premium reserve is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

**Note No. 16: NON CURRENT BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Secured Term Loans</b>		
From Banks	59.97	83.62
<b>Total</b>	<b>59.97</b>	<b>83.62</b>

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

16.2 Term loans from banks (for vehicles) are repayable as per various payment schedules. Last installment due in January 2028. Rate of Interest varies from 7.4% to 9.15% p.a. (31st March, 2020- 8.55% to 9.15% p.a.)

16.3 Breakup of amount due within 12 months (current) and after 12 months (non-current) is as under:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current*	Non-Current	Current*
From Banks	59.97	33.32	83.62	32.74
<b>Sub Total</b>	<b>59.97</b>	<b>33.32</b>	<b>83.62</b>	<b>32.74</b>

\*Considered in other current financial liabilities (Note no. 22).

**Note No. 17 : NON CURRENT PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for Employee Benefits (Refer note no. 34)</b>		
For Gratuity	1938.69	1715.51
For Leave Encashment	351.97	373.51
<b>Total</b>	<b>2290.66</b>	<b>2089.02</b>

**Note No. 18 : DEFERRED TAX LIABILITIES (NET)**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred Tax Liability in relation to: (Refer note no. 33)</b>		
Property, plant & equipment and intangible assets	3918.01	3929.22
<b>Deferred Tax Asset in relation to:</b>		
Provisions	993.49	899.93
Receivables and advances	85.62	145.02
Financial Assets	116.51	153.49
<b>Net Deferred Tax Liability</b>	<b>2722.39</b>	<b>2730.78</b>

**Notes forming part of standalone Financial Statements**
**Note No. 19 : OTHER NON CURRENT LIABILITIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Other non current liabilities	35.21	40.99
<b>Total</b>	<b>35.21</b>	<b>40.99</b>

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

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
Bank borrowings for working capital	2273.45	9975.79
<b>Total</b>	<b>2273.45</b>	<b>9975.79</b>

20.1 Bank borrowings for working capital are repayable on demand.

20.2 Bank borrowings for working capital are secured by hypothecation of stocks, book debts and first charge on fixed assets of Insulator Division and are personally guaranteed by one of the directors.

**Note No. 21 : TRADE PAYABLES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Trade Payables</b>		
Outstanding dues of micro enterprises and small enterprises	385.67	344.69
Outstanding dues of creditors other than micro enterprises and small enterprises	3824.97	4215.44
<b>Total</b>	<b>4210.64</b>	<b>4560.13</b>

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

**21.2 Dues to Micro, Small and Medium Enterprises.**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
a.	The Principal amount remaining unpaid to any supplier at the end of the year	385.67	344.69
b.	Interest due remaining unpaid to any supplier at the end of the year	—	—
c.	Amount of interest paid by the Company in terms of section 16 of MSMED Act	—	—
d.	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	—	—
e.	Amount of interest accrued and remaining unpaid at the end of accounting year	—	—
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of MSMED Act, 2006	—	—

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company.

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

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term borrowings (Refer note no. 16)	33.32	32.74
Sundry deposits	64.79	58.77
Payable towards capital goods	31.12	129.80
Other payables	1683.51	1646.04
<b>Total</b>	<b>1812.74</b>	<b>1867.35</b>

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

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

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for Employee Benefits (Refer note no. 34)</b>		
For Gratuity	314.61	239.87
For Leave Encashment	98.17	95.08
<b>Total</b>	<b>412.78</b>	<b>334.95</b>

**Notes forming part of standalone Financial Statements**
**Note No. 24 : OTHER CURRENT LIABILITIES**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Advances received from customers	1,052.93	653.74
Statutory Dues	260.45	98.35
<b>Total</b>	<b>1,313.38</b>	<b>752.09</b>

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

<b>PARTICULARS</b>	<b>Year Ended 31st March, 2021</b>	<b>Year Ended 31st March, 2020</b>
Sale of products	38216.36	42302.81
Sale of services	121.43	73.40
Sale of traded goods	104.34	619.44
Other operating revenues	586.68	691.90
<b>Total</b>	<b>39028.81</b>	<b>43687.55</b>

**25.1 Particulars of sale of products**

Insulators & metal fitting	33842.92	37428.96
Towels & fabric	4294.85	4831.40
Yarn & waste	78.59	42.45
	<b>38216.36</b>	<b>42302.81</b>

**25.2 Particulars of sale of services**

Job work Income	0.03	3.31
Path lab testing charges	121.40	70.09
	<b>121.43</b>	<b>73.40</b>

**25.3 Particulars of traded goods**

Steel	26.28	531.39
Advance ceramics / Sanitaryware items	78.06	88.05
	<b>104.34</b>	<b>619.44</b>

**25.4 Particulars of other operating revenue**

Export incentives	444.97	592.99
Scrap sales	141.71	98.91
	<b>586.68</b>	<b>691.90</b>

**25.5 Reconciliation of sale of products**

Revenue from contract with customer	38369.51	42468.90
Adjustment made to contract price on account of		
(a) Discounts / rebates / incentives	(3.17)	(15.97)
(b) Sales return	(149.98)	(150.12)
	<b>38216.36</b>	<b>42302.81</b>

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

<b>PARTICULARS</b>	<b>Year Ended 31st March, 2021</b>	<b>Year Ended 31st March, 2020</b>
Foreign exchange fluctuation (net)	83.53	294.80
Liabilities and sundry balances written back (net)	60.68	92.06
Interest income	341.44	465.83
Profit on sale of Property, plant & equipment (net)	524.25	32.12
Profit on fair valuation of Investment carried at FVTPL	291.37	(543.73)
Profile on sale of Investment (realized Gain)	8.24	—
Miscellaneous income	340.85	316.29
<b>Total</b>	<b>1650.36</b>	<b>657.37</b>

**Notes forming part of standalone Financial Statements**
**Note No. 27 : COST OF MATERIALS CONSUMED**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Raw materials at the beginning of the year	2755.02	2068.39
Add: Purchases	10631.59	13747.98
Less: Raw materials at the end of the year	2535.61	2755.02
<b>Cost of materials consumed</b>	<b>10851.00</b>	<b>13061.35</b>

**Note No. 28 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & STOCK IN PROCESS**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Inventories at the beginning of the year		
Finished goods	5604.17	3888.65
Stock-in-trade	42.76	23.81
Stock in process	3095.14	2442.89
	<b>8742.07</b>	<b>6355.35</b>
Inventories at the end of the year		
Finished goods	5555.54	5604.17
Stock-in-trade	32.31	42.76
Stock in process	2390.98	3095.14
	<b>7978.83</b>	<b>8742.07</b>
<b>Total changes in inventories</b>	<b>763.24</b>	<b>(2386.72)</b>

**Note No. 29 : EMPLOYEE BENEFITS EXPENSE**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Salaries, wages, gratuity, bonus and allowances	6037.37	6500.19
Contribution to provident fund and other Funds (Refer note no. 34)	545.72	596.47
Staff & labour welfare	50.12	67.91
<b>Total</b>	<b>6633.21</b>	<b>7164.57</b>

**Note No. 30: FINANCE COSTS**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest Expenses	760.75	1134.85
Other Borrowing Cost	168.39	157.26
<b>Total</b>	<b>929.14</b>	<b>1292.11</b>

**Note No. 31 : OTHER EXPENSES**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
<b>Manufacturing Expenses</b>		
Power consumption	2732.82	4265.83
Fuel consumption	3876.33	4985.16
Stores & Spares Consumption	2846.04	3609.84
Packing	1953.65	2141.83
Job Charges	980.58	1365.41
Making up Expenses	114.33	121.48
Repairs & Maintenance:		
Plant & Machinery	719.28	811.47
Buildings	310.45	586.28
Others	43.78	41.21
Other expenses	452.44	622.13
	<b>14029.70</b>	<b>18550.64</b>

**Other notes on standalone Financial Statements**

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
<b>Administrative Expenses</b>		
Rent	78.44	86.27
Insurance	75.77	52.42
Rates & Taxes	15.94	19.59
Travelling & Conveyance	245.03	419.83
Legal & Professional Expenses	336.55	428.20
Telecommunication Expenses	9.24	9.92
Directors fees and Expenses	0.99	0.77
Corporate social responsibility (CSR) activities (Refer note no. 44)	40.33	44.32
Payment to Auditors		
for Audit fee	4.50	3.90
for Limited review	1.40	1.40
for Tax audit fee	1.60	1.40
for Expenses	1.19	1.42
Other expenses	438.83	548.61
	<b>1249.81</b>	<b>1618.05</b>
<b>Selling Expenses</b>		
Commission, rebates etc.	120.23	113.03
Carriage outward (Net)	803.69	866.03
Provision for doubtful debts	90.50	40.65
Bad debts	93.06	8.28
Provision for doubtful debts written back	—	(8.27)
Sales Promotion & Advertisement	34.48	87.10
Insulators testing charges	203.42	167.57
Other expenses	53.87	58.48
	<b>1399.25</b>	<b>1332.87</b>
<b>Other Expenses</b>		
Lease rent on land	—	0.07
Allowance towards doubtful deposits / investment in VSLP	—	172.10
Brokerage and commission on shares	5.77	—
	<b>5.77</b>	<b>172.17</b>
<b>Total</b>	<b>16684.53</b>	<b>21673.73</b>

**Note No. 32 : EARNINGS PER SHARE**

PARTICULARS	Units	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Net profit for the year attributable to equity shareholders (Basic & diluted earnings per share)	₹ In Lacs	3542.85	2264.34
Weighted average number of equity shares outstanding	Nos.	4,71,43,900	4,71,43,900
Nominal value per share	₹	10	10
Earnings Per Share:			
—Basic	₹	7.51	4.80
—Diluted	₹	7.51	4.80

**Note No. 33 : INCOME TAX**
**i) Tax expense recognised in Statement of Profit and Loss**

PARTICULARS	Year Ended 2021	Year Ended 2020
<b>(a) Statement of Profit and Loss</b>		
Current tax for the year	—	—
Deferred tax for the year	37.06	(375.25)
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>37.06</b>	<b>(375.25)</b>
<b>(b) Other Comprehensive Income</b>		
Income tax on actuarial gain/loss on defined benefit plan	45.45	16.81
<b>Income tax charged to other comprehensive income</b>	<b>45.45</b>	<b>16.81</b>

**Other notes on standalone Financial Statements**
**ii) Reconciliation of effective tax rate**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
<b>Profit before tax</b>	<b>3579.91</b>	1889.09
Enacted tax rate in India	<b>34.944%</b>	34.944%
Current tax expenses on profit before tax at the enacted income tax rate in India	<b>1250.96</b>	660.12
<b>Tax effect of</b>		
Expenses disallowed under Income Tax Act, 1961	<b>14.72</b>	16.24
Capital (gain)/loss (differential tax rate)	<b>(33.94)</b>	76.75
Weighted deduction under section 35(2AB) of Income Tax Act, 1961	–	(68.11)
Income set off from brought forward losses pursuant to proposed amalgamation	<b>(1284.75)</b>	(1106.63)
Others	<b>90.07</b>	46.38
<b>Total tax expenses in the statement of profit and loss account</b>	<b>37.06</b>	<b>(375.25)</b>
<b>Effective Tax Rate</b>	<b>1.04%</b>	<b>(19.86%)</b>

**iii) The movement in deferred tax assets and liabilities**

During the year ended 31st March, 2021

(₹ in Lacs)

Particulars	As at 1st April, 2020	Recognised in Profit and Loss	Recognised in OCI	As at 31st March, 2021
Property, plant & equipment and intangible assets	3929.22	(11.21)	–	<b>3918.01</b>
Provisions	(899.93)	(48.11)	<b>(45.45)</b>	<b>(993.49)</b>
Receivables and advances	(145.02)	59.40	–	<b>(85.62)</b>
Financial assets	(153.49)	36.98	–	<b>(116.51)</b>
<b>Net Deferred Tax Liability</b>	<b>2730.78</b>	<b>37.06</b>	<b>(45.45)</b>	<b>2722.39</b>

During the year ended 31st March, 2020

(₹ in Lacs)

Particulars	As at 1st April, 2019	Recognised in Profit and Loss	Recognised in OCI	As at 31st March, 2020
During the year ended 31st March, 2020				
Property, plant & equipment and tangible assets	4026.82	(97.60)	–	3929.22
Provisions	(803.59)	(79.53)	(16.81)	(899.93)
Receivables and advances	(73.57)	(71.45)	–	(145.02)
Financial assets	(26.82)	(126.67)	–	(153.49)
<b>Net Deferred Tax Liability</b>	<b>3122.84</b>	<b>(375.25)</b>	<b>(16.81)</b>	<b>2730.78</b>

iv) (a) Provision for taxation including interest estimated ₹ 1647.64 Lacs for the year ended 31st March, 2021 (Previous year ₹ 1392.88 Lacs; upto the year ₹ 4650.74 Lacs) has not been made in accounts in view of the proposed amalgamation under the provisions of Companies Act, 2013.

(b) Company has claimed the losses pertaining to Modern Denim Limited from AY 2017-18, with which the company has proposed amalgamation. Income Tax Department has completed assessment for Assessment Year 2017-18 and has disallowed such losses claimed pursuant to proposed amalgamation pending approval from concerned authorities. However, the Company has filed appeal against the said order before CIT (Appeals) which is pending. The Company is confident for favourable order as it has received relief in previous years in similar matter.

v) Income tax department had completed assessments for A.Y. 2008-09 to 2017-18 wherein assessments on substantive basis were done with NIL liability by allowing losses of MTTL (the amalgamated entity) and simultaneously assessments on protective basis were also done (except for A.Y. 2014-15, 2016-17 & 2017-18) presuming that no amalgamation had taken place. Since amalgamation scheme have been sanctioned by the Hon'ble BIFR vide its order dated 28.07.2016, protective assessment orders passed by the department have become ineffective and substantive assessment orders are prevailed. However, effect of BIFR order is yet to be given by the department for which company is taking necessary steps. There is no recoverable demand as on date.

**Note No. 34 : EMPLOYEE BENEFIT**
**i) Defined contribution plan**

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

(₹ in Lacs)

PARTICULARS	2020-21	2019-20
<b>Benefits (Contributed to)</b>		
Provident Fund	424.78	449.79
Employee State Insurance	53.23	73.20
National Pension Scheme	56.66	62.23
Group Insurance Scheme/DLI Contribution	11.05	11.25
<b>Total</b>	<b>545.72</b>	<b>596.47</b>

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

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



**Other notes on standalone Financial Statements**
**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Present Value of obligation as at the beginning of the year	1955.38	1782.92
Current service cost	158.81	142.31
Interest cost	132.82	136.52
Past Service Cost	—	—
Actuarial (Gain)/Loss	129.19	48.10
Benefit paid	(122.90)	(154.47)
<b>Present value of obligation as at the end of the year</b>	<b>2253.30</b>	<b>1955.38</b>

**Amount recognized in the balance sheet:**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Present value of defined benefit obligation	2253.30	1955.38
Fair value of plan assets	—	—
<b>Net liability</b>	<b>2253.30</b>	<b>1955.38</b>
Amounts shown in the balance sheet		
Current Liabilities	314.61	239.87
Non-current liabilities	1938.69	1715.51
<b>Net liability</b>	<b>2253.30</b>	<b>1955.38</b>

**Amount recognized in Profit and Loss:**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Current service cost	158.81	142.31
Past service cost	—	—
Interest cost	132.82	136.52
<b>Total amount recognized in Profit and Loss:</b>	<b>291.63</b>	<b>278.83</b>

**Amount recognized in other comprehensive income:**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Actuarial (Gain)/Loss on Obligation	129.19	48.10
Return on plan assets less interest on plan assets	—	—
<b>Total Actuarial (Gain)/Loss recognised in other comprehensive income</b>	<b>129.19</b>	<b>48.10</b>

**Actuarial (Gain)/Loss on obligation consists:**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Actuarial (Gain)/Loss arising from change in demographic assumption	—	(0.98)
Actuarial (Gain)/Loss arising from change in financial assumption	151.95	(28.23)
Actuarial (Gain)/Loss arising from change in experience adjustment on plan liabilities	(22.76)	77.31
<b>Total Actuarial (Gain)/Loss on obligation</b>	<b>129.19</b>	<b>48.10</b>

**Information for funded plans with a defined benefit obligation less than plan assets:**
**(₹ in Lacs)**

<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Defined benefit obligation	2253.30	1955.38
Fair value of plan assets	—	—
<b>Net Liability/(Assets)</b>	<b>2253.30</b>	<b>1955.38</b>

**Other notes on standalone Financial Statements**

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:			(₹ in Lacs)
PARTICULARS	Year Ended 2021	Year Ended 2020	
Present value of obligation at year end	2253.30	1955.38	
Fair value of plan assets at year end	—	—	
Funded status excess of actual over estimated.	(2253.30)	(1955.38)	
<b>Assets/(Liabilities) recognized in the Balance Sheet</b>	<b>(2253.30)</b>	<b>(1955.38)</b>	

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

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

PARTICULARS	Year Ended 2021	Year Ended 2020
Discount rate*	6.80% & 6.70%	6.80% & 6.63%
Expected return on plan assets		
Gratuity	NA	NA
Leave encashment	NA	NA
Salary escalation rate**	5.50% & 4.50%	4.50%
Mortality rate inclusive of provision for disability		100% of IALM (2012-14)

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

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

**b) Sensitivity analysis**

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

PARTICULARS	31st March, 2021		31st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(80.46)	86.27	(68.36)	73.15
Salary escalation rate (0.5% movement)	86.47	(81.51)	74.44	(64.23)

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

(₹ in Lacs)

PARTICULARS	First Year	Second Year	Third to fifth year	More than 5 years
Gratuity	314.61	139.56	490.66	1308.46

**d) Risk exposure**

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

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

**iv) Long term employee benefit**
**Leave encashment**

The company has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned. The company has a total provision for leave encashment as on 31st March, 2021 ₹ 450.14 Lacs and as on 31st March, 2020 ₹ 468.59 Lacs. Total expenses provided during the year 2020-21 is ₹ 62.27 Lacs and for the year 2019-20 ₹ 158.12 Lacs. This includes Current Service Cost of ₹ 67.56 Lacs for the year 2020-21 and ₹ 71.09 Lacs for the year 2019-20 based on actuarial valuation.

**Note No. 35 : RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditure debited to the statement of profit and loss by charge to relevant heads of account amounting to ₹ 335.82 Lacs (previous year ₹ 389.84 Lacs).

**Other notes on standalone Financial Statements**
**Note No. 36 : SEGMENT INFORMATION**
**A. Primary segment reporting (by business segment)**

The two identified segments are:

- (i) Insulators
- (ii) Terry Towels

(₹ in Lacs)

	31st March, 2021			31st March, 2020		
	Insulators	Terry Towels	Total	Insulators	Terry Towels	Total
<b>1. Segment Revenue</b>						
Revenue from operations	34597.94	4430.87	39028.81	38728.76	4958.79	43687.55
<b>2. Segment results</b>						
Profit before financial expenses	4285.41	223.64	4509.05	4149.21	(968.01)	3181.20
Less: financial expenses	929.14	–	929.14	1292.11	–	1292.11
Profit before tax	3356.27	223.64	3579.91	2857.10	(968.01)	1889.09
<b>3. Capital employed</b>						
Segment assets	40381.41	8755.55	49136.96	44715.70	8265.65	52981.35
Segment liabilities	14027.48	1103.74	15131.22	21566.54	868.18	22434.72
Capital employed	26353.93	7651.81	34005.74	23149.16	7397.47	30546.63

**B. Secondary segment reporting (by geographical segment)**

The analysis of geographical segment is based on geographical location of the customers, which is domestic and export.

**Revenue by geographical market**

(₹ in Lacs)

	31st March, 2021			31st March, 2020		
	Insulator	Terry Towels	Total	Insulators	Terry Towels	Total
In India	24525.10	4086.86	28611.96	27805.98	4376.57	32182.55
Other than India	10072.84	344.01	10416.85	10922.78	582.22	11505.00
	34597.94	4430.87	39028.81	38728.76	4958.79	43687.55

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

	31st March, 2021			31st March, 2020		
	Insulator	Terry Towels	Total	Insulators	Terry Towels	Total
In India	6326.93	747.52	7074.45	5453.62	223.36	5676.98
Other than India	2300.66	21.92	2322.58	2784.84	45.33	2830.17
	8627.59	769.44	9397.03	8238.46	268.69	8507.15

**Note No. 37 : RELATED PARTY DISCLOSURES AS PER IND AS 24**
**i) Name of related parties and description of relationship**
**a) Company which exercises significant influence**

Modern Denim Limited

**b) Subsidiary Company**

Modern Inviro Pvt. Ltd - Wholly owned subsidiary

**c) Joint Venture**

Shriji Designs MIL JV - Joint Venture Firm

SEC- MIL JV - Joint Venture Firm

**d) Key Management Personnel**

Shri Sachin Ranka – Chairman &amp; Managing Director

Shri Shreyans Ranka – Whole Time Director

Shri P.K. Gokhroo – Executive Director w.e.f. 01/08/2020

Shri Swapan Nath – Executive Director from 01/08/2020 to 20/02/2021

**e) Relatives of the Key Management Personnel & their enterprises where transactions have taken place**

Shubham Corporate Advisory Services Pvt. Ltd.

Jumbo Finance Limited

Modern Medisciences Private Limited

H.S. Ranka Foundation

P.B. Ranka Foundation

Acharya Shri Naresh Samta Vikas Trust

Smt. Smriti Ranka

Smt. Aditi Ranka

**Other notes on standalone Financial Statements**
**f) Independent director/Non Executive director**

Shri Tara Chand Chejara	–	Non- Executive Director upto 31/07/2020
Shri R. Raniwala	–	Independent Director
Shri S. K. Sharma	–	Independent Director
Smt. Meenu Sacheti	–	Independent Director
Shri Rahul Singhvi	–	Independent Director w.e.f. 01/08/2020

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

Description of the nature of the transactions	Name	Volume of transactions		Balance Outstanding	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>a) Company which exercises significant influence</b>					
Purchase of goods	Modern Denim Ltd.	43.99	63.79	–	–
Loans & advances given	Modern Denim Ltd.	50.00	85.00	4766.00	4766.00
Purchase Returns	Modern Denim Ltd.	–	1.22	–	–
Sale of goods	Modern Denim Ltd.	71.57	14.87	–	–
Job charges received	Modern Denim Ltd.	0.03	0.80	–	–
Reimbursement of expenses	Modern Denim Ltd.	1.01	0.66	–	–
<b>b) Subsidiary Company</b>					
Subscription towards equity shares	Modern Inviro Private Limited	–	10.00	–	–
<b>c) Joint Venture</b>					
Sale of goods/services	Shriji Designs MIL JV	174.96	849.52	–	121.52
Loan given (Net)	Shriji Designs MIL JV	(218.56)	840.04	621.48	840.04
Interest Income	Shriji Designs MIL JV	82.23	50.82	82.23	50.82
<b>d) Key Managerial Personnel</b>					
Remuneration*	Shri Sachin Ranka	54.90	73.20	–	–
	Shri P.K. Gokhroo	47.08	–	–	–
	Shri Swapan Nath	41.11	–	–	–
	Shri Shreyans Ranka	17.92	23.06	–	–
<b>e) Relatives of the key managerial personnel &amp; their enterprises</b>					
Loan given (Net)	Jumbo Finance Limited	(495.00)	120.00	–	785.00
	Modern Medisciences Pvt. Ltd.	1,186.50	257.95	–	–
Interest income (Net)	Jumbo Finance Limited	34.95	291.56	–	140.47
	Modern Medisciences Pvt. Ltd.	42.98	6.78	–	–
Rent paid	Shubham Corporate Advisory Services Pvt. Ltd.	18.81	15.58	–	–
	Smt. Smriti Ranka	14.40	14.40	–	–
Remuneration*	Smt. Aditi Ranka	8.65	11.54	–	–
Contribution towards CSR activities	H.S. Ranka Foundation	26.00	20.00	–	–
	P.B. Ranka Foundation	–	15.00	–	–
	Acharya Shri Nanesh Samta Vikas Trust	–	5.00	–	–
<b>f) Independent Directors/Non Executive Directors</b>					
Professional fees	Shri Tara Chand Chejara	–	25.20	–	–
Sitting fees paid to Independent Directors	Shri Rahul Singhvi	0.24	–	–	–
	Shri R. Raniwala	0.62	0.69	–	–
	Smt. Meenu Sacheti	0.13	0.08	–	–

**Terms and conditions:**

Related party relationships are as identified by the management and relied upon by the auditor.

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

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

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

**Other notes on standalone Financial Statements**
**Note No. 38 : CONTINGENT LIABILITIES**
**Contingent liabilities to the extent not provided for in respect of**

	<b>(₹ in Lacs)</b>	
<b>PARTICULARS</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Guarantees given by bankers on behalf of the Company	1077.36	1342.40
Outstanding Letters of Credit	183.95	132.51
Disputed liabilities, not acknowledged as debts	483.99	490.90
Disputed Income Tax demand (Deposited under protest ₹ 7.50 Lacs, 31st March, 2020- ₹ 7.50 Lacs)	7.50	7.50
Disputed Land Tax demand (Deposited under protest ₹ 15.70 Lacs, 31st March, 2020- ₹ 15.70 Lacs)	15.70	15.70
The Company, in respect of contingent liability, has assessed that it is not probable that outflow of economic resources will be required and hence not provided by the Company.		

**Note No. 39 : CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 6.84 Lacs) ₹ 6.96 Lacs (2019-20- ₹ 2.71 Lacs).

**Note No. 40 : CAPITAL MANAGEMENT**

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

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

**Note No. 41 : FINANCIAL RISK MANAGEMENT**

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

Financial assets are written off when there are 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 lifetime expected credit loss and as per simplified approach.

The Ageing of trade receivables is as below:

	<b>(₹ in Lacs)</b>	
<b>Particulars</b>	<b>31st March, 2021</b>	<b>31st March 2020</b>
The Ageing of trade receivables is as below:		
Not due	7603.89	6523.69
0-6 months	1390.06	1170.17
6 months to 12 months	207.36	522.60
1 year to 3 year	218.39	269.67
beyond 3 years	310.75	263.93
	<b>9730.45</b>	<b>8750.06</b>
Less: Allowance for doubtful debts	333.42	242.91
<b>Total</b>	<b>9397.03</b>	<b>8507.15</b>

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

**Movement in allowance for doubtful debts**

	<b>(₹ in Lacs)</b>	
<b>Particulars</b>	<b>31st March, 2021</b>	<b>31st March 2020</b>
<b>Opening Balance</b>	<b>242.91</b>	<b>210.53</b>
Allowances made	90.51	40.65
Provision for doubtful debts written back	—	(8.27)
<b>Closing Balance</b>	<b>333.42</b>	<b>242.91</b>

## Other notes on standalone Financial Statements

### 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 based on expected cash flows.

### Maturity pattern of borrowings & other financial liabilities

As at 31st March, 2021

(₹ in Lacs)					
Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	2273.45	30.90	27.40	1.67	2333.42
Trade payable	4210.64	–	–	–	4210.64
Other financial liabilities	1812.74	–	–	–	1812.74
<b>Total</b>	<b>8296.83</b>	<b>30.90</b>	<b>27.40</b>	<b>1.67</b>	<b>8356.80</b>

As at 31st March, 2020

(₹ in Lacs)					
Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	9975.79	30.64	52.98	–	10059.41
Trade payable	4560.13	–	–	–	4560.13
Other financial liabilities	1867.35	–	–	–	1867.35
<b>Total</b>	<b>16403.27</b>	<b>30.64</b>	<b>52.98</b>	<b>–</b>	<b>16486.89</b>

### iii) Market Risk

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

#### a) Foreign currency risk

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

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

#### Foreign currency derivatives and exposures not hedged

##### A. Foreign currency derivatives outstanding

Name of Instrument	(₹ in Lacs)			
	As at 31st March, 2021		As at 31st March, 2020	
	Foreign Currency (EURO)	INR	Foreign Currency (EURO)	INR
Forward Contract	2.52	233.74	–	–

##### B. Foreign currency exposure not hedged

As at 31st March, 2021

	(Foreign currency in Lacs)		
	USD	EURO	GBP
Trade receivable	28.01	4.08	–
Trade payable	2.48	1.00	–

As at 31st March, 2020

	USD	EURO	GBP
Trade receivable	29.57	8.09	1.41
Trade payable	2.59	0.97	–

#### Foreign currency sensitivity

1% increase or decrease in foreign exchanges rates will have the following impact on profit before tax

Particulars	2020-21		2019-20	
	1% increase	1% decrease	1% increase	1% decrease
	(₹ in Lacs)			
USD	18.47	(18.47)	20.07	(20.07)
EURO	2.56	(2.56)	5.77	(5.77)
GBP	–	–	1.29	(1.29)

#### 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.



**Other notes on standalone Financial Statements**
**Exposure to interest rate risk**
**(₹ in Lacs)**

Particulars	Year Ended 2021	Year Ended 2020
Borrowings bearing floating rate of interest	2273.45	9975.79

**Interest rate sensitivity**
**(₹ in Lacs)**

Particulars	2020-21	2019-20
100 bps increase which decrease the profit before tax by	(22.73)	(99.76)
100 bps decrease which increase the profit before tax by	22.73	99.76

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

**Note No 42. DISCLOSURE AS PER IND AS- 27, SEPARATE FINANCIAL STATEMENT**

The company had entered into Joint Venture Agreement with Shriji Designs by incorporating new JV firm M/s Shriji Designs -MIL (JV) to participate in railways EPC tenders. The JV had been awarded tender for design, supply, erection, testing and commissioning of 25 KV OHE between sanwad-nimarkhedi NTPC siding of western railway. As per the joint venture working agreement entered with Shriji Designs, execution is entirely in the scope of MIL and company has to pay 2% fees to JV partner. Accordingly 100% profit/loss of JV is part of the company.

During the year the company also entered into Joint Venture Agreement with Sikka Engineering Company by incorporating new JV firm M/s SEC-MIL (JV) to participate in railways EPC tenders. As per the joint venture working agreement entered with Sikka Engineering execution of contract, if any awarded to JV firm will be entirely in the scope of MIL and company will pay 2.25% commission of contract value to JV partner.

**Accounting method used for consolidation purpose - Equity Method**
**Nature of Business- Railway EPC**
**The Company's share of assets, liabilities, income and expenses of Joint Venture is as follows :**
**(₹ in Lacs)**

Particulars	Assets	Liabilities	Income	Expenses	Profit / (Loss)
Particulars	Assets	Liabilities	Income	Expenses	Profit / (Loss)
Shriji Designs MIL JV	622.93	773.05	864.36	994.22	(129.86)
SEC-MIL JV	0.04	0.06	—	0.02	(0.02)

**As at 31st March, 2020**
**(₹ in Lacs)**

Particulars	Assets	Liabilities	Income	Expenses	Profit / (Loss)
Shriji Designs MIL JV	1052.29	1072.29	823.90	842.97	(19.07)
SEC-MIL JV	—	—	—	—	—

**Note No 43. FAIR VALUE MEASUREMENT**
**i) Financial Instruments by category**
**As at 31st March, 2021**
**(₹ in Lacs)**

Particulars	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets:</b>			
Investments			
– Equity Share	931.95	—	10.00
– Preference Share	—	—	—
– National saving certificate	—	—	0.01
Trade receivables	—	—	9397.03
Cash and cash equivalents	—	—	140.92
Bank balances other than cash & cash equivalent	—	—	253.59
Other non-current financial assets	—	—	1090.44
Loans	—	—	5564.85
Other financial assets	—	—	343.60
<b>Total financial assets</b>	<b>931.95</b>	<b>—</b>	<b>16800.44</b>
<b>Financial Liability:</b>			
Borrowings	—	—	2333.42
Trade payables	—	—	4210.64
Other financial liabilities	—	—	1812.74
<b>Total financial liabilities</b>	<b>—</b>	<b>—</b>	<b>8356.80</b>

**As at 31st March, 2020**
**(₹ in Lacs)**

Particulars	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets:</b>			
Investments			
– Equity Share	236.31	—	10.00
– Preference Share	—	—	—
– National saving certificate	—	—	0.01
Trade receivables	—	—	8507.15

**Other notes on standalone Financial Statements**

Particulars	FVTPL	FVTOCI	Amortized Cost
Cash and cash equivalents	–	–	79.70
Bank balances other than cash & cash equivalents	–	–	65.99
Other non-current financial assets	–	–	1342.76
Loans	–	–	8889.17
Other financial assets	–	–	420.04
<b>Total financial assets</b>	<b>–</b>	<b>–</b>	<b>19314.82</b>
<b>Financial Liability:</b>			
Borrowings	–	–	10059.41
Trade payables	–	–	4560.13
Other financial liabilities	–	–	1867.35
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>16486.89</b>

**ii) Fair value hierarchy**

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

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

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

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

**Valuation process to determine fair value**

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

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

**Financial instrument measured at fair value**
**As at 31st March 2021**
**(₹ in Lacs)**

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equity Instruments	931.95	–	10.00	941.95
<b>Total</b>	<b>931.95</b>	<b>–</b>	<b>10.00</b>	<b>941.95</b>

**As at 31st March 2020**
**(₹ in Lacs)**

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equity Instruments	236.31	–	10.00	246.31
<b>Total</b>	<b>236.31</b>	<b>–</b>	<b>10.00</b>	<b>246.31</b>

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

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

**Note No. 44 : CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**

(i) As per section 135 of Companies Act, 2013 gross amount required to be spent by the Company during the year 2020-21 - ₹ 40.15 Lacs (Year 2019-20 ₹ 42.56 Lacs)

**(ii) Amount spent**
**(₹ in Lacs)**

CSR Activities	2020-21			2019-20		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i) Construction/Acquisition of any assets	–	–	–	–	–	–
ii) Purposes other than (i) above	40.33	–	40.33	44.32	–	44.32

**Note No. 45 : NON-CURRENT LOANS**

Non-current loans includes interest free unsecured loan of ₹ 4766 Lacs (previous year ₹ 4766 Lacs) (maximum amount outstanding at any time during the year ₹ 4816 Lacs; 31st March, 2020- ₹ 5346 Lacs) given to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of the Companies Act, 2013. Since the amount given is in connection to proposed amalgamation, no terms have been specified for repayment of loans and interest. In view of likely advantage to the company on such amalgamation, granting of such loan is not prejudicial to interest of the company.

**Other notes on standalone Financial Statements**
**Note No. 46 : INVESTMENT / DEPOSIT IN VSLP**

Company had entered into Power Delivery Agreement (PDA) with VSLP on 25th September, 2008 for supply of 4 MW Power. As per PDA, company had subscribed in equity and preference shares of VSLP and paid required security deposit amount. Since, VSLP was under process of insolvency under Insolvency & Bankruptcy Code (IBC), 2016, and its net worth was completely eroded, Company had made provision of 90% of its recoverable amount towards above referred investment and deposit in the year 2019-20. Now, the National Company Law Tribunal, Hyderabad Bench has approved resolution plan and passed a final order dated 16.03.2021. Accordingly, the company has write-off the balance non recoverable amount during the year.

**Note No. 47 : NOTE ON IMPACT OF COVID-19**

The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The management believes that impact is short term and temporary in nature and there is no significant impact on recoverability of carrying value of its assets and future operations. The Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, the Company is closely monitoring the situation as it evolves in the future.

**Note No. 48:** The Company has a process whereby periodically all long term contracts (including derivative contract) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

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

As per our report of even date attached

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No. 012650C

**Rajesh Verma**

Partner

Membership No. 404029

Place : Abu Road

Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)

Shreyans Ranka – Whole-Time Director (DIN : 06470710)

P.K. Gokhroo – Executive Director (DIN : 06810797)

R. Raniwala – Independent Director (DIN : 00506419)

S.K. Sharma – Independent Director (DIN : 01378040)

Rahul Singhvi – Independent Director (DIN : 08816920)

D.S. Singhvi – Chief Financial Officer

Gaurav Goyal – Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the members of **Modern Insulators Limited**

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **Modern Insulators Limited** (the 'Holding Company') and its wholly owned subsidiary company Modern Inviro Private Limited (the Holding Company and its subsidiary together referred to as the 'Group') and its joint ventures Shriji Designs – MIL JV and SEC MIL JV, which comprise the Consolidated Balance Sheet as at **31 March 2021**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary and joint ventures referred to in "Other Matters" section of our report, and except for the effect of the matters described in "Basis for Qualified Opinion" section of our report, the aforesaid consolidated 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 consolidated state of affairs of the Group and joint ventures as at 31 March 2021, their consolidated profit (including Other Comprehensive Income), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

Provision for taxation including interest estimated at Rs.1647.64 Lacs for the year ended 31 March 2021 (Previous Year Rs.1392.88 Lacs; upto the

year Rs.4650.74 Lacs) has not been made in accounts of the Holding Company in view of the proposed amalgamation under the provisions of Companies Act, 2013. (Refer note no. 33(iv)(a)).

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 Consolidated Financial Statements" section of our report. We are independent of the Group and joint ventures 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 and the audit evidence obtained by other auditors in terms of their report referred to in "Other matters" section of our report, is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter

We draw attention to note no. 48 of the consolidated financial statements, which describes the impact of COVID 19 on the operations of the Group and joint ventures. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of the other auditors on separate financial statements and other financial information of subsidiary and joint ventures, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion, on these matters. In addition to what has been stated in the "Basis for Qualified Opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matter
<b>Measurement, presentation and disclosure of allowance for Expected Credit Losses (ECL) on trade receivables</b>	<b>Our audit procedure included, but were not limited to the following:</b>
<ul style="list-style-type: none"> <li>The Company is required to recognize allowance for ECL on trade receivables due to the credit risks associated with each individual trade receivable.</li> <li>Management determines the allowance for ECL on trade receivables by reviewing customers ageing profile, historical loss adjusted to reflect current and estimated future economic conditions, credit history and suit filed cases for additional allowance.</li> <li>The determination of allowance for ECL is subjective and requires management to make judgements and assumptions, hence this is considered as key audit matter.</li> <li>Refer note no. 1, 1A and 7 to the consolidated financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Tested effectiveness of controls with respect to (i) development of methodology for allowance for expected credit losses, (ii) completeness and accuracy of the information used and (iii) computation of allowance for expected credit losses.</li> <li>Tested sample of the data used in the model to the underlying accounting records.</li> <li>Evaluated the ECL model calculations, agreeing the data inputs and checking the mathematical accuracy of the calculations.</li> <li>Assessed the key inputs and assumptions used</li> <li>Assessed whether the disclosures in the financial statements are adequate.</li> </ul>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider

whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 Consolidated Financial Statements

The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's

Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated changes in equity of the Group and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation and presentation of consolidated financial statements. Further in terms of the provisions of the Act, the respective Board of Directors / Management of the subsidiary company and joint ventures are responsible for 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. These financial statements have been used for the purpose of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors / Management of the subsidiary company and joint ventures are responsible for assessing the ability of Group and joint ventures, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Board of Directors / Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors / Management of the companies included in the Group and its joint ventures, are also responsible for overseeing the financial reporting process of companies included in the Group and joint ventures.

#### **Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 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 Holding Company

has adequate internal financial controls with reference to consolidated 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 management.
- Conclude on the appropriateness of 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 ability of the Group and its joint ventures 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 up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint ventures, to express an opinion on the financial statements. We are responsible for direction, supervision and performance of the audit of the financial statements of such entities included in the financial statements of which we are independent auditors. For the other entities included in financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding company 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 consolidated financial statements for the year ended 31 March 2021 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.

#### **Other Matters**

We did not audit the annual financial statements of the subsidiary company and joint ventures, consolidated in the financial results, and which have been audited by their respective independent auditors, whose financial information (before eliminating intercompany balances/transactions) are as under:

- (i) One subsidiary company reflects total assets of Rs.10.06 Lacs as at 31 March 2021, total revenue of Rs.0.34 Lacs, net profit after tax Rs.0.20 Lacs, total comprehensive income of Rs.0.20 Lacs and cash outflow (net) of Rs.8.57 Lacs for the year ended as on 31 March 2021, as considered in the financial statements.



- (ii) Two joint ventures reflects total assets of Rs.622.98 Lacs as at 31 March 2021, total revenue of Rs.864.36 Lacs, net loss after tax Rs.129.87 Lacs and cash inflow (net) of Rs.9.25 Lacs for the year ended as on 31 March 2021, as considered in the financial statements.

These annual financial statements have been audited by other auditors whose audit reports have been furnished to us by the Holding Company's Board of Directors, and our opinion on consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint ventures, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforementioned subsidiary and joint ventures, are based solely on the audit reports of such other auditors.

#### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Companies Act, 2013, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiary company and joint ventures, as noted in the "Other Matters" section of our report, we report, to the extent applicable, that:

- a) We and the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) Except for the effects of the matter described in the "Basis for Qualified Opinion" section, in our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2021 and taken on record by the Board of Directors of Holding Company and the reports of statutory auditors of subsidiary company and joint ventures covered under the Act, none of the directors of the Group are disqualified as on 31 March

2021, 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 with reference to financial statements of the Holding Company and its subsidiary and joint ventures covered under the Act and the operating effectiveness of such controls, under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013, refer to our report in Annexure A;
- 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, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Holding Company to its directors is in accordance with the provisions of section 197 of the Act. Further subsidiary company covered under the Act has not paid / provided for any managerial remuneration during the year.
- 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 and based on the consideration of the reports of the other auditors on separate financial statements and other financial information of subsidiary company and joint ventures:
  - i) The consolidated financial statements has disclosed the impact of pending litigations on consolidated financial position of the Group and its joint ventures in consolidated financial statements (Refer note no.38).
  - ii) The Group and its joint ventures has made provisions, as required under the applicable law and Ind AS for material foreseeable losses, if any, on long term contracts including derivative contracts (Refer note no.49).
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary.

For **R B Verma & Associates**

Chartered Accountants

Firm Registration No.012650C

**Rajesh Verma**

Partner

Membership No.404029

UDIN - 21404029AAAAAY7402

Place : Abu Road

Date : 28th June, 2021

## ANNEXURE A FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT

Referred to in the report of even date of the Auditors to members of Modern Insulators Limited on Consolidated Financial Statements

We have audited the internal financial controls with reference to consolidated financial statements of **Modern Insulators Limited** (the 'Holding Company') and its wholly owned subsidiary company Modern Inviro Private Limited (the Holding Company and its subsidiary together referred to as the 'Group') and its joint ventures Shriji Designs – MIL JV and SEC MIL JV as of **31 March 2021** in conjunction with our audit of the consolidated financial statements of Modern Insulators Limited (the 'Holding Company') and its subsidiary and joint ventures.

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

The respective Board of Directors of Holding Company and its subsidiary are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial

Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Holding Company and its subsidiary based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and Standards on Auditing prescribed under section

143(10) of the Act, to the extent applicable to an audit of internal financial control with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in "Other Matters" section below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements of Holding Company and its subsidiary, as aforesaid.

#### **Meaning of Internal Financial Controls with reference to financial statements**

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

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or

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

#### **Other Matters**

We did not audit the internal financial controls with reference to financial statements of the subsidiary company, consolidated in the financial statements, whose financial statements (before eliminating intercompany balances/transactions) reflects in respect of subsidiary company total assets of Rs.10.06 Lacs as at 31 March 2021, total revenue of Rs.0.34 Lacs, net profit after tax Rs.0.20 Lacs, total comprehensive income of Rs.0.20 Lacs and cash outflow (net) of Rs.8.57 Lacs for the year ended as on 31 March 2021, as considered in the financial statements.

The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports has been furnished to us by the Holding Company's Board of Directors and our report of adequacy and operating effectiveness of the internal financial controls with reference to financial statements for Holding Company and its subsidiary, under section 143(3)(i) of the Act, in so far as it relates to subsidiary company, is based solely on the reports of the auditors of such company.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the reports of other auditors, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiary considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No.012650C

**Rajesh Verma**

Partner

Membership No.404029

UDIN - 21404029AAAAAY7402

Place : Abu Road

Date : 28th June, 2021

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant & equipment	2	18150.69	19132.57
(b) Capital work-in-progress	2	—	—
(c) Intangible assets	2	33.51	53.59
(d) Financial assets			
(i) Investments	3	0.01	0.01
(ii) Loans	4	4766.00	4766.00
(iii) Other financial assets	5	1090.44	1342.76
(e) Other non-current assets		—	—
<b>Total Non-current assets</b>		<b>24040.65</b>	<b>25294.93</b>
<b>Current assets</b>			
(a) Inventories	6	11664.26	12959.89
(b) Financial assets			
(i) Trade receivables	7	9416.31	8476.96
(ii) Cash and cash equivalents	8	151.51	89.57
(iii) Bank balance other than cash and cash equivalents	9	456.48	209.01
(iv) Investments	10	931.95	236.31
(v) Loans	11	95.14	3232.31
(vi) Other financial assets	12	359.05	443.01
(c) Other current assets	13	1940.89	2079.06
<b>Total Current assets</b>		<b>25015.59</b>	<b>27726.12</b>
<b>TOTAL ASSETS</b>		<b>49056.24</b>	<b>53021.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	4714.39	4714.39
(b) Other equity	15	29141.18	25811.74
<b>Equity attributable to owners</b>		<b>33855.57</b>	<b>30526.13</b>
Non-controlling interest		—	—
<b>Total Equity</b>		<b>33855.57</b>	<b>30526.13</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	59.97	83.62
(b) Provisions	17	2290.66	2089.02
(c) Deferred tax liabilities (Net)	18	2722.39	2730.78
(d) Other non-current liabilities	19	35.21	40.99
<b>Total Non-current liabilities</b>		<b>5108.23</b>	<b>4944.41</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	2273.45	9975.79
(ii) Trade payables			
—Total outstanding dues of micro enterprises and small enterprises	21	385.67	344.69
—Total outstanding dues of creditors other than micro enterprises and small enterprises	21	3873.44	4263.96
(iii) Other financial liabilities	22	1826.03	1870.85
(b) Provisions	23	412.78	334.95
(c) Other current liabilities	24	1321.07	760.27
<b>Total Current liabilities</b>		<b>10092.44</b>	<b>17550.51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49056.24</b>	<b>53021.05</b>
Significant accounting policies	1		
Other notes on consolidated financial statements	33 to 50		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date attached

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No. 012650C

**Rajesh Verma**

Partner

Membership No. 404029

Place : Abu Road

Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman &amp; Managing Director (DIN : 00335534)

Shreyans Ranka – Whole-Time Director (DIN : 06470710)

P.K. Gokhroo – Executive Director (DIN : 06810797)

R. Raniwala – Independent Director (DIN : 00506419)

S.K. Sharma – Independent Director (DIN : 01378040)

Rahul Singhvi – Independent Director (DIN : 08816920)

D.S. Singhvi – Chief Financial Officer

Gaurav Goyal – Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021**

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
<b>Income</b>			
Revenue from operations	25	39847.21	43972.04
Other income	26	1572.73	608.92
<b>Total Income</b>		<b>41419.94</b>	<b>44580.96</b>
<b>Expenses</b>			
Cost of materials consumed	27	11366.87	13263.07
Purchase of stock-in-trade		175.08	617.22
Changes in inventories of finished goods, stock-in-trade & stock-in-process	28	803.77	(2474.09)
Employee benefits expense	29	6752.13	7255.09
Finance costs	30	929.14	1292.11
Depreciation and amortization expense	2	1063.59	1033.92
Other expenses	31	16879.12	21723.86
<b>Total Expenses</b>		<b>37969.70</b>	<b>42711.18</b>
<b>Profit before exceptional items and tax</b>		<b>3450.24</b>	<b>1869.78</b>
<b>Exceptional items</b>		<b>—</b>	<b>—</b>
<b>Profit before tax</b>		<b>3450.24</b>	<b>1869.78</b>
<b>Tax Expense</b>			
Current tax		—	—
Deferred tax		37.06	(375.25)
<b>Total tax expenses</b>		<b>37.06</b>	<b>(375.25)</b>
<b>Profit for the year</b>		<b>3413.18</b>	<b>2245.03</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on defined benefit plan		(129.19)	(48.10)
Income tax relating to above		45.45	16.81
<b>Total other comprehensive income for the year (net of tax)</b>		<b>(83.74)</b>	<b>(31.29)</b>
<b>Total comprehensive income for the year</b>		<b>3329.44</b>	<b>2213.74</b>
<b>Profit attributable to:</b>			
owners		3413.18	2245.03
Non-controlling interest		—	—
		<b>3413.18</b>	<b>2245.03</b>
<b>Other Comprehensive income/(Loss) attributable to:</b>			
owners		(83.74)	(31.29)
Non-controlling interest		—	—
		<b>(83.74)</b>	<b>(31.29)</b>
<b>Total Comprehensive income attributable to:</b>			
owners		3329.44	2213.74
Non-controlling interest		—	—
		<b>3329.44</b>	<b>2213.74</b>
<b>Earnings per equity share (face value ₹ 10 per share)</b>	<b>32</b>		
Basic (₹)		7.24	4.76
Diluted (₹)		7.24	4.76
<b>Significant accounting policies</b>	<b>1</b>		
<b>Other notes on consolidated financial statements</b>	<b>33 to 50</b>		
The accompanying notes form an integral part of the consolidated financial statements.			

As per our report of even date attached

**For R B Verma & Associates**

Chartered Accountants

Firm Registration No. 012650C

**Rajesh Verma**

Partner

Membership No. 404029

Place : Abu Road

Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman &amp; Managing Director (DIN : 00335534)

Shreyans Ranka – Whole-Time Director (DIN : 06470710)

P.K. Gokhroo – Executive Director (DIN : 06810797)

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S.K. Sharma – Independent Director (DIN : 01378040)

Rahul Singhvi – Independent Director (DIN : 08816920)

D.S. Singhvi – Chief Financial Officer

Gaurav Goyal – Company Secretary

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021**

(₹ in Lacs)

PARTICULARS	Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	3450.24	1869.78
Adjustments for:		
–Depreciation and amortisation expenses	1063.59	1033.92
–Provisions	150.28	211.48
–Foreign exchange	45.35	127.55
–Profit on disposal of property, plant and equipment	(524.25)	(32.12)
–Finance costs	929.14	1292.11
–Loss (profit) on fair valuation of investment carried at FVTPL	(291.37)	543.73
–Interest income	(263.73)	(417.37)
<b>Operating profit before working capital changes</b>	<b>4559.25</b>	<b>4629.08</b>
Adjustment for		
–Trade and other receivables	(757.72)	(264.95)
–Inventories	1295.63	(3704.04)
–Trade and other Payables	160.08	2084.62
<b>Net Cash from Operating Activities (A)</b>	<b>5257.24</b>	<b>2744.71</b>
<b>B. Cash Flow from Investing Activities</b>		
–Proceeds from sale of property, plant and equipment	560.74	64.89
–Purchase of property, plant and equipment (including capital work-in progress)	(98.12)	(1240.62)
–Loans and advances	3137.17	(2080.68)
–Interest Income	263.73	417.37
–Investment in Equity shares	(404.27)	(596.72)
<b>Net Cash from Investing Activities (B)</b>	<b>3459.25</b>	<b>(3435.76)</b>
<b>C. Cash Flow from Financing Activities</b>		
–Repayment of Long term borrowings (net)	(23.07)	(3.74)
–Proceeds from Short term borrowings (net)	(7702.34)	619.48
–Interest Paid	(929.14)	(1292.11)
<b>Net cash used in Financing Activities (C)</b>	<b>(8654.55)</b>	<b>(676.37)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>61.94</b>	<b>(1367.42)</b>
Cash and cash equivalents at the beginning of the year	89.57	1456.99
Cash and cash equivalents at the close of the year	151.51	89.57
Cash and Cash Equivalent includes:-		
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
Cash on hand	8.58	16.95
With Banks		
–In current accounts	85.16	72.62
–In deposit accounts maturing within 3 months	57.77	–
<b>Total</b>	<b>151.51</b>	<b>89.57</b>

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

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

As per our report of even date attached

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

**Rajesh Verma**  
 Partner  
 Membership No. 404029  
 Place : Abu Road  
 Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
Shreyans Ranka	– Whole-Time Director	(DIN : 06470710)
P.K. Gokhroo	– Executive Director	(DIN : 06810797)
R. Raniwala	– Independent Director	(DIN : 00506419)
S.K. Sharma	– Independent Director	(DIN : 01378040)
Rahul Singhvi	– Independent Director	(DIN : 08816920)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

### A. Equity Share Capital

(₹ in Lacs)

<b>As at 1st April, 2019</b>	<b>4714.39</b>
Changes in Equity Share Capital	–
<b>As at 1st April, 2020</b>	<b>4714.39</b>
Changes in Equity Share Capital	–
<b>As at 31st March, 2021</b>	<b>4714.39</b>

### B. Other Equity

(₹ in Lacs)

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	Capital Reserve	Retained Earnings	
<b>Balance as at 1st April, 2019</b>	<b>2911.45</b>	<b>1285.87</b>	<b>19400.68</b>	<b>23598.00</b>
Profit for the year	–	–	2245.03	2245.03
Other comprehensive income	–	–	(31.29)	(31.29)
Total Comprehensive Income for the Year	–	–	2213.74	2213.74
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21614.42</b>	<b>25811.74</b>
Non Controlling Interest	–	–	–	–
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21614.42</b>	<b>25811.74</b>
<b>Balance as at 1st April, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21614.42</b>	<b>25811.74</b>
Profit for the year	–	–	3413.18	<b>3413.18</b>
Other comprehensive income	–	–	(83.74)	<b>(83.74)</b>
Total Comprehensive Income for the Year	–	–	3329.44	3329.44
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>24943.86</b>	<b>29141.18</b>
<b>Non Controlling Interest</b>	–	–	–	–
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>24943.86</b>	<b>29141.18</b>

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

As per our report of even date attached

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

**Rajesh Verma**  
 Partner  
 Membership No. 404029  
 Place : Abu Road  
 Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka	– Chairman & Managing Director	(DIN : 00335534)
Shreyans Ranka	– Whole-Time Director	(DIN : 06470710)
P.K. Gokhroo	– Executive Director	(DIN : 06810797)
R. Raniwala	– Independent Director	(DIN : 00506419)
S.K. Sharma	– Independent Director	(DIN : 01378040)
Rahul Singhvi	– Independent Director	(DIN : 08816920)
D.S. Singhvi	– Chief Financial Officer	
Gaurav Goyal	– Company Secretary	



## Notes forming part of consolidated financial statements

### CORPORATE INFORMATION

Modern Insulators Limited (the 'Company or the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as the 'Group') and its joint venture engaged in the business of manufacturing insulators, terry towels and EPC projects.

#### 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 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.
- (iii) 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 group and the currency of the primary economic environment in which the group operates.

##### (c) Principles of consolidation and equity accounting

- (i) **Subsidiaries**  
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.  
The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.
- (ii) **Joint Ventures**  
Investments in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.
- (iii) **Equity Method**  
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss, and the Group's share of other

comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Such further losses are disclosed as part of Current Liabilities. Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

The Group 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 Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

Freehold land is carried at Cost. All other 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.

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 Group 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.

**(f) Expenditure during construction period**

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

**(g) Depreciation**

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

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

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

The useful life considered for calculation of depreciation / amortisation for various Asset class are as under:

S. No.	Asset class	Useful life
1.	Leasehold Assets	Lease period
2.	Factory Building	4-30 Years
3.	Non- factory building	4-60 Years
4.	Plant & Machinery	1-30 Years
5.	Furniture & Fixtures	2-10 Years
6.	Office equipments	0-5 Years
7.	Vehicles	2-10 Years

Based on technical evaluation, management believes that the useful life as given above best represent the period over which the management expects to use these assets.

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

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

**(h) Intangible assets and amortization**

Internally generated intangible assets

Expenditure incurred on development is capitalized 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 Group determines the amortisation period as the period over which the future economic benefits will flow to the Group after taking into account all

relevant facts and circumstances. The estimated useful life and amortisation method are reviewed periodically, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of intangible asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of intangible asset is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The useful life considered for calculation of depreciation / amortisation for various Asset class are as under:

Asset class	Useful life
Computer Software	1-3 Years

Based on technical evaluation, management believes that the useful life as given above best represent the period over which the management expects to use these assets.

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.

**(i) Borrowing Costs**

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

**(j) Inventories**

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

Raw material, stores, 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.

**(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 Group has a present obligation (legal or constructive) because 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 Group. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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

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

**(o) Revenue recognition**

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

The Group 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 Group's performance; or
- (ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) The Group's performance does not create an asset with an alternative use to the Group 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 Group 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 group 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.

Group pays Gratuity as per provisions of the Payment of Gratuity Act, 1972. The Group'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 Group'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 Group, 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 Group's leave encashment constitute other long term employee benefits.

The Group'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 Group'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 based on estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

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

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

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

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

**(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 Group 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 Group's policy on borrowing costs.

**(u) Impairment of non-financial assets**

At the end of each reporting period, the Group 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 Group 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 Group.

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 Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group 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 Group 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 Group 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 Group 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 Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

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

##### At amortised cost:

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

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

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

##### At fair value through OCI:

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

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

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

##### Derecognition of financial assets:

The Group 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 Group 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 Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group 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 group are classified either as 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 group are recognised at the proceeds received.

**(cc) Derivative financial instruments**

The Group enters into derivative financial instruments viz. foreign exchange forward contracts to manage foreign exchange risks. The Group 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 Group'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) Useful life of Property, plant and equipment and intangible assets**  
The Group uses its technical expertise along with historical and

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

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

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

**(c) Expected credit losses on financial assets**

The loss allowance on financial assets including trade receivables are based on assumption about the risk of default and expected timing of collection. The Company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation based on Company's history of credit losses adjusted to reflect current and estimated future economic conditions, suit filed cases and credit information of customers at the end of each reporting period.

**(d) 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.

**(e) Impairment of non-financial assets**

The Group has used certain judgments and estimation to estimate future projection and discount rate to compute value in used of assets/ cash generating units and to assess impairment.

**(f) Revenue recognition**

The Group 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.



**Notes forming part of Consolidated Financial Statements**
**Note No. 2 : PROPERTY, PLANT & EQUIPMENT, CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS**
**As at 31st March, 2021**
**(₹ in Lacs)**

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2020	Additions	Deductions/ Adjustments	As at 31.03.2021	As at 01.04.2020	Depreciation for the year	Deductions/ Adjustments	As at 31.03.2021	As at 31.03.2021	As At 31.03.2020
<b>A. Property, Plant &amp; Equipment</b>										
Leasehold Land	3644.49	—	—	<b>3644.49</b>	214.38	53.60	—	<b>267.98</b>	<b>3376.51</b>	3430.11
Freehold Land	3792.50	—	—	<b>3792.50</b>	—	—	—	—	<b>3792.50</b>	3792.50
Building	4499.27	—	—	<b>4499.27</b>	658.48	152.10	—	<b>810.58</b>	<b>3688.69</b>	3840.79
Plant & Machinery	10494.46	37.61	163.27	<b>10368.80</b>	2783.92	762.37	142.01	<b>3404.28</b>	<b>6964.52</b>	7710.54
Furniture & Fixtures	180.56	8.13	15.07	<b>173.62</b>	72.52	16.96	6.70	<b>82.78</b>	<b>90.84</b>	108.04
Office Equipments	122.83	25.41	0.02	<b>148.22</b>	74.24	20.09	—	<b>94.33</b>	<b>53.89</b>	48.59
Vehicles	284.86	18.95	19.26	<b>284.55</b>	82.86	30.37	12.42	<b>100.81</b>	<b>183.74</b>	202.00
<b>Total (A)</b>	<b>23018.97</b>	<b>90.10</b>	<b>197.62</b>	<b>22911.45</b>	<b>3886.40</b>	<b>1035.49</b>	<b>161.13</b>	<b>4760.76</b>	<b>18150.69</b>	<b>19132.57</b>
<b>B. Intangible assets</b>										
Computer Software	110.96	8.02	—	<b>118.98</b>	57.37	28.10	—	<b>85.47</b>	<b>33.51</b>	53.59
<b>Total (B)</b>	<b>110.96</b>	<b>8.02</b>	<b>—</b>	<b>118.98</b>	<b>57.37</b>	<b>28.10</b>	<b>—</b>	<b>85.47</b>	<b>33.51</b>	<b>53.59</b>
<b>Total (A+B)</b>	<b>23129.93</b>	<b>98.12</b>	<b>197.62</b>	<b>23030.43</b>	<b>3943.77</b>	<b>1063.59</b>	<b>161.13</b>	<b>4846.23</b>	<b>18184.20</b>	<b>19186.16</b>
<b>Capital work-in-progress</b>									—	—

**As at 31st March, 2020**
**(₹ in Lacs)**

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2019	Additions	Deductions/ Adjustments	As at 31.03.2020	As at 01.04.2019	Depreciation for the year	Deductions/ Adjustments	As at 31.03.2020	As at 31.03.2020	As At 31.03.2019
<b>A. Property, Plant &amp; Equipment</b>										
Leasehold Land	3644.49	—	—	<b>3644.49</b>	160.79	53.59	—	<b>214.38</b>	<b>3430.11</b>	3430.11
Freehold Land	3792.50	—	—	<b>3792.50</b>	—	—	—	—	<b>3792.50</b>	3792.50
Building	4492.79	6.48	—	<b>4499.27</b>	491.32	167.16	—	<b>658.48</b>	<b>3840.79</b>	3840.79
Plant & Machinery	9355.15	1154.46	15.15	<b>10494.46</b>	2083.55	711.03	10.66	<b>2783.92</b>	<b>7710.54</b>	7710.54
Furniture & Fixtures	173.32	17.24	10.00	<b>180.56</b>	57.49	19.49	4.46	<b>72.52</b>	<b>108.04</b>	108.04
Office Equipments	102.21	20.82	0.20	<b>122.83</b>	54.59	19.72	0.07	<b>74.24</b>	<b>48.59</b>	48.59
Vehicles	289.14	39.97	44.25	<b>284.86</b>	70.94	33.56	21.64	<b>82.86</b>	<b>202.00</b>	202.00
<b>Total (A)</b>	<b>21849.60</b>	<b>1238.97</b>	<b>69.60</b>	<b>23018.97</b>	<b>2918.68</b>	<b>1004.55</b>	<b>36.83</b>	<b>3886.40</b>	<b>19132.57</b>	
<b>B. Intangible assets</b>										
Computer Software	109.31	1.65	—	<b>110.96</b>	28.00	29.37	—	<b>57.37</b>	<b>53.59</b>	53.59
<b>Total (B)</b>	<b>109.31</b>	<b>1.65</b>	<b>—</b>	<b>110.96</b>	<b>28.00</b>	<b>29.37</b>	<b>—</b>	<b>57.37</b>	<b>53.59</b>	
<b>Total (A+B)</b>	<b>21958.91</b>	<b>1240.62</b>	<b>69.60</b>	<b>23129.93</b>	<b>2946.68</b>	<b>1033.92</b>	<b>36.83</b>	<b>3943.77</b>	<b>19186.16</b>	
<b>Capital work-in-progress</b>										—

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

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

**Notes forming part of Consolidated Financial Statements**
**Note No. 3 : NON-CURRENT INVESTMENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Trade Investments (Unquoted)</b>		
<b>Investment in Govt. securities (carried at cost)</b>		
National Saving Certificates (Deposited with Govt. department)	0.01	0.01
<b>Total</b>	<u>0.01</u>	<u>0.01</u>
3.1 Aggregate amount of unquoted investments	0.01	0.01
3.2 Aggregate amount of impairment in the value of investments	—	—

**Note No. 4 : NON-CURRENT LOANS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good)		
Loans and advances to related party (Refer note no. 46)	4766.00	4766.00
<b>Total</b>	<u>4766.00</u>	<u>4766.00</u>
<b>Break-up:</b>		
Loans considered good- Secured	—	—
Loans considered good- Unsecured	4766.00	4766.00
Loans which have significant increase in credit risk	—	—
Loans- credit impaired	—	—
<b>Total</b>	<u>4766.00</u>	<u>4766.00</u>
Less: Allowance for doubtful loans	—	—
<b>Total Loans</b>	<u>4766.00</u>	<u>4766.00</u>

**Note No. 5 : OTHER NON-CURRENT FINANCIAL ASSETS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good)		
Fixed Deposits with banks	40.07	266.41
Security Deposits	1050.37	1057.23
Recoverable from VSLP (Refer note no. 47)	—	191.22
Less: Allowance for doubtful deposits	—	(172.10)
<b>Total</b>	<u>1090.44</u>	<u>1342.76</u>

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

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

5.3 Security deposits includes balances with electricity board, etc. and have been given for business purpose.

**Note No. 6 : INVENTORIES**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
(Valued at lower of cost or net realisable value)		
Raw materials (Including in transit 31.03.2021 - ₹ 73.16 Lacs; 31.03.20- ₹ 269.25 Lacs)	2759.10	3267.76
Stock in process	2437.82	3182.51
Finished stock (Including in transit 31.03.21- ₹ 24.39 Lacs; 31.03.2020- ₹ NIL Lacs)	5555.54	5604.17
Stock-in-trade (Traded goods)	32.31	42.76
Fuel	83.49	86.05
Packing Material	153.34	202.82
Stores & spares (Including in transit 31.03.21- ₹ 42.12 Lacs; 31.03.20- ₹ 34.01)	642.66	573.82
<b>Total</b>	<u>11664.26</u>	<u>12959.89</u>

6.1 Inventory write downs are accounted, considering the value of inventory ageing and net realisable value. Write downs of inventory during the year amounted to ₹ Nil Lacs (Previous Year ₹ Nil). These write downs are recognised as an expense in the statement of Profit &amp; Loss. The reversal on account of above during the year amounted to ₹ Nil (Previous Year ₹ Nil).

**Notes forming part of Consolidated Financial Statements**
**Note No. 7 : TRADE RECEIVABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Trade receivables	9749.73	8719.87
Trade receivables which have significant increase in credit risk	—	—
Trade receivables - Credit Impaired	—	—
Less: Allowance for doubtful trade receivables	333.42	242.91
<b>Total receivables</b>	<b>9416.31</b>	<b>8476.96</b>
Current portion	9406.91	8459.52
Non-current portion	9.40	17.44
<b>Break up of security details:</b>		
Secured, considered good	—	—
Unsecured, considered good	9416.31	8476.96
Doubtful	333.42	242.91
<b>Total</b>	<b>9749.73</b>	<b>8719.87</b>
Allowance for doubtful trade receivables	(333.42)	(242.91)
<b>Total trade receivables</b>	<b>9416.31</b>	<b>8476.96</b>

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

7.2 Includes ₹ 334.26 Lacs (31st March, 2020 ₹ 87.34 Lacs) under litigation for which adequate provision has been made.

**Note No. 8 : CASH AND CASH EQUIVALENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Cash on Hand</b>	<b>8.58</b>	<b>16.95</b>
Balances with Banks		
In Current accounts	85.16	72.62
In Deposit accounts (Original maturity upto 3 months)	57.77	—
<b>Total</b>	<b>151.51</b>	<b>89.57</b>

**Note No. 9 : BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Bank deposits (With maturity more than 3 months but less than 12 months)	456.48	209.01
<b>Total</b>	<b>456.48</b>	<b>209.01</b>

9.1 Bank deposits are kept towards margin against limits availed from the banks.

**Note No. 10 : CURRENT INVESTMENTS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Investment in Equity Instruments (Quoted)</b>		
<b>(Carried at FVTPL)</b>		
Centrum Capital Limited	159.48	52.22
567555 (31st March, 2020- 567555) Equity Shares of ₹ 1/- each fully paid up		
Uniply Industries Limited	25.62	29.53
642000 (31st March, 2020- 642000) Equity Shares of ₹ 2/- each fully paid up		
HDFC Life Insurance Company Limited	243.51	154.56
35000 (31st March, 2020-35000) Equity Shares of ₹ 10/- each fully paid up		
Divis Laboratories Limited	21.16	—
583 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Bajaj Finance Limited	23.99	—
706 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
PI Industries Limited	19.10	—
847 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		

**Notes forming part of Consolidated Financial Statements**

Reliance Industries Limited	14.54	—
726 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Bajaj Finserv Limited	23.2	—
265 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Astral Poly technik Limited	17.31	—
1071 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Dabur India Limited	12.76	—
2360 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Asian Paints Limited	13.55	—
534 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Havells India Limited	16.48	—
1565 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Cholamandalam Investment and Finance Co	20.74	—
3711 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Kotak Mahindra Bank Limited	15.91	—
907 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Titan Company Limited	12.58	—
808 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Shree Cements Limited	15.33	—
52 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Torrent Pharmaceuticals Limited	13.60	—
535 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
AU Small Finance Bank Limited	21.10	—
1721 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Page Industries Limited	14.86	—
49 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Aarti Industries Limited	17.23	—
1309 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Britannia Industries Limited	12.15	—
335 ((31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Tata Consultancy Services Limited	14.14	—
445 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Eicher Motors Limited	12.19	—
468 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
Pidilite Industries Limited	9.76	—
539 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
APL Apollo Tubes Limited	8.36	—
597 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
<b>Sub Total (Quoted)</b>	<b>778.65</b>	<b>236.31</b>

**Investment in Equity Instruments (Unquoted)**
**(Carried at FVTPL)**

HDB Financials Limited,	153.30	—
(21000 (31st March, 2020 -Nil) Equity Shares of ₹ 10/- each fully paid up		
<b>Sub Total (Unquoted)</b>	<b>153.30</b>	<b>—</b>
<b>Total (Quoted &amp; Unquoted Investment)</b>	<b>931.95</b>	<b>236.31</b>
10.1 Aggregate amount of quoted & unquoted investments (At cost)	1299.46	895.19
10.2 Aggregate amount of impairment in the value of investment	367.51	658.88

**Notes forming part of Consolidated Financial Statements**
**Note No. 11 : CURRENT LOANS**

(₹ in Lacs)

PARTICULARS	As at	As at
	31st March, 2021	31st March, 2020
(Unsecured, considered good)		
Loan to related party	–	925.47
Loans to others	<b>95.14</b>	<b>2306.84</b>
<b>Total</b>	<b>95.14</b>	<b>3232.31</b>
<b>Break-up:</b>		
Loans considered good- Secured	–	–
Loans considered good- Unsecured	<b>95.14</b>	<b>3232.31</b>
Loans which have significant increase in credit risk	–	–
Loans- credit impaired	–	–
<b>Total</b>	<b>95.14</b>	<b>3232.31</b>
Less: Allowance for doubtful loans	–	–
<b>Total Loans</b>	<b>95.14</b>	<b>3232.31</b>

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

Name of the Company	Terms of Loan	Maximum balance outstanding		Amount Outstanding	
		2020-21	2019-20	2020-21	2019-20
Jumbo Finance Limited	– Payable on demand – Interest rate- 11% p.a.	<b>925.47</b>	3435.00	–	925.47
Shriji Designs MIL JV	– Payable on demand – Interest rate- 12% p.a.	<b>938.67</b>	890.86	<b>703.71</b>	890.86

**Note No. 12 : OTHER CURRENT FINANCIAL ASSETS**

(₹ in Lacs)

PARTICULARS	As at	As at
	31st March, 2021	31st March, 2020
(Unsecured, considered good)		
Deposits	<b>42.29</b>	74.70
Advances to employees	<b>25.75</b>	44.97
Export benefits receivables	<b>250.75</b>	261.88
Accrued interest	<b>39.73</b>	46.75
Others	<b>0.53</b>	14.71
<b>Total</b>	<b>359.05</b>	<b>443.01</b>

**Note No. 13 : OTHER CURRENT ASSETS**

(₹ in Lacs)

PARTICULARS	As at	As at
	31st March, 2021	31st March, 2020
Prepaid expenses	<b>72.24</b>	85.91
Advances to suppliers for goods & services	<b>534.86</b>	227.88
Balance with Govt. authorities	<b>273.63</b>	775.59
Income Tax advance	<b>456.01</b>	456.01
Tax Deducted at Source	<b>546.50</b>	462.16
Others	<b>57.65</b>	71.51
<b>Total</b>	<b>1940.89</b>	<b>2079.06</b>

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

**Note No. 14 : EQUITY SHARE CAPITAL**

(₹ in Lacs)

PARTICULARS	As at	As at
	31st March, 2021	31st March, 2020
<b>Authorised</b>		
9,00,00,000 (31st March, 2020– 9,00,00,000) Equity shares of ₹ 10/- each	<b>9000.00</b>	9000.00
5,00,000 (31st March, 2020– 5,00,000) Preference shares of ₹ 100/- each	<b>500.00</b>	500.00
<b>Total</b>	<b>9500.00</b>	<b>9500.00</b>
<b>Issued, subscribed and paid-up</b>		
4,71,43,900 (31st March, 2020– 4,71,43,900) Equity shares of ₹ 10/- each fully paid-up	<b>4714.39</b>	4714.39
<b>Total</b>	<b>4714.39</b>	<b>4714.39</b>

**Notes forming part of Consolidated Financial Statements**
**14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :-**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Balance as at the beginning of the year	47143900	4714.39	47143900	4714.39
Add : Issued during the year	—	—	—	—
<b>Balance as at the end of the year</b>	<b>47143900</b>	<b>4714.39</b>	<b>47143900</b>	<b>4714.39</b>

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

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

**14.3 Details of Shareholders holding more than 5% of Shares of the Holding Company:-**

Name of the Company	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Vijay Beneficiary Trust	16495731	34.99	16244047	34.46
Jay Beneficiary Trust	6530886	13.85	6530886	13.85
Pride Mercantiles Pvt. Ltd.	5343453	11.33	5343453	11.33

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

**Note No. 15 : OTHER EQUITY**

(₹ in Lacs)

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	Capital Reserve	Retained Earnings	
Balance as at 1st April, 2019	2911.45	1285.87	19400.68	23598.00
Profit for the year	—	—	2245.03	2245.03
Other comprehensive income	—	—	(31.29)	(31.29)
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21614.42</b>	<b>25811.74</b>
Non-controlling interest	—	—	—	—
<b>Balance as at 31st March, 2020</b>	<b>2911.45</b>	<b>1285.87</b>	<b>21614.42</b>	<b>25811.74</b>
Balance as at 1st April, 2020	2911.45	1285.87	21614.42	25811.74
Profit for the year	—	—	3413.18	3413.18
Other comprehensive income	—	—	(83.74)	(83.74)
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>24943.86</b>	<b>29141.18</b>
Non-controlling interest	—	—	—	—
<b>Balance as at 31st March, 2021</b>	<b>2911.45</b>	<b>1285.87</b>	<b>24943.86</b>	<b>29141.18</b>

**15.1 The description of the nature and purpose of each reserve within equity is as follows:**

**A. Capital Reserve:** Capital Reserve is created mainly on amalgamation of MTTL with the Company. This reserve is utilised in accordance with the provisions of the Act.

**B. Securities Premium Reserve:** Securities premium reserve is created due to premium on issue of shares. This reserve is utilised in accordance with the provisions of the Act.

**Note No. 16 : NON-CURRENT BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Secured Term Loans</b>		
From Banks	59.97	83.62
<b>Total</b>	<b>59.97</b>	<b>83.62</b>

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

16.2 Term loans from banks (for vehicles) are repayable as per various payment schedules. Last installment due in January 2028. Rate of Interest varies from 7.4% to 9.15% p.a. (31st March, 2020 8.55% to 9.15% p.a.)

16.3 Breakup of amount due within 12 months (current) and after 12 months (non-current) is as under:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-current	Current*	Non-Current	Current*
From Banks	59.97	33.32	83.62	32.74
<b>Sub Total</b>	<b>59.97</b>	<b>33.32</b>	<b>83.62</b>	<b>32.74</b>

\* Considered in other current financial liabilities (Note no. 22).



**Notes forming part of Consolidated Financial Statements**
**Note No. 17 : NON CURRENT PROVISIONS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for Employee Benefits (Refer note no. 34)</b>		
For Gratuity	1938.69	1715.51
For Leave Encashment	351.97	373.51
<b>Total</b>	<u>2290.66</u>	<u>2089.02</u>

**Note No. 18 : DEFERRED TAX LIABILITIES (NET)**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Deferred Tax Liability in relation to: (Refer note no. 33)</b>		
Property, plant & equipment and intangible assets	3918.01	3929.22
Deferred Tax Asset in relation to:		
Provisions	993.49	899.93
Receivables and advances	85.62	145.02
Financial Assets	116.51	153.49
Net Deferred Tax Liability	<u>2722.39</u>	<u>2730.78</u>

**Note No. 19 : OTHER NON CURRENT LIABILITIES**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Other non current liabilities	35.21	40.99
<b>Total</b>	<u>35.21</u>	<u>40.99</u>

**Note No. 20 : CURRENT BORROWINGS**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
Bank borrowings for working capital	2273.45	9975.79
<b>Total</b>	<u>2273.45</u>	<u>9975.79</u>

20.1 Bank borrowings for working capital are repayable on demand.

20.2 Bank borrowings for working capital are secured by hypothecation of stocks, book debts and first charge on fixed assets of Insulator Division and are personally guaranteed by one of the directors.

**Note No. 21 : TRADE PAYABLES**

(₹ in Lacs)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Trade Payables</b>		
Outstanding dues of micro enterprises and small enterprises	385.67	344.69
Outstanding dues of creditors other than micro enterprises and small enterprises	3873.44	4263.96
<b>Total</b>	<u>4259.11</u>	<u>4608.65</u>

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

21.2 Dues to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. The Principal amount remaining unpaid to any supplier at the end of the year	385.67	344.69
b. Interest due remaining unpaid to any supplier at the end of the year	—	—
c. Amount of interest paid by the Company in terms of section 16 of MSMED Act	—	—
d. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	—	—
e. Amount of interest accrued and remaining unpaid at the end of accounting year	—	—
f. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of MSMED Act, 2006	—	—

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company.

**Notes forming part of Consolidated Financial Statements**
**Note No. 22 : OTHER CURRENT FINANCIAL LIABILITIES**
**(₹ in Lacs)**

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term borrowings (Refer note no. 16)	33.32	32.74
Sundry deposits	64.79	58.77
Payable towards capital goods	31.12	129.80
Other payables	1696.80	1649.54
<b>Total</b>	<b>1826.03</b>	<b>1870.85</b>

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

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

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
<b>Provision for Employee Benefits (Refer note no. 34)</b>		
For Gratuity	314.61	239.87
For Leave Encashment	98.17	95.08
<b>Total</b>	<b>412.78</b>	<b>334.95</b>

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

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Advances received from customers	1,052.93	653.74
Statutory Dues	268.14	106.53
<b>Total</b>	<b>1,321.07</b>	<b>760.27</b>

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

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Sale of products	38207.61	42302.81
Sale of services	974.86	889.28
Sale of traded goods	78.06	88.05
Other operating revenues	586.68	691.90
<b>Total</b>	<b>39847.21</b>	<b>43972.04</b>
<b>25.1 Particulars of sale of products</b>		
Insulators & metal fitting	33834.17	37428.96
Towels & fabric	4294.85	4831.40
Yarn & waste	78.59	42.45
	<b>38207.61</b>	<b>42302.81</b>
<b>25.2 Particulars of sale of services</b>		
Railway overhead electrification	853.43	815.88
Job work Income	0.03	3.31
Path lab testing charges	121.40	70.09
	<b>974.86</b>	<b>889.28</b>
<b>25.3 Particulars of traded goods</b>		
Advance ceramics / Sanitaryware items	78.06	88.05
	<b>78.06</b>	<b>88.05</b>
<b>25.4 Particulars of other operating revenue</b>		
Export incentives	444.97	592.99
Scrap sales	141.71	98.91
	<b>586.68</b>	<b>691.90</b>
<b>25.5 Reconciliation of sale of products</b>		
Revenue from contract with customer	38360.76	42468.90
Adjustment made to contract price on account of		
(a) Discounts / rebates / incentives	(3.17)	(15.97)
(b) Sales return	(149.98)	(150.12)
	<b>38207.61</b>	<b>42302.81</b>

**Notes forming part of Consolidated Financial Statements**
**Note No. 26 : OTHER INCOME**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Foreign exchange fluctuation (net)	83.53	294.80
Liabilities and sundry balances written back (net)	60.68	92.06
Interest income	263.73	417.37
Profit on sale of Property, plant & equipment (net)	524.25	32.12
Profit on fair valuation of investment carried at FVTPL	291.37	(543.73)
Profit on sale of Investment (realized gain)	8.24	—
Miscellaneous income	340.93	316.30
<b>Total</b>	<b>1572.73</b>	<b>608.92</b>

**Note No. 27 : COST OF MATERIALS CONSUMED**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Raw materials at the beginning of the year	3267.76	2070.54
Add: Purchases	10858.21	14460.29
Less: Raw materials at the end of the year	2759.10	13263.07
<b>Cost of materials consumed</b>	<b>11366.87</b>	<b>13263.07</b>

**Note No. 28 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & STOCK IN PROCESS**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
<b>Inventories at the beginning of the year</b>		
Finished goods	5604.17	3888.65
Stock-in-trade	42.76	23.81
Stock in process	3182.51	2442.89
	<b>8829.44</b>	<b>6355.35</b>
<b>Inventories at the end of the year</b>		
Finished goods	5555.54	5604.17
Stock-in-trade	32.31	42.76
Stock in process	2437.82	3182.51
	<b>8025.67</b>	<b>8829.44</b>
<b>Total changes in inventories</b>	<b>803.77</b>	<b>(2474.09)</b>

**Note No. 29 : EMPLOYEE BENEFITS EXPENSE**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Salaries, wages, gratuity, bonus and allowances	6155.62	6590.68
Contribution to provident fund and other Funds (Refer note no. 34)	545.72	596.47
Staff & labour welfare	50.79	67.94
<b>Total</b>	<b>6752.13</b>	<b>7255.09</b>

**Note No. 30 : FINANCE COSTS**

(₹ in Lacs)

PARTICULARS	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest Expenses	760.75	1134.85
Other Borrowing Cost	168.39	157.26
<b>Total</b>	<b>929.14</b>	<b>1292.11</b>

**Notes forming part of Consolidated Financial Statements**
**Note No. 31 : OTHER EXPENSES**

(₹ in Lacs)

<b>PARTICULARS</b>	<b>Year Ended 31st March, 2021</b>	<b>Year Ended 31st March, 2020</b>
<b>Manufacturing Expenses</b>		
Power consumption	2732.82	4265.83
Fuel consumption	3876.33	4985.16
Stores & Spares Consumption	2846.04	3609.84
Packing	1953.65	2141.83
Job Charges	980.58	1365.41
Making up Expenses	114.33	121.48
<b>Repairs &amp; Maintenance:</b>		
Plant & Machinery	719.28	811.47
Buildings	310.45	586.28
Others	43.78	41.21
Other expenses	452.44	622.13
	<b>14029.70</b>	<b>18550.64</b>
<b>Administrative Expenses</b>		
Rent	87.46	91.57
Insurance	78.53	54.88
Rates & Taxes	24.46	27.75
Travelling & Conveyance	268.08	428.77
Legal & Professional Expenses	337.97	428.52
Telecommunication Expenses	9.52	10.02
Directors fees and Expenses	0.99	0.77
Corporate social responsibility(CSR) activities (Refer note no. 43)	40.33	44.32
Payment to Auditors		
for Audit fee	5.16	4.68
for Limited review	1.40	1.40
for Tax audit fee	1.73	1.65
for Expenses	1.19	1.42
Other expenses	587.58	572.43
	<b>1444.40</b>	<b>1668.18</b>
<b>Selling Expenses</b>		
Commission, rebates etc.	120.23	113.03
Carriage outward(Net)	803.69	866.03
Provision for doubtful debts	90.50	40.65
Bad debts	93.06	8.28
Provision for doubtful debts written back	—	(8.27)
Sales Promotion & Advertisement	34.48	87.10
Insulators testing charges	203.42	167.57
Other expenses	53.87	58.48
	<b>1399.25</b>	<b>1332.87</b>
<b>Other Expenses</b>		
Lease rent on land	—	0.07
Allowance towards doubtful deposits / investment in VSLP	—	172.10
Brokerage and Commission on shares	5.77	—
	<b>5.77</b>	<b>172.17</b>
<b>Total</b>	<b>16879.12</b>	<b>21723.86</b>

**Notes forming part of Consolidated Financial Statements**
**Note No. 32 : EARNINGS PER SHARE**

(₹ in Lac except EPS)

PARTICULARS	Unit	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Net profit for the year attributable to equity shareholders (Basic & diluted earnings per share)	₹ In Lacs	3413.18	2245.03
Weighted average number of equity shares outstanding	Nos.	4,71,43,900	4,71,43,900
Nominal value per share	₹	10	10
Earnings Per Share:			
– Basic	₹	7.24	4.76
– Diluted	₹	7.24	4.76

**Note No. 33 : INCOME TAX**
**i) Tax expense recognised in Consolidated Statement of Profit and Loss**

(₹ in Lacs)

PARTICULARS	31st March, 2021	31st March, 2020
<b>(a) Statement of Profit and Loss</b>		
Current tax for the year	–	–
Deferred tax for the year	37.06	(375.25)
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<u>37.06</u>	<u>(375.25)</u>
<b>(b) Other Comprehensive Income</b>		
Income tax on actuarial gain/loss on defined benefit plan	45.45	16.81
Income tax charged to Other comprehensive income	<u>45.45</u>	<u>16.81</u>

**ii) Reconciliation of effective tax rate**

(₹ in Lacs)

PARTICULARS	31st March, 2021	31st March, 2020
<b>Profit before tax</b>	3450.24	1869.78
Enacted tax rate in India	34.944%	34.944%
Current tax expenses on profit before tax at the enacted income tax rate in India	1205.65	653.38
Tax effect of		
Expenses disallowed under Income Tax Act, 1961	14.72	16.24
Capital (gain)/loss (differential tax rate)	(33.94)	76.75
Weighted deduction under section 35(2AB) of Income Tax Act, 1961	–	(68.11)
Income set off from brought forward losses pursuant to proposed amalgamation	(1239.44)	(1100.00)
Others	90.07	46.49
<b>Total tax expenses in the consolidated statement of profit and loss account</b>	<u>(37.06)</u>	<u>(375.25)</u>
<b>Effective Tax Rate</b>	1.07%	(20.07%)

**iii) The movement in deferred tax assets and liabilities during the year ended 31st March, 2021**

(₹ in Lacs)

Particulars	As at 1st April, 2020	Recognised in Profit and Loss	Recognised in OCI	As at 31st March, 2021
Property, plant & equipment and intangible assets	3929.22	(11.21)	–	3918.01
Provisions	(899.93)	(48.11)	(45.45)	(993.49)
Receivables and advances	(145.02)	59.40	–	(85.62)
Financial assets	(153.49)	36.98	–	(116.51)
<b>Net Deferred Tax Liability</b>	<u>2730.78</u>	<u>37.06</u>	<u>(45.45)</u>	<u>2722.39</u>

**During the year ended 31st March, 2020**

(₹ in Lacs)

Particulars	As at 1st April, 2019	Recognised in Profit and Loss	Recognised in OCI	As at 31st March, 2020
Property, plant & equipment and tangible assets	4026.82	(97.60)	–	3929.22
Provisions	(803.59)	(79.53)	(16.81)	(899.93)
Receivables and advances	(73.57)	(71.45)	–	(145.02)
Financial assets	(26.82)	(126.67)	–	(153.49)
<b>Net Deferred Tax Liability</b>	<u>3122.84</u>	<u>(375.25)</u>	<u>(16.81)</u>	<u>2730.78</u>

**Notes forming part of Consolidated Financial Statements**

- iv) (a) Provision for taxation including interest estimated ₹ 1647.64 lacs for the year ended 31st March, 2021 (Previous year ₹ 1392.88 lacs; upto the year ₹ 4650.74 lacs) has not been made in accounts of the holding company in view of the proposed amalgamation under the provisions of Companies Act, 2013.
- (b) Holding Company has claimed the losses pertaining to Modern Denim Limited from AY 2017-18, with which the holding company has proposed amalgamation. Income Tax Department has completed assessment for Assessment Year 2017-18 and has disallowed such losses claimed pursuant to proposed amalgamation pending approval from concerned authorities. However, the Holding Company has filed appeal against the said order before CIT (Appeals) which is pending. The Company is confident for favourable order as it has received relief in previous years in similar matter.
- v) Income tax department had completed assessments for A. Y. 2008-09 to 2017-18 of holding company wherein assessments on substantive basis were done with NIL liability by allowing losses of MTTL (the amalgamated entity) and simultaneously assessments on protective basis were also done (except for A. Y. 2014-15, 2016-17 & 2017-18) presuming that no amalgamation had taken place. Since amalgamation scheme have been sanctioned by the Hon'ble BIFR vide its order dated 28.07.2016, protective assessment orders passed by the department have become ineffective and substantive assessment orders are prevailed. However, effect of BIFR order is yet to be given by the department for which holding company is taking necessary steps. There is no recoverable demand as on date.

**Note No. 34 : EMPLOYEE BENEFIT**
**i) Defined contribution plan**

During the year company has recognised the following amounts in the consolidated statement of profit and loss account. (₹ in Lacs)

PARTICULARS	2020-21	2019-20
<b>Benefits (Contributed to)</b>		
Provident Fund	424.78	449.79
Employee State Insurance	53.23	73.20
National Pension Scheme	56.66	62.23
Group Insurance Scheme/DLI Contribution	11.05	11.25
<b>Total</b>	<b>545.72</b>	<b>596.47</b>

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

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation : (₹ in Lacs)

PARTICULARS	31st March, 2021	31st March, 2020
Present Value of obligation as at the beginning of the year	1955.38	1782.92
Current service cost	158.81	142.31
Interest cost	132.82	136.52
Past Service Cost	—	—
Actuarial (gain)/loss	129.19	48.10
Benefit paid	(122.90)	(154.47)
<b>Present value of obligation as at the end of the year</b>	<b>2253.30</b>	<b>1955.38</b>

Amount recognized in the consolidated balance sheet:

PARTICULARS	31st March, 2021	31st March, 2020
Present value of defined benefit obligation	2253.29	1955.38
Fair value of plan assets	—	—
<b>Net liability</b>	<b>2253.29</b>	<b>1955.38</b>
<b>Amounts shown in the consolidated balance sheet</b>		
Current Liabilities	314.61	239.87
Non-current liabilities	1938.69	1715.51
<b>Net liability</b>	<b>2253.30</b>	<b>1955.38</b>

Amount recognized in consolidated profit and loss:

PARTICULARS	31st March, 2021	31st March, 2020
Current service cost	158.81	142.31
Past service cost	—	—
Interest cost	132.82	136.52
<b>Total amount recognized in Consolidated Profit and Loss:</b>	<b>291.63</b>	<b>278.83</b>



**Notes forming part of Consolidated Financial Statements**
**Amount recognized in other comprehensive income:**
**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
Actuarial (Gain)/Loss on Obligation	129.19	48.10
Return on plan assets less interest on plan assets	—	—
<b>Total Actuarial (Gain)/Loss recognised in other comprehensive income</b>	<b>129.19</b>	<b>48.10</b>

**Actuarial (Gain)/Loss on obligation consists:**
**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
Actuarial (gain)/loss arising from change in demographic assumption	—	(0.98)
Actuarial (gain)/loss arising from change in financial assumption	151.95	(28.23)
Actuarial (gain)/loss arising from change in experience adjustment on plan liabilities	(22.76)	77.31
<b>Total Actuarial (Gain)/Loss on obligation</b>	<b>129.19</b>	<b>48.10</b>

**Information for funded plans with a defined benefit obligation less than plan assets:**
**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
Defined benefit obligation	2253.30	1955.38
Fair value of plan assets	—	—
<b>Net Liability/(Assets)</b>	<b>2253.30</b>	<b>1955.38</b>

**Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:**
**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
<b>Present value of obligation at year end</b>	<b>2253.30</b>	<b>1955.38</b>
Fair value of plan assets at year end	—	—
Funded status excess of actual over estimated.	(2253.30)	(1955.38)
<b>Assets/(Liabilities) recognized in the Balance Sheet</b>	<b>(2253.30)</b>	<b>(1955.38)</b>

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

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

**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
<b>Discount rate*</b>	6.80% & 6.7%	6.80 % & 6.63%
<b>Expected return on plan assets</b>		
Gratuity	NA	NA
Leave encashment	NA	NA
<b>Salary escalation rate**</b>	5.5% & 4.5%	4.50%
<b>Mortality rate inclusive of provision for disability</b>		100% of I ALM (2012-14)

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

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

**b) Sensitivity analysis**

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

Particulars	31st March, 2021		31st March, 2020	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.5% movement)</b>	<b>(80.46)</b>	<b>86.27</b>	(68.36)	73.15
<b>Salary escalation rate (0.5% movement)</b>	<b>86.47</b>	<b>(81.51)</b>	74.44	(64.23)

**c) Expected Maturity analysis of the defined benefits plan in future years.**
**(₹ in Lacs)**

Particulars	First Year	Second year	Third to fifth year	More than 5 Years
<b>Gratuity</b>	<b>314.61</b>	139.56	490.66	1308.46

**Notes forming part of Consolidated Financial Statements**
**d) Risk exposure**

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

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

**iv) Long term employee benefit**
**Leave encashment**

The group has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned. The company has a total provision for leave encashment as on 31st March, 2021 ₹ 450.14 Lacs and as on 31st March, 2020 ₹ 468.59 Lacs. Total expenses provided during the year 2020-21 is ₹ 62.27 Lacs and for the year 2019-20 ₹ 158.12 Lacs. This includes Current Service Cost of ₹ 67.56 Lacs for the year 2020-21 and ₹ 71.09 Lacs based on actuarial valuation.

**Note No. 35 : RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditure debited to the consolidated statement of profit and loss by charge to relevant heads of account amounting to ₹ 335.82 Lacs (previous year ₹ 389.84 Lacs)

**Note No. 36 : SEGMENT INFORMATION**
**A. Primary segment reporting (by business segment)**

The two identified segments are:

- (i) Insulators
- (ii) Terry Towels
- (iii) Others

(₹ in Lacs)

	31st March, 2021				31st March, 2020			
	Insulators	Terry Towels	Others	Total	Insulators	Terry Towels	Others	Total
<b>1. Segment Revenue</b>								
Revenue from operations	34562.91	4430.82	853.43	39847.21	38197.37	4958.79	815.88	43972.04
<b>2. Segment results</b>								
Profit before financial expenses	4285.41	223.64	(129.67)	4379.38	4149.21	(968.01)	(19.31)	3161.89
Less: financial expenses	929.14	–	–	929.14	1292.11	–	–	1292.11
Profit before tax	3356.27	223.64	(129.67)	3450.24	2857.10	(968.01)	(19.31)	1869.78
<b>3. Capital employed</b>								
Segment assets	39667.70	8755.55	632.99	49056.24	43693.32	8265.65	1062.08	53021.05
Segment liabilities	14027.48	1103.74	69.45	15200.67	21566.54	868.18	60.20	22494.92
Capital employed	25640.22	7651.81	563.54	33855.57	22126.78	7397.47	1001.88	30526.13

**B. Secondary segment reporting (by geographical segment)**

The analysis of geographical segment is based on geographical location of the customers, which is domestic and export.

Revenue by geographical market

	31st March, 2021				31st March, 2020			
	Insulators	Terry Towels	Others	Total	Insulators	Terry Towels	Others	Total
In India	24490.07	4086.86	853.43	29430.36	27274.59	4376.57	815.88	32467.04
Other than India	10072.84	344.01	–	10416.85	10922.78	582.22	–	11505.00
	34562.91	4430.87	853.43	39847.21	38197.37	4958.79	815.88	43972.04

**Notes forming part of Consolidated Financial Statements**

Carrying amount of segment assets (Trade receivables)

	31st March, 2021				31st March, 2020			
	Insulators	Terry Towels	Others	Total	Insulators	Terry Towels	Others	Total
In India	6326.93	747.52	19.28	7093.73	5332.10	223.36	91.33	5646.79
Other than India	2300.66	21.92	–	2322.58	2784.84	45.33	–	2830.17
	8627.59	769.44	19.28	9416.31	8116.94	268.69	91.33	8476.96

**Note No. 37 : RELATED PARTY DISCLOSURES AS PER IND AS 24**
**i) Name of related parties and description of relationship**
**a) Company which exercises significant influence**

Modern Denim Limited

**b) Subsidiary Company**

Modern Inviro Pvt. Ltd - Wholly owned subsidiary

**c) Joint Venture**

Shriji Designs MIL JV - Joint Venture Firm

SEC MIL JV-Joint Venture Firm

**d) Key Management Personnel**

Shri Sachin Ranka – Chairman &amp; Managing Director

Shri Shreyans Ranka – Whole Time Director

Shri P.K. Gokhroo – Executive Director - w.e.f. 01/08/2020

Shri Swapan Nath – Executive Director - from 01/08/2020 to 20/02/2021

**e) Relatives of the Key Management Personnel & their enterprises where transactions have taken place**

Shubham Corporate Advisory Services Pvt. Ltd.

Jumbo Finance Limited

Modern Medisciences Private Limited

H.S. Ranka Foundation

P.B. Ranka Foundation

Acharya Shri Nanesh Samta Vikas Trust

Smt. Smriti Ranka

Smt. Aditi Ranka

**f) Independent director/Non Executive director**

Shri Tara Chand Chejara – Non- Executive Director upto 31/07/2020

Shri R. Raniwala – Independent Director

Shri Rahul Singhvi – Independent Director w.e.f. 01/08/2020

Shri S.K. Sharma – Independent Director

Smt. Meenu Sacheti – Independent Director

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

(₹ in Lacs)

Description of the nature of the transactions	Name	Volume of transactions		Balance Outstanding	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>a) Company which exercises significant influence</b>					
Purchase of goods	Modern Denim Ltd.	43.99	63.79	–	–
Loans & advances given	Modern Denim Ltd.	50.00	85.00	4766.00	4766.00
Purchase Returns	Modern Denim Ltd.	–	1.22	–	–
Sale of goods	Modern Denim Ltd.	71.57	14.87	–	–
Job charges received	Modern Denim Ltd.	0.03	0.80	–	–
Reimbursement of expenses	Modern Denim Ltd.	1.01	0.66	–	–
<b>b) Subsidiary Company</b>					
Subscription towards equity shares	Modern Inviro Private Limited	–	10.00	–	–

**Notes forming part of Consolidated Financial Statements**

Description of the nature of the transactions	Name	Volume of transactions		Balance Outstanding	
		Year ended 31st March, 2021	Year ended 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>c) Joint Venture</b>					
Sale of goods, services & reimbursement	Shriji Designs MIL JV	174.96	849.52	—	121.52
Loan Given (Net)	Shriji Designs MIL JV	(218.56)	840.04	621.48	840.04
Interest Income	Shriji Designs MIL JV	82.23	50.82	82.23	50.82
Loan given by Shriji Designs to SEC MIL JV	SEC MIL JV	0.05	—	0.05	—
<b>d) Key Managerial Personnel Remuneration*</b>					
	Shri Sachin Ranka	54.90	73.20	—	—
	Shri P.K. Gokhroo	47.08	—	—	—
	Shri Swapan Nath	41.11	—	—	—
	Shri Shreyans Ranka	17.92	23.06	—	—
<b>e) Relatives of the key managerial personnel &amp; their enterprises</b>					
Loan given (Net)	Jumbo Finance Limited	(495.00)	120.00	—	785.00
	Modern Medisciences Pvt. Ltd.	1186.50	257.95	—	—
Interest income (Net)	Jumbo Finance Limited	34.95	291.56	—	140.47
	Modern Medisciences Pvt. Ltd.	42.98	6.78	—	—
Rent paid	Shubham Corporate Advisory Services Pvt. Ltd.	18.81	15.58	—	—
	Smt. Smriti Ranka	14.40	14.40	—	—
Remuneration*	Smt. Aditi Ranka	8.65	11.54	—	—
Contribution towards CSR activities	H.S. Ranka Foundation	26.00	20.00	—	—
	P.B. Ranka Foundation	—	15.00	—	—
	Acharya Shri Nanesh Samta Vikas Trust	—	5.00	—	—
<b>f) Independent Directors/ Non Executive Directors</b>					
Professional fees	Shri Tara Chand Chejara	—	25.20	—	—
Sitting fees paid to Independent Directors	Shri Rahul Singhvi	0.24	—	—	—
	Shri R. Raniwala	0.62	0.69	—	—
	Smt. Meenu Sacheti	0.13	0.08	—	—

**Terms and conditions:**

Related party relationships are as identified by the management and relied upon by the auditor.

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

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

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

**Note No. 38 : CONTINGENT LIABILITIES**
**Contingent liabilities to the extent not provided for in respect of**
**(₹ in Lacs)**

PARTICULARS	31st March, 2021	31st March, 2020
Guarantees given by bankers on behalf of the Company	1077.36	1342.40
Outstanding Letters of Credit	183.95	132.51
Disputed liabilities, not acknowledged as debts	483.99	490.90
Disputed Income Tax demand (Deposited under protest ₹ 7.50 Lacs)	7.50	7.50
Disputed Land Tax demand (Deposited under protest ₹ 15.70 Lacs)	15.70	15.70

The Group, in respect of contingent liability, has assessed that it is not probable that outflow of economic resources will be required and hence not provided by the Group.

## Notes forming part of Consolidated Financial Statements

### Note No. 39 : CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances ₹ 6.84 Lacs ) ₹ 6.96 Lacs (2019-20)- ₹ 2.71 Lacs).

### Note No. 40 : CAPITAL MANAGEMENT

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

The Group 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 Group 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 Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### Note No. 41 : FINANCIAL RISK MANAGEMENT

The Group's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Group's financial risk management is set by the Managing Board. The Group's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets include trade & other receivables, investments, 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 Group 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 based on 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 group 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 Group 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 Group provides loss allowance on trade receivables using lifetime expected credit loss and as per simplified approach.

The Ageing of trade receivables is as below:

		(₹ in Lacs)	
Particulars	31st March, 2021	31st March, 2020	
Not due	7623.17	6493.50	
0-6 months	1390.06	1170.17	
6 months to 12 months	207.36	522.60	
1 year to 3 year	218.39	269.67	
beyond 3 years	310.75	263.93	
	9749.73	8719.87	
Less: Allowance for doubtful debts	333.42	242.91	
<b>Total</b>	<b>9416.31</b>	<b>8476.96</b>	

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

Movement in allowance for doubtful debts

		(₹ in Lacs)	
Particulars	31st March, 2021	31st March, 2020	
<b>Opening Balance</b>	<b>242.91</b>	210.53	
Allowances made	90.51	40.65	
Allowance for doubtful debts written back	—	(8.27)	
<b>Closing Balance</b>	<b>333.42</b>	<b>242.91</b>	

#### ii) Liquidity Risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group'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 Group's net liquidity position through rolling forecasts based on expected cash flows.

**Notes forming part of Consolidated Financial Statements**
**Maturity pattern of borrowings & other financial liabilities**

(₹ in Lacs)

**As at 31st March, 2021**

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	2273.45	30.90	27.40	1.67	2333.42
Trade payable	4259.11	—	—	—	4259.11
Other financial liabilities	1826.03	—	—	—	1826.03
<b>Total</b>	<b>8358.59</b>	<b>30.90</b>	<b>27.40</b>	<b>1.67</b>	<b>8418.56</b>

**As at 31st March, 2020**

(₹ in Lacs)

Particulars	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Borrowing	9975.79	30.64	52.98	—	10059.41
Trade payable	4608.65	—	—	—	4608.65
Other financial liabilities	1870.85	—	—	—	1870.85
<b>Total</b>	<b>16455.29</b>	<b>30.64</b>	<b>52.98</b>	<b>—</b>	<b>16538.91</b>

**iii) Market Risk**

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

**a) Foreign currency risk**

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

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

**Foreign currency derivatives and exposures not hedged**
**A. Foreign currency derivatives outstanding**

(In Lacs)

Name of Instrument	As at 31st March, 2021		As at 31st March, 2020	
	INR	Foreign Currency	INR	Foreign Currency
Forward Contract	223.74	2.52	—	—

**B. Foreign currency exposure not hedged**
**As at 31st March, 2021**

(Foreign currency in Lacs)

	USD	EURO	GBP
Trade receivable	28.01	4.08	—
Trade payable	2.48	1.00	—

**As at 31st March, 2020**

	USD	EURO	GBP
Trade receivable	29.57	8.09	1.41
Trade payable	2.59	0.97	—

**Foreign currency sensitivity**

1% increase or decrease in foreign exchanges rates will have the following impact on profit before tax

(₹ in Lacs)

Particulars	2020-21		2019-20	
	1% increase	1% decrease	1% increase	1% decrease
USD	18.47	(18.47)	20.07	(20.07)
EURO	2.56	(2.56)	5.77	(5.77)
GBP	—	—	1.29	(1.29)

**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 Group'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.



**Notes forming part of Consolidated Financial Statements**

<b>Exposure to interest rate risk</b>		(₹ in Lacs)
<b>Particulars</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>

Borrowings bearing floating rate of interest	2273.45	9975.79
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<b>Interest rate sensitivity</b>	<b>(₹ in Lacs)</b>	
<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>

100 bps increase which decrease the profit before tax by	(22.73)	(99.76)
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100 bps decrease which increase the profit before tax by	22.73	99.76
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Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

**Note No 42. FAIR VALUE MEASUREMENT**
**i) Financial Instruments by category**
**As at 31st March, 2021**

<b>Particulars</b>	<b>FVTPL</b>	<b>FVTOCI</b>	<b>Amortized Cost</b>
<b>Financial Assets:</b>			
Investments			
– Equity Share	931.95	–	–
– Preference Share	–	–	–
– National saving certificate	–	–	0.01
Trade receivables	–	–	9416.31
Cash and cash equivalents	–	–	151.51
Bank balances other than cash and cash equivalents	–	–	456.48
Other non-current financial assets	–	–	1090.44
Loans	–	–	4861.14
Other financial assets	–	–	359.05
<b>Total financial assets</b>	<b>931.95</b>	<b>–</b>	<b>16334.94</b>
<b>Financial Liability:</b>			
Borrowings	–	–	2333.42
Trade payables	–	–	4259.11
Other financial liabilities	–	–	1826.03
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>8418.56</b>

**As at 31st March, 2020**

<b>Particulars</b>	<b>FVTPL</b>	<b>FVTOCI</b>	<b>Amortized Cost</b>
<b>Financial Assets:</b>			
Investments			
– Equity Share	236.31	–	–
– Preference Share	–	–	–
– National saving certificate	–	–	0.01
Trade receivables	–	–	8476.96
Cash and cash equivalents	–	–	89.57
Bank balances other than cash and cash equivalents	–	–	209.01
Other non-current financial assets	–	–	1342.76
Loans	–	–	7998.31
Other financial assets	–	–	443.01
<b>Total financial assets</b>	<b>236.31</b>	<b>–</b>	<b>18559.63</b>
<b>Financial Liability:</b>			
Borrowings	–	–	10059.41
Trade payables	–	–	4608.65
Other financial liabilities	–	–	1870.85
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>16538.91</b>

**Notes forming part of Consolidated Financial Statements**
**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 2021**
**(₹ in Lacs)**

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equity Instruments	931.95	—	—	931.95
<b>Total</b>	931.95	—	—	931.95

**As at 31st March 2020**
**(₹ in Lacs)**

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equity Instruments	236.31	—	—	236.31
<b>Total</b>	236.31	—	—	236.31

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

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

**Note No 43. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**

(i) As per section 135 of Companies Act, 2013 gross amount required to be spent by the Company during the year 2020-21 - ₹ 40.15 Lacs (Year 2019-20 ₹ 42.56 Lacs)

**(ii) Amount spent**
**(₹ in Lacs)**

CSR Activities	2020-21			2019-20		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i) Construction/Acquisition of any assets	—	—	—	—	—	—
ii) Purposes other than (i) above	40.33	—	40.33	44.32	—	44.32

**Note No. 44 : INTEREST IN OTHER ENTITIES**

(i) The Consolidated Financial Statements present the Consolidated Accounts of Modern Insulators Limited with its following subsidiary and joint ventures:

**A. Subsidiary**

Name	Country	Activities	Proportion of ownership of interest	
			As on 31st March, 2021	As on 31st March, 2020
Modern Inviro Pvt. Ltd.	Indian	Construction, EPC etc.	100%	100%

**B. Joint Ventures**

The company had entered into Joint Venture Agreement with Shriji Designs by incorporating new JV firm M/s Shriji Designs -MIL (JV) to participate in railways EPC tenders. The JV had been awarded tender for design, supply, erection, testing and commissioning of 25 KV OHE between sanwad-nimarkhedhi NTPC siding of western railway. As per the joint venture working agreement entered with Shriji Designs, execution is entirely in the scope of MIL and company has to pay 2% fees to JV partner. Accordingly 100% profit/loss of JV is part of the company.

During the year the company also entered into Joint Venture Agreement with Sikka Engineering Company by incorporating new JV firm M/s SEC-MIL (JV) to participate in railways EPC tenders. As per the joint venture working agreement entered with Sikka Engineering execution of contract, if any awarded to JV firm will be entirely in the scope of MIL and company will pay 2.25% commission of contract value to JV partner.

**Notes forming part of Consolidated Financial Statements**
**(ii) Summarised performance of Subsidiary and Joint Venture**

(₹ in Lacs)

	Subsidiary		Joint Venture			
	Modern Inviro Pvt. Ltd.		Shriji Designs MIL JV		SEC	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue from operations	—	—	853.43	815.88	—	—
Profit/(Loss) before tax	0.20	(0.24)	(129.85)	(19.07)	(0.02)	—
Tax Expense	—	—	—	—	—	—
Profit/(Loss) after tax	0.20	(0.24)	(129.85)	(19.07)	(0.02)	—
Other Comprehensive Income	—	—	—	—	—	—
Total Comprehensive Income	0.20	(0.24)	(129.85)	(19.07)	(0.02)	—
Depreciation and amortisation	—	—	0.53	0.35	—	—
Interest income	0.34	—	10.93	8.01	—	—
Interest expense	—	—	88.90	56.47	—	—

**(iii) Reconciliation of net assets considered for consolidated financial statements to net assets as per financial statement of Subsidiary and Joint Venture**

	Subsidiary		Joint Venture			
	Modern Inviro Pvt. Ltd.		Shriji Designs MIL JV		SEC MIL JV	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Net assets as per entity's financial statement	9.96	9.76	553.60	992.12	0.03	—
Add/(less): Consolidation adjustment						
–Loan/Investment	(10.00)	(10.00)	(703.71)	(1012.38)	(0.05)	—
Net assets as per entity's consolidated financial statement	(0.04)	(0.24)	(150.11)	(20.26)	(0.02)	—

**(iv) Reconciliation of profit and loss/other comprehensive income (OCI) considered for consolidated financial statements to profit and loss/OCI as per financial statements of Subsidiary and Joint Venture**

	Subsidiary		Joint Venture			
	Modern Inviro Pvt. Ltd.		Shriji Designs MIL JV		SEC MIL JV	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Profit/(Loss) as per entity's financial statement	0.20	(0.24)	(129.85)	(19.07)	(0.02)	—
Add/(less): Consolidation adjustment	—	—	—	—	—	—
Profit/(Loss) as per entity's consolidated financial statement	0.20	(0.24)	(129.85)	(19.07)	(0.02)	—

**Note No. 45 : DISCLOSURE MANDATED BY SCHEDULE III OF COMPANIES ACT 2013, BY WAY OF ADDITIONAL INFORMATION, REFER BELOW:**
**As at 31st March, 2021**

(₹ in Lacs)

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount	As a % of other comprehensive income	Amount	As a % of other comprehensive income	Amount
<b>Parent:</b>								
– Modern Insulators Limited	98.37	34005.74	103.80	3542.85	100.00	(83.74)	103.89	3,459.11
<b>Subsidiary:</b>								
– Modern Inviro Pvt. Ltd	0.03	9.96	0.01	0.20	—	—	0.01	0.20
<b>Joint Venture</b>								
– Shriji Designs MIL JV	1.60	553.60	(3.80)	(129.85)	—	—	(3.90)	(129.85)
– SEC MIL JV	—	(0.02)	—	(0.02)	—	—	—	(0.02)
<b>Sub total</b>	<b>100.00</b>	<b>34569.28</b>	<b>100.00</b>	<b>3413.18</b>	<b>100.00</b>	<b>(83.74)</b>	<b>100.00</b>	<b>3329.44</b>
Inter company elimination	—	(713.71)	—	—	—	—	—	—
<b>Total</b>	<b>100.00</b>	<b>33855.57</b>	<b>100.00</b>	<b>3413.18</b>	<b>100.00</b>	<b>(83.74)</b>	<b>100.00</b>	<b>3329.44</b>
Non controlling interests in subsidiary	—	—	—	—	—	—	—	—
<b>Grand Total</b>	<b>100.00</b>	<b>33855.57</b>	<b>100.00</b>	<b>3413.18</b>	<b>100.00</b>	<b>(83.74)</b>	<b>100.00</b>	<b>3329.44</b>

**Notes forming part of Consolidated Financial Statements**
**As at 31 st March 2020**
**(₹ in Lacs)**

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount	As a % of other comprehensive income	Amount	As a % of other comprehensive income	Amount
<b>Parent:</b>								
– Modern Insulators Limited	96.82	30546.63	100.86	2264.34	100.00	(31.29)	100.87	<b>2,233.05</b>
<b>Subsidiary:</b>								
– Modern Inviro Pvt. Ltd.	0.03	9.76	(0.01)	(0.24)	–	–	(0.01)	<b>(0.24)</b>
<b>Joint Venture</b>								
– Shriji Designs MIL JV	3.14	992.12	(0.85)	(19.07)	–	–	(0.86)	<b>(19.07)</b>
<b>Sub total</b>	<b>100.00</b>	<b>31548.51</b>	<b>100.00</b>	<b>2245.03</b>	<b>100.00</b>	<b>(31.29)</b>	<b>100.00</b>	<b>2213.74</b>
Inter company elimination	–	(1022.38)	–	–	–	–	–	–
<b>Total</b>	<b>100.00</b>	<b>30526.13</b>	<b>100.00</b>	<b>2245.03</b>	<b>100.00</b>	<b>(31.29)</b>	<b>100.00</b>	<b>2213.74</b>
Non controlling interests in subsidiary	–	–	–	–	–	–	–	–
<b>Grand Total</b>	<b>100.00</b>	<b>30526.13</b>	<b>100.00</b>	<b>2245.03</b>	<b>100.00</b>	<b>(31.29)</b>	<b>100.00</b>	<b>2213.74</b>

**Note No. 46 : NON-CURRENT LOANS**

Non-current loans include interest free loan of ₹ 4766 Lacs (previous year ₹ 4766 Lacs) (maximum amount outstanding at any time during the year ₹ 4816 Lacs; 31st March, 2020- ₹ 5346 Lacs) paid to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of the Companies Act, 2013. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for repayment of loans and interest. In view of likely advantage to the company on such amalgamation, granting such loan is not prejudicial to interest of the company.

**Note No. 47 : INVESTMENT / DEPOSIT IN V S LIGNITE POWER PVT. LTD. (VSLP)**

Holding Company had entered into Power Delivery Agreement (PDA) with VSLP on 25th September, 2008 for supply of 4 MW Power. As per PDA, company had subscribed in equity and preference shares of VSLP and paid required security deposit amount. Since VSLP was under process of insolvency under Insolvency & Bankruptcy Code (IBC) 2016, and its net worth was completely eroded, company had made provision of 90% of its recoverable amount towards above referred investment and deposit in the year 2019-20. Now, the National Company Law Tribunal, Hyderabad Bench has approved resolution plan and passed a final order dated 16.03.2021, accordingly company has written off the balance non recoverable amount during the year.

**Note No. 48 : NOTE ON IMPACT OF COVID-19**

The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Group's operations and revenue during the period were impacted due to COVID-19. The management believes that impact is short term and temporary in nature and there is no significant impact on recoverability of carrying value of its assets and future operations. The Group does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, the Group is closely monitoring the situation as it evolves in the future.

**Note No. 49:** The Group has a process whereby periodically all long term contracts (including derivative contract) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

**Note No 50.** Figures for previous years have been regrouped/rearranged/restated wherever considered necessary to make them comparable with the figures for the current year.

As per our report of even date attached

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

**Rajesh Verma**  
 Partner  
 Membership No. 404029  
 Place : Abu Road  
 Date : 28th June, 2021

For and on behalf of the Board of Directors

Sachin Ranka – Chairman & Managing Director (DIN : 00335534)  
 Shreyans Ranka – Whole-Time Director (DIN : 06470710)  
 P.K. Gokhroo – Executive Director (DIN : 06810797)  
 R. Raniwala – Independent Director (DIN : 00506419)  
 S.K. Sharma – Independent Director (DIN : 01378040)  
 Rahul Singhvi – Independent Director (DIN : 08816920)  
 D.S. Singhvi – Chief Financial Officer  
 Gaurav Goyal – Company Secretary

## MODERN INSULATORS LIMITED

Registered Office : Talheti, Village Karoli, Teh. Abu Road, Dist. Sirohi - 307510  
 Phone : 02974-228044 E-mail : compliance@moderninsulators.com  
 CIN : L31300RJ1982PLC002460

### ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)  
**36<sup>th</sup> Annual General Meeting-30<sup>th</sup> September, 2021**

I hereby record my presence at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at Talheti, Village Karoli, Teh. Abu Road, Dist. Sirohi - 307510 (Rajasthan) on Thursday the 30th September, 2021 at 11:00 A.M.

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

Folio No./ Client ID ..... D.P. ID ..... No. of Shares held .....

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

Member's/Proxy's Signature .....

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



## MODERN INSULATORS LIMITED

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 Phone : 02974-228044 E-mail : compliance@moderninsulators.com  
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### PROXY FORM

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

Registered Address : .....

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

DP ID : .....

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

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

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

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

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

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

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

as may/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Thursday, the 30th September, 2021 at 11:00 A.M. at Talheti, Village Karoli, Teh. Abu Road, Dist. Sirohi - 307510 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1 ..... 2 ..... 3 ..... 4 ..... 5 .....

Signed this ..... day of ..... 2021.

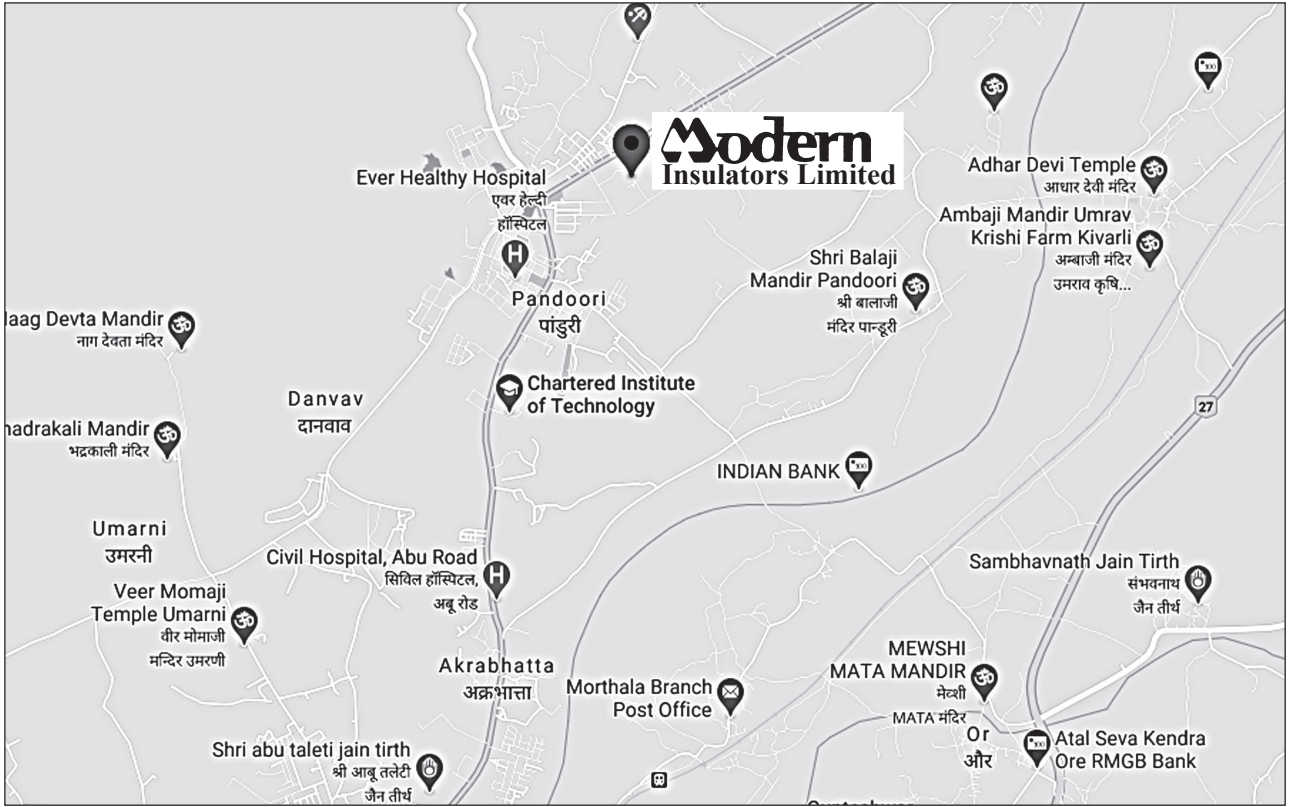
Signature of Shareholder : .....

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

**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Talheti, Village Karoli, Teh. Abu Road, Dist. Sirohi - 307510 not less than FORTY EIGHT HOURS before the commencement of the meeting.**

Affix  
 Re 1/-  
 Revenue  
 Stamp

## Route Map to the venue of AGM



Book Post  
(Printed Matter)

If undelivered please return to :



Modern Insulators Limited  
Talheti, Village Karoli  
Teh. Abu Road, Dist. Sirohi - 307510  
(Rajasthan)