



Modern
INSULATORS LIMITED

**NOTICE CONVENING MEETING OF THE EQUITY
SHAREHOLDERS OF MODERN INSULATORS LIMITED**

MODERN INSULATORS LIMITED

Registered Office: Modern Insulators Limited, Talheti, Village karoli, Tehsil Abu Road, Dist- Sirohi-307510 (Rajasthan)

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NOTICE TO EQUITY SHAREHOLDERS

**NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF MODERN INSULATORS LIMITED
 CONVENED PURSUANT TO THE ORDER DATED 11TH MARCH, 2022 AND MODIFIED THEREUPON ON MAY 05, 2022
 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, JAIPUR BENCH**

DETAILS OF THE MEETING OF THE EQUITY SHAREHOLDERS:

Day	Saturday
Date	23rd July, 2022
Time	10.00 A.M.
Mode of meeting	As per the directions of the Hon'ble Jaipur Bench of the National Company Law Tribunal at Jaipur, the meeting shall be conducted through Video conferencing/ Other Audio Visual Means.

REMOTE E-VOTING:

Start Date	Wednesday, 20th July, 2022 at 09:00 AM
End Date	Friday, 22nd July, 2022 at 05:00 PM

DOCUMENTS ENCLOSED:

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
JAIPUR BENCH, JAIPUR
CA(CAA) No.05 / 230 / JPR / 2020**

**IN THE MATTER OF SECTION 230-232 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES
(COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

AND

IN THE MATTER OF SCHEME OF COMPROMISE AND/ OR ARRANGEMENT

BETWEEN

MODERN DENIM LIMITED

...TRANSFEROR COMPANY

AND

MODERN INSULATORS LIMITED

... TRANSFeree COMPANY

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF
MODERN INSULATORS LIMITED**

To,

The Equity Shareholders of Modern Insulators Limited

Notice is hereby given that by an order dated March 11, 2022 and modified thereupon on May 05, 2022, the Hon'ble Jaipur Bench of the National Company Law Tribunal ("Tribunal"), has directed a meeting to be held of the equity shareholders of Modern Insulators Limited ("Transferee Company") be convened and held through Video Conferencing/Other Audio Visual Means ("VC/OAVM") for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Compromise and/ or arrangement ("Scheme") between Modern Denim Limited ("Transferor Company") and Modern Insulators Limited ("Transferee Company") and their respective shareholders and creditors under Sections 230 to 232 read with Companies (Compromises, Arrangements and Amalgamations) Rule, 2016 and other applicable provisions of the Companies Act, 2013 ("Act").

The Hon'ble Tribunal has appointed Mr. Sunil Kumar Mehrotra, as the Chairperson of the Meeting, and failing him, Ms. Garima Diggiwal as the alternate Chairperson of the Meeting, including for any adjournment(s) thereof. The Hon'ble Tribunal has also appointed Mr. Sandeep K Jain as the scrutinizer for the Meeting, including for any adjournment(s) thereof. The Scheme, if approved at the Meeting, will be subject to the subsequent approval of the Hon'ble NCLT and other applicable regulatory authorities.

This notice is given for transacting the special business proposed under this Scheme pursuant to Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and Section 108 of the Companies Act, 2013 read with the relevant rules made thereunder and the provisions of the memorandum of association and the articles of association of the Transferee Company.

In pursuance of the Order and as directed therein, further notice is hereby given that a meeting of the equity shareholders of the Transferee Company will be held on Saturday, 23rd July, 2022 at 10:00 A.M. through Video Conferencing ("VC")/ Other Audio Visual Means ("OVAM"), (the proceeding of the NCLT convening meeting shall be deemed to be conducted at Talheti, Village Karoli, Tehsil Abu Road, Dist- Sirohi- 307510 (Rajasthan), to transact the following business:

1. To consider and, if thought fit, to pass with or without modification(s) and with requisite majority, the following resolution under Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the provisions of the Memorandum and Articles

of Association of the Company for approval of the arrangement embodied in the Scheme of Compromise and/ or arrangement between MODERN DENIM LIMITED ("Transferor Company") and MODERN INSULATORS LIMITED ("Transferee Company") as Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 ("Act"), read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable rules, circulars and notifications made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of SEBI Circular as amended from time to time, issued by the Securities and Exchange Board of India, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and subject to the provisions of the memorandum of association and the articles of association of Modern Insulators Limited ("Transferee Company") and subject to the approval of the Jaipur Bench of the Hon'ble National Company Law Tribunal at Jaipur ("Tribunal") and subject to such other approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the board of directors of the Transferee Company ("Board", which term shall be deemed to mean and include one or more committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the Scheme of Arrangement and/ or compromise between Modern Denim Limited ("Transferor Company") and Modern Insulators Limited ("Transferee Company") and their respective Shareholders and Creditors ("Scheme") as enclosed to the notice of the Hon'ble Tribunal convened meeting of the equity shareholders of the Transferee Company and placed before this meeting, be and is hereby approved.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to the preceding resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/ or conditions, if any, which may be required and/ or imposed by the Hon'ble Tribunal while sanctioning the Scheme or by any authorities under applicable law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise"

In compliance with Regulation 44 of the Listing Regulations and pursuant to the provisions of Sections 108 and 110 of the Companies Act read

with the rules framed thereunder and the MCA Circulars, the Company has extended only the remote e-voting facility for its members, to enable them to cast their votes electronically instead of submitting the postal ballot form. The instructions for remote e-voting are appended to the Notice. The members can vote on resolutions through remote e-voting facility or through voting during the meeting. Assent or dissent of the members on the resolution mentioned in the Notice would only be taken through the remote e-voting system as per the MCA Circulars. Only those Members, who will be present in the Meeting through VC/OAVM Facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the Meeting.

Pursuant to the provisions of the Companies Act, a Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this meeting is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Equity Shareholders will not be available for the meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

The members may refer to the Notes to this Notice for the details of remote e-voting. The voting rights of the Equity Shareholders shall be in proportion to their Equity Shareholding in the Company as on closure of business hours on 16th July, 2022 ('Cut-off Date'). As directed by the Hon'ble NCLT, the transferee Company is convening a Meeting of its Equity Shareholders, who are required to pass the resolution approving the Scheme by, inter-alia, e-voting.

The above mentioned Merger, if approved at the Meeting, will be subject to the subsequent approval of the Hon'ble NCLT, Jaipur Bench. A copy of the Explanatory Statement and the Scheme are enclosed and form part of the notice.

Dated : 20th June, 2022

Place : Abu Road

Sd/-
Sunil Kumar Mehrotra
 (Chairman appointed for the Meeting)

NOTES:

1. In view of COVID-19 pandemic, the present meeting is proposed to be convened through video conferencing in terms of the order passed by the Hon'ble national company law tribunal, the guidelines issued by the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 2013, if any. Hence, members can attend and participate in the ensuing meeting through VC/OAVM.
2. The Notice is being sent to/ published/ displayed for all the Equity Shareholders, whose names appear in the register of members/ list of beneficial owners as received by Beetal Financial & Computer Services Pvt. Ltd on 17th June, 2022.
3. Institutional/Corporate equity shareholders (i.e. Other than Individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG format) of its board resolution or governing body resolution/authorisation, etc., authorising its representative to attend the meeting and vote on its behalf pursuant to Section 113 of the Act. The said resolution/authorization may be sent to the scrutinizer at: sandeepjaincs@gmail.com.
4. Notice of the meeting will be sent through e-mail to such equity shareholders who have registered their e-mail Ids with the company.
5. Equity shareholders who have not registered their e-mail id, can get the same registered by sending the request to the company at compliance@moderninsulators.com
6. The Explanatory Statement pursuant to Section 230(3) and 102 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 setting out the material facts concerning the Special Business are annexed hereto.
7. All the documents referred to in the accompanying notice and Explanatory Statement, shall be available for inspection through electronic mode on the basis of request to be sent on compliance@moderninsulators.com
8. The Members can join the meeting in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice.
9. Please take note that since the meeting is proposed to be held through video conferencing, option of attending the meeting through proxy is not applicable/available.
10. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
11. In terms of the directions contained in the Order, "*The quorum of the meeting of the equity shareholders shall be in terms of section 103 of the Companies Act, 2013*". Further, the Order also directs that in case the required quorum for the Meeting is not present at the commencement of the Meeting, the Meeting shall be adjourned by half an hour and thereafter the concerned persons present and voting shall be deemed to constitute the quorum.
12. Central Depository Services (India) Ltd (CDSL) is appointed to provide remote e-voting facility before the meeting and to provide platform for convening the meeting through Video Conferencing; to handle and supervise the entire process of holding the meeting through Video Conferencing/Other Audio Visual Means and to provide e-voting platform during the meeting, in a secured manner. Members will be able to attend the meeting through VC at <https://www.evotingindia.com/> by using their remote e-voting credentials and selecting the EVSN of the Company.
 Whereas Beetal Financial & Computer Services Pvt. Ltd, a SEBI registered Registrar and Transfer Agent (RTA) is appointed for processing of data relating to the meeting and voting, etc.
13. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April 2020 and amended from time to time, the Notice calling the meeting along with the Explanatory Statement is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/ Depositories/ Registrar & Transfer Agent and has been uploaded on the website of the Company at www.moderninsulators.com The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the Meeting) i.e. www.evotingindia.com.

14. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

To facilitate such members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangement with its Registrar & Transfer Agent i.e., Beetal Financial & Computer Services Pvt. Ltd, for registration of email addresses in terms of the MCA Circulars. The process for registration of email addresses is as under:

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
 - ii. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
15. The Hon'ble National Company Law Tribunal, Jaipur bench, has appointed Mr. Sandeep K Jain, Practicing Company Secretary as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

INSTRUCTIONS FOR EQUITY SHAREHOLDERS ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:

1. Shareholders will be provided with a facility to attend the Meeting through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote evoting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at compliance@moderninsulators.com. The shareholders who do not wish to speak during the Meeting but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at compliance@moderninsulators.com. These queries will be replied to by the company suitably by email.
6. The result of e-voting will be announced within 48 hours after the close/end of the Meeting and will be available at bseindia.com and Company website at www.moderninsulators.com
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR EQUITY SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (a) Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode-

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 and joining virtual meetings 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 Depository	<p>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 https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>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 & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/ Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>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 www.cdslindia.com home page or click on https://evoting.cdslindia.com/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.</p>

Individual Shareholders holding securities in demat mode with NSDL Depository	<p>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: https://eservices.nsd.com either on a Personal Computer or on a mobile.</p> <p>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 & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ 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 & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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 abovementioned 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 helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
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 evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(b) Access through CDSL e-Voting system in case of Equity shareholders holding shares in physical mode and non-individual shareholders in demat mode-

- (i) The voting period begins on 20th July, 2022 at 9:00 AM and ends on 22nd July, 2022 at 5:00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16th July, 2022 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.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iv) Click on “Shareholders” module.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

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"> 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.
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"> 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 as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for evoting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant i.e. Modern Insulators Limited on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m- Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

INSTRUCTIONS FOR EQUITY SHAREHOLDERS FOR E-VOTING DURING THE MEETING ARE AS UNDER:-

- The procedure for e-Voting on the day of the Meeting is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the Meeting.
- If any Votes are cast by the shareholders through the e-voting available during the Meeting and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the Meeting. However, they will not be eligible to vote at the Meeting.

NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 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 at email address sandeepjaincs@gmail.com and to the Company at the email address viz; 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.

If you have any queries or issues regarding attending Meeting & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
JAIPUR BENCH, JAIPUR
CA(CAA) No.05 / 230 / JPR / 2020**

**IN THE MATTER OF SECTION 230-232 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES
(COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

AND

IN THE MATTER OF SCHEME OF COMPROMISE AND/ OR ARRANGEMENT

BETWEEN

MODERN DENIM LIMITED

...TRANSFEROR COMPANY

AND

MODERN INSULATORS LIMITED

... TRANSFEE COMPANY

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1), 232(2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF MODERN INSULATORS LIMITED

1. Pursuant to an order dated March 11, 2022 and modified thereupon on May 05, 2022 under Section 230(1) of the Act in CA(CAA) No.05/230/JPR/2020 ("Order"), passed by the Jaipur Bench of the Hon'ble National Company Law Tribunal at Jaipur ("Tribunal"), a meeting of the equity shareholders of Modern Insulators Limited ("Transferee Company") is to be convened and held through Video Conferencing/ OAVM, on Saturday, 23rd July, 2022 at 10.00 A.M., for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Compromise and/ or Arrangement between Modern Denim Limited ("Transferor Company") and Modern Insulators Limited ("Transferee Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Act ("Scheme"). The Scheme as filed before the Hon'ble Tribunal is enclosed as Annexure 1.
2. Capitalized terms which are used in this Explanatory Statement, but which are not defined herein shall have the meaning assigned to them in the Scheme, unless otherwise stated
3. In terms of the directions contained in the Order, "*The quorum of the meeting of the equity shareholders shall be in terms of Section 103 of the Companies Act, 2013*".
4. The attendance of the Members attending the meeting through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act
5. The Hon'ble Tribunal has appointed Mr. Sunil Kumar Mehrotra, as the Chairperson of the Meeting, and failing him, Ms. Garima Diggiwal as the alternate Chairperson of the Meeting, including for any adjournment(s) thereof. The Hon'ble Tribunal has also appointed Mr. Sandeep K Jain as the scrutinizer for the Meeting, including for any adjournment(s) thereof.
6. Based upon the recommendations of the Audit Committee and on the basis of the evaluations, the Board of Directors of the transferee Company has come to the conclusion that the Scheme is in the best interest of the transferee Company and its Shareholders.
7. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the equity shareholders of the Transferee Company if the resolution mentioned above in the notice is approved at the Meeting by a majority of persons representing three-fourths in value of the equity shareholders of the Transferee Company through remote e-voting and e-voting facility.
8. A copy of the Scheme, which has been, inter alia, approved by the Audit Committee and the Board of Directors of the transferee Company at its meetings held on 04th December, 2019 is attached as per Annexure- 1.

9. Details of Modern Denim Limited (i.e., Transferor Company) as per Rule 6(3) of the Companies (Compromises, Arrangements And Amalgamations) Rules, 2016:

(A) Modern Denim Limited

Corporate Identification No. (CIN)	L17124RJ1977PLC001758
Permanent Account No. (PAN)	AABCM0861H
Incorporation Date	15/11/1977
Type of Company	Company limited by Shares (Listed Company)
Registered Office Address	Modern Denim Limited, Talheti, Village karoli, Tehsil Abu Road, Dist- Sirohi -307510 (Rajasthan)
Email	denim.modern@gmail.com
Stock Exchange where securities of the Transferor Company are listed	BSE Limited

(B) Summary of the main objects as per the memorandum of association of the Transferor Company:

The main objects of the Transferor Company are set out under Clause III of its memorandum of association, which are as under:

1. TO BUY, SELL, produce, manufacture, process, design, exchange, distribute stock, barter, import, export, make advance upon or otherwise deal in either for ready or forward transaction in cotton, kappas, wool, silk, kapok, art silk artificial and synthetic filaments rayon, polyester, nylon and other fibrous substance as well as in yarn of all variety and description including cotton synthetic, staple, textile etc. linen cloth of all kinds and description and other fabrics.
2. TO CARRY ON the business of manufacturing, processing, spinning, doubling, combing, weaving, ginning, bailing, knitting, winning, dyeing, bleaching, finishing, calendaring, printing, mercerising, chemical processing, selling, buying, importing, exporting, distributing, exchanging, bartering, shipping or otherwise dealing in cotton, wool, silk, art silk, rayon, terene, flax, hemp, polyester, synthetics, linen, jute, nylon and other fibrous materials, yarn fabrics, carpets and all other textile yarns and fibrous substances.

3. TO CARRY ON the business of the manufactures of and dealers in waterproof fabrics, pavliners, American cloth, floor clothes and all kinds of imitation leathers and rubbers, tents, durries, newar, jute fabrics, jute cuttings, jute rejections, hemp, flax, hession, gunny bags, jacks, jute yarn, twinropes, webbing and kinds of jute goods.

(C) **The main business carried on by the Company** is manufacturing of Denim Fabrics.

(D) **Details of change of name, registered office and objects of the Transferor Company during the last five years:**

Change of Name: There has been no change of name of the Transferor Company during the last five years.

Change of Registered Office: There has been no change in the registered office of the Transferor Company during the last five years from one state to another state.

Change of Objects: There has been no change in the object clause of the Transferor Company during the last five years.

(E) **Details of the capital structure of the Transferor Company including authorized, issued, subscribed and paid-up share capital:**

Particulars	Rupees
Authorised Share Capital	
4,00,00,000 Equity shares of Rs.10/- each	40,00,00,000
20,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	20,00,00,000
Total	60,00,00,000
Issued, Subscribed and Paid-up Share Capital	
3,75,02,000 Equity Shares of Rs.10/- each fully paid up	37,50,20,000
25,000 15% Cumulative Redeemable Preference Shares of Rs. 100/- each	25,00,000
25,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each	25,00,000
5,00,000 17.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	5,00,00,000
1,00,000 16% Cumulative Redeemable Preference Shares of Rs. 100/- each	1,00,00,000
Total	44,00,20,000

(F) **Names of the Promoter and Promoter Group entities of the Transferor Company along with their addresses:**

Sl. No.	Name of the Promoter and/or Promoter Group entity	Type	Address
1.	Sachin Ranka	Individuals	Siddharth, 9TH floor, R.G. Thadani Marg, Worli, Mumbai, Maharashtra-400 018
2.	Smriti Ranka		Siddharth, 9TH floor, R.G. Thadani Marg, Worli, Mumbai, Maharashtra-400018
3.	Trishul Traders Pvt. Ltd.	Any Other	805, "A" Wing, Corporate Avenue, Sonawala Road, Goregaon (East) Mumabi-400063

4.	Vijay Beneficiary Trust	805, "A" Wing, Corporate Avenue, Sonawala Road, Goregaon (East) Mumabi 400063
5.	Vulvan Traders Pvt. Ltd.	805, 8th Floor, 'A' Wing, Corporate Avenue Sonawala Road, Goregaon (East) Mumbai 400063

(G) **Names of the directors of the Transferor Company along with their addresses:**

S. No.	Name of the Director and Designation	Address
1.	SACHIN RANKA (Managing Director)	Siddharth, 9th Floor, R.G. Thadani Marg, Worli, Mumbai-400018, Maharashtra.
2.	SURESH KUMAR MOHANLAL SHARMA (Director)	901 - Madhuram Towers, NR. Manjeet society, Opp. Circuit House ANNEXE, SHAHIBAUG, AHMEDABAD- 380004 (GUJARAT)
3.	MEENU ALOK SACHETI (DIRECTOR)	103, MIDTOWN APARTMENT, B.G. KHER MARG, WORLI, MUMBAI- 400018, MAHARASHTRA
4.	SUVRAT SACHIN RANKA (Whole Time Director)	901, Siddharth Building, R G Thadani Marg Worli, Mumbai-400018, Maharashtra
5.	RAHUL SINGHVI (Director)	D-100, Shastri Nagar, Jodhpur-342003, Rajasthan
6.	KEDAR MAL LADHA (Director)	201, Nandana Residency, 3, Nandavan Society, Near Arunodaya Circle Alkapuri, Vadodara-390007, Gujarat

10. The date of the board meeting at which the Scheme was approved by the Board of the Transferee Company including the names of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:

The Scheme was unanimously approved by the Board of the Transferee Company on 04th December, 2019. No director voted against the Scheme. The details of the directors who voted in favour of the resolution, and who did not vote or participate on such resolution are as under:

Sl. No.	Names of the Directors	Voted in favor/ Against/ Not participated
1.	SACHIN RANKA	Favour
2.	RAVINDRA RANIWALA	Favour
3.	SURESHKUMAR MOHANLAL SHARMA	Favour
4.	MEENU ALOK SACHETI	Not participated
5.	SHREYANS SACHIN RANKA	Not participated
6.	T.C. CHEJARA	Favour

11. As on 30th September, 2019 and 31st March, 2022, the amount due to the unsecured creditors of the Transferor Company is Rs. 4220.04 Lacs and Rs. 3983.76 Lacs respectively.
12. Details of debt restructuring of the Transferee Company: There shall be no debt restructuring of the Transferee Company pursuant to the Scheme.
13. Disclosure about the effect of the Scheme on the material interests of directors, key managerial personnel and debenture trustee of the Transferor Company:
 None of the directors, "Key Managerial Personnel" (as defined under the Act and rules formed thereunder) of the Transferee Company and their respective "Relatives" (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Transferor Company or the Transferee Company, if any. None of the directors of the Transferee Company (individually or with other directors of the Transferee Company) or key managerial personnel hold shares exceeding two percent of the paid-up share capital of the Transferor Company.
14. Details of Modern Insulators Limited (i.e., the Transferee Company) as per Rule 6(3) of the Companies (Compromises, Arrangements And Amalgamations) Rules, 2016:

(A) Modern Insulators Limited

Corporate Identification No. (CIN)	L31300RJ1982PLC002460
Permanent Account No. (PAN)	AABCM0860G
Incorporation Date	01/05/1982
Type of Company	Company limited by Shares (Listed Company)
Registered Office Address	Modern Insulators Limited, Talheti, Village Karoli, Tehsil Abu Road, Dist- Sirohi 307510 (Rajasthan)
Email	compliance@moderninsulators.com
Stock Exchange where securities of the Transferee Company are listed	BSE Limited

(B) Summary of the main objects as per the memorandum of association of the Transferee Company:

The main object of the Transferee Company is enclosed as Annexure- 2.

(C) Details of change of name, registered office and objects of the Transferee Company during the last five years:

Change of Name: There has been no change in the name of the Transferee Company during the last five years.

Change of Registered Office: There has been no change in the registered office of the Transferee Company during the last five years from one state to another state.

Change of Objects: There has been no change in the objects clause of the Transferee Company during the last five years.

(D) Details of the capital structure of the Transferee Company including authorized, issued, subscribed and paid-up share capital:

Particulars	Rupees
Authorised Share Capital	
9,00,00,000 equity shares of Rs.10/- each	90,00,00,000
5,00,000 Preference Shares of Rs.100/- each	5,00,00,000
Total	95,00,00,000
Issued, Subscribed and Paid-up Share Capital	
4,71,43,900 equity shares of Rs.10/- each fully paid up	47,14,39,000
Total	47,14,39,000

(E) Names of the Promoter and Promoter Group entities of the Transferee Company along with their addresses:

Sl. No.	Name of the Promoter and/or Promoter Group entity	Type	Address
1.	Hari Singh Ranka	Individuals	Siddharth, 10th Floor, R.G. Thadani Marg, Worli, Mumbai- 400018, Maharashtra
2.	Sachin Ranka		Siddharth, 9th Floor, R.G. Thadani Marg, Worli, Mumbai- 400018, Maharashtra
3.	Shreyans Ranka		901, Siddharth Building, R.G. Thadani Marg, Near Venus Appartment, Worli, Mumbai-400018, Maharashtra
4.	Smriti Ranka		Siddharth, 9th Floor, R.G. Thadani Marg, Worli, Mumbai- 400018, Maharashtra
5.	Suvrat Ranka		901, Siddharth Building, R G Thadani Marg Worli, Mumbai-400018, Maharashtra
6.	Ajaymeru Trading &	Body Corporate & Others	Office No. 805, 8th Floor, 'A' Wing, Corporate Avenue, Sonawala Road, Investments Pvt. Ltd. Goregaon (East) Mumbai 400063
7.	Pride Mercantiles. Pvt Ltd.		805, Corporate Avenue, Sonawala Road Goregaon (East) Mumbai City 400063
8.	Vulvan Traders Private Limited		805, 8th Floor, 'A' Wing, Corporate Avenue Sonawala Road, Goregaon (East) Mumbai 400063

9.	Trishul Traders Private Limited		805,"A" Wing, Corporate Avenue, Sonawala Road, Goregaon (East) Mumbai 400063
10.	Kakunda Investment Pvt. Ltd.		1/3 Satyajivan Society, LBS Shastri Marg, Kurla, Bombay
11.	Jay Beneficiary Trust		805, Corporate Avenue, Sonawala Road Goregaon(East) Mumbai City 400063
12.	Vijay Beneficiary Trust		805, Corporate Avenue, Sonawala Road Goregaon(East) Mumbai City 400063

(F) Names of the directors of the Transferee Company along with their addresses:

S. No.	Name of the Director and Designation	Address
1.	SACHIN RANKA (Managing Director)	Siddharth, 9th Floor, R.G. Thadani Marg, Worli, Mumbai- 400018, Maharashtra
2.	RAVINDRA RANIWALA (Director)	44, Jambu Dweep, Civil Lines Colony, Raj Bhawan Marg, Jaipur-302006, Rajasthan
3.	SURESH KUMAR MOHANLAL SHARMA (Director)	901 - Madhuram Towers, NR. Manjeet Society, Opp. Circuit House annexe, Shahibaug, Ahmedabad-380004, Gujarat
4.	MEENU ALOK SACHETI (Director)	103, Midtown Apartment, B.G. Kher Marg, Worli, Mumbai-400018, Maharashtra
5.	SHREYANS SACHIN RANKA (Whole Time Director)	901, Siddharth Building, R.G. Thadani Marg, Near Venus Appartment, Worli, Mumbai-400018, Maharashtra
6.	PRADEEP KUMAR GOKHROO (Whole Time Director)	A-2 Welspun Baug, Village Salav, Raigad-402202, Maharashtra
7.	RAHUL SINGHVI (Director)	D-100, Shastri Nagar, Jodhpur-342003, Rajasthan

15. Relationship between the Transferor Company and the Transferee Company:

The Transferee Company and Transferor Company have common management and the leadership of Shri Sachin Ranka. The Transferor Company and the Transferee Company are part of the same Group as they have common directors.

16. The rationale for and benefits of the Scheme, as reproduced from the Scheme, is, inter-alia, to synergies the operational efficiencies, economies of scale, pooling of managerial, technical and financial resources, facilitate the revival of business of MDL to result its net worth positive, consolidate the operations and infrastructure, reduction in multiplicity of legal and regulatory compliances, and

motivation of employees for better performance in available amalgamated opportunities, etc. The Scheme would be advantageous and beneficial to the Company and its stakeholders. The salient Features of the Scheme were, inter alia, as under:

- (i) The Appointed date of the Scheme is 01.04.2016 (keeping the date indicated in DRS submitted to BIFR unchanged to take the said abated scheme to its logical conclusion) to facilitate the revival of business of MDL.
- (ii) MDL has large accumulated losses and due to its inability to attract equity resources, it would not be able to make its net-worth positive on a stand-alone basis. The amalgamation with MIL, a group company, would result in positive net-worth for the merged entity upon the amalgamation/merger becoming effective.
- (iii) MDL's operations are suffering due to low capacity utilization of the plant on account of acute shortage of working capital resources. MDL, on a stand-alone basis, is unable to raise the requisite resources for meeting the need based working capital. The amalgamation with the Company would facilitate availability of requisite resources from MIL's operations supplemented by tax savings u/s 72A of Income Tax Act, 1961 which would enable it to increase the capacity utilization of the plant well above break-even levels.
- (iv) The amalgamation with the Company would also provide comfort to the creditors of the MDL as the amalgamated entity is expected to generate adequate resources for meeting the liabilities / obligations as well as for other requirement of funds for the rehabilitation of MDL.
- (v) The amalgamation will result in consolidation of operations and infrastructure of both the companies under the common management and the leadership of Shri Sachin Ranka, and therefore, the amalgamation is expected to give rise to savings in the administrative and other overheads.
- (vi) The amalgamation will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company which will accelerate the growth of their business and help effectively address the ever growing competition.
- (vii) The amalgamation will result into reduction in overheads, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of infrastructure and related costs.
- (viii) The amalgamation will result in a reduction in the multiplicity of legal and regulatory compliances which are required at present to be separately carried out by the Transferor Company and the Transferee Company.
- (ix) The amalgamation is expected to motivate the employees of the Transferor Company as it would provide better opportunities to scale up their performance with a larger corporate entity having large revenue base, resources, asset base etc., which will boost employee morale and provide impetus to better corporate performance ultimately enhancing overall equity upside.

17. Disclosure about the effect of the Scheme on

Particulars	Effect
KMP	There is no effect of the Scheme on the Directors and KMPs of the Transferee Company
Director	
Promoter	There is no adverse impact of the scheme on the interest of Promoters & promoters of Transferee Company.
Non-Non- promoter member	
Depositors	There are no deposit holders in Transferee Company.
Creditors	The creditors of the Transferee Company will continue to be creditors of the Company on the same terms and conditions, post the Scheme becoming effective.
Debenture holders	There are no Debenture holders in Transferee Company.
Deposit Trustee and Debenture Trustee	Not Applicable
Employees	Employees engaged in the Transferee Company will continue to be employees of the Transferee Company, on the same terms and conditions as before.

18. The terms and Salient Features of the Scheme of Amalgamation are, inter alia, as follows :-

- The Scheme is presented under Sections 230-232 and other applicable provisions of the Companies Act, 2013, as may be applicable, for the amalgamation of the Transferor Company with the transferee Company;
- The Transferor Company and the Transferee Company shall make application(s) and/or petition(s) under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the Hon'ble NCLT, Jaipur Bench for sanction of this Scheme and all matters ancillary or incidental thereto;
- 'Appointed Date' means 1st April, 2016
- 'Effective Date' means the date on which the certified copy of the order of NCLT sanctioning this Scheme of Merger, is filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Jaipur or on fulfillment of the last of the conditions set forth in clause 16 of Part D of Section II of this Scheme, whichever is the latest.
- Share Exchange Ratio: Upon the Scheme becoming effective of Transferor Company with Transferee Company, Transferee Company shall without any further application, act or deed, in consideration of the amalgamation, issue and allot to the Equity Shareholders of the Transferor Company holding fully paid up Equity Shares in the Transferor Company (after restructuring of share capital of transferor company as mentioned in clause 4 of Part A of Section II of this scheme) on the such date ("Record Date"), as the Board of Directors of the Transferee Company shall fix, Equity Shares of the face value of Rs. 10/- each in the Transferee Company, credited as fully paid up with paripassu rights attached thereto for dividend and voting right in the following ratio:

1 (One) Equity Share of Rs. 10/- each in the Transferee Company at par and credited as fully paid up for every 10 (Ten) Equity Shares of Rs.10/- each fully paid-up held by them in the equity share capital of the Transferor Company.

- Upon the coming into effect of this Scheme, the Transferee Company shall account for the Merger of the Transferor Company in its books as per the applicable accounting principles prescribed under Indian Accounting Standards (IndAS) prescribed under the Companies Act, 2013.

19. Summary of the Report on the share exchange ratio of the Registered Valuer:

The share exchange ratio of this Scheme has been determined by the Board of Directors of the Transferor Company and the Transferee Company based on their independent judgment after taking into consideration the valuation report dated 28.11.2019 provided by M/s Parekh Shah & Lodha, Chartered Accountants, Mumbai, and the fairness opinion dated 30.11.2019 provided by Hem Securities Limited, Jaipur, SEBI approved merchant banker.

Moreover, the Fairness Opinion has been issued in respect of the Valuation Report. No special valuation difficulties were reported by the valuers. Please refer to the Valuation Report that is enclosed as Annexure 3.

20. GENERAL:-

- There are no proceedings pending under Sections 235 to 251 of the Companies Act, 1956 or Sections 210 to 227 of the Companies Act, 2013 against any of the Transferor Company and the Transferee Company.
 - The Scheme does not in any way violate, override or circumvent any provision of the Act and the rules and regulations issued thereunder.
21. The electronic copy of the following documents shall be available for inspection by the Equity Shareholders of the transferee Company in the investor section of the website of the Company. The web link of the same is: <https://www.moderninsulators.com/> :-
- Order dated March 11, 2022 and modified thereupon on May 05, 2022, passed by the Tribunal in CA(CAA) No. 05/230/JPR/2020, directing inter alia, the convening of the Meeting;
 - Memorandum and Articles of Associations of the Transferor Company and the Transferee Company;
 - Scheme of Amalgamation, as filed before the Hon'ble Tribunal;
 - Annual reports of the Transferor Company and the Transferee Company for the last financial years ended 31st March, 2021;
 - Copy of the latest audited financial statements of the Transferee Company for the financial year ended 31st March 2022;
 - The Certificate issued by the Auditor of the company to the effect that the accounting treatment, if any, proposed in the scheme of Compromise or arrangement is in conformity with the Accounting Standards prescribed under section 133 of the Companies Act, 2013.
 - Reports adopted by the respective Boards of the Companies pursuant to Section 232(2)(c) of the Act;

- h. The transferor Company and the Transferee Company are required to seek approvals / sanctions / no- objections from certain regulatory and governmental authorities for the Scheme such as the Registrar of Companies, Regional Director, Official Liquidator and SEBI and will obtain the same at the relevant time and update on the website.
- i. Provisional Statement of Accounts (Limited Reviewed) of the Transferee Company as on 31.12.2021
22. This Statement may be treated as an Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016. A copy of this Scheme and Explanatory Statement may be obtained free of charge on any working day (except public holidays) prior to the date of the Meeting, from the Registered Office of transferee Company.

Dated : 20th June, 2022

Place : Abu Road

Sd/-
Sunil Kumar Mehrotra
(Chairman appointed for the Meeting)

SCHEME OF COMPROMISE AND/OR ARRANGEMENT

Annexure-1

**BETWEEN
MODERN DENIM LIMITED
("TRANSFEROR COMPANY")**

AND

**MODERN INSULATORS LIMITED
("TRANSFeree COMPANY")**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

FOR

**THE AMALGAMATION OF MODERN DENIM LIMITED WITH MODERN INSULATORS LIMITED AND
ALL THE MATTERS CONNECTING WITH AND RELATING THERETO
UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013**

1. PREAMBLE

1.1. The Scheme

This Scheme of Compromise and/or arrangement is made and presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder including any statutory modifications and/or re-enactments thereof, if any, for the amalgamation of Modern Denim Limited, a Company registered and incorporated under the erstwhile Companies Act, 1956 and having its registered office at Talheti, Village Karoli, Tehsil- Abu Road, Dist.- Sirohi-307510 (Rajasthan) (hereinafter called and referred to as "the Transferor Company"), with Modern Insulators Limited, also a Company registered and incorporated under the erstwhile Companies Act, 1956 and having its registered office at Talheti, Village Karoli, Tehsil- Abu Road, Dist.- Sirohi-307510 (Rajasthan) (hereinafter called and referred to as "the Transferee Company"), and their respective shareholders and creditors, and in compliance with the conditions/stipulations relating to "amalgamation" as specified under section 2(IB) of the Income Tax Act, 1961.

1.2. Background

1.2.1. Modern Denim Limited

Modern Denim Limited (hereinafter referred to as "the MDL" or "the Transferor Company") having CIN L17124RJ1977PLC- 001758 and having the business, inter alia, of manufacturing Denim fabrics, had its net worth completely eroded by its accumulated losses as at 31st March, 2000 due to recessionary market conditions, market competition, shortage of working capital and increased cost of production, etc., and thereupon, the company made a reference to Board for Industrial and Financial Reconstruction (BIFR) which was registered as Case No. 325/2000. Subsequently, BIFR in its hearing held on 23.02.2001 declared MDL as a Sick Industrial Company within the meaning of section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and appointed Industrial Development Bank of India (IDBI) as Operating Agency. Thereafter, various hearings were held from time to time at BIFR. In its latest meeting held on 23-11-2016, BIFR directed MDL to

submit a fully tied-up Draft Rehabilitation Scheme (DRS) which was submitted on 28-11-2016 which, inter alia, provided for amalgamation of MDL with MIL on and from 1st April, 2016 with a view, inter alia, to synergies the operations and resources of both companies which would have resulted into positive net worth for the amalgamated entity. However, due to repeal of SICA on and effective from 1st December, 2016 vide Central Government notification No. SO (3568E) dated 25-11-2016, the said DRS remained unconsidered and unimplemented.

1.2.2. Modern Insulators Limited

Modern Insulators Limited (hereinafter referred to as "the MIL" or "the Transferee Company") having CIN L31300RJ1982PLC-002460, and having the business, inter alia of manufacturer and supplier of all types including high voltage insulators made of ceramics, polymers, etc. and textiles and fabrics of all types, is a profit-making group company.

1.2.3. Rationality of the Scheme

The scheme is, inter alia, to synergise the operational efficiencies, economies of scale, pooling of managerial, technical and financial resources, facilitate the revival of business of MDL to result its net worth positive, consolidate the operations and infrastructure, reduction in multiplicity of legal and regulatory compliances, and motivation of employees for better performance in available amalgamated opportunities, etc. The Scheme would be advantageous and beneficial to the Company and its stakeholders. The salient Features of the Scheme were, inter alia, as under:

- (i) The Appointed date of the Scheme is 01.04.2016 (keeping the date indicated in DRS submitted to BIFR unchanged to take the said abated scheme to its logical conclusion) to facilitate the revival of business of MDL.
- (ii) MDL has large accumulated losses and due to its inability to attract equity resources, it would not be able to make its net-worth positive on a stand-alone basis. The amalgamation with MIL, a group company, would result in positive net-worth for the merged entity upon the amalgamation/merger becoming effective.

- (iii) MDL's operations are suffering due to low capacity utilization of the plant on account of acute shortage of working capital resources. MDL, on a stand-alone basis, is unable to raise the requisite resources for meeting the need based working capital. The amalgamation with the Company would facilitate availability of requisite resources from MIL's operations supplemented by tax savings u/s 72A of Income Tax Act, 1961 which would enable it to increase the capacity utilization of the plant well above break-even levels.
- (iv) The amalgamation with the Company would also provide comfort to the creditors of the MDL as the amalgamated entity is expected to generate adequate resources for meeting the liabilities / obligations as well as for other requirement of funds for the rehabilitation of MDL.
- (v) The amalgamation will result in consolidation of operations and infrastructure of both the companies under the common management and the leadership of Shri Sachin Ranka, and therefore, the amalgamation is expected to give rise to savings in the administrative and other overheads.
- (vi) The amalgamation will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company which will accelerate the growth of their business and help effectively address the ever growing competition.
- (vii) The amalgamation will result into reduction in overheads, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of infrastructure and related costs.
- (viii) The amalgamation will result in a reduction in the multiplicity of legal and regulatory compliances which are required at present to be separately carried out by the Transferor Company and the Transferee Company.
- (ix) The amalgamation is expected to motivate the employees of the Transferor Company as it would provide better opportunities to scale up their performance with a larger corporate entity having large revenue base, resources, asset base etc., which will boost employee morale and provide impetus to better corporate performance ultimately enhancing overall equity upside.

1.3. Sections and parts of the Scheme

The Scheme of Amalgamation is divided into following sections :-

- 1. Section I**
 Definitions and Share Capital
 Part A – Definitions
 Part B – Share Capital

2. Section II

Amalgamation Scheme

Part A – Transfer and Vestment/Restructuring/Repayments

Part B – Employees, Business, Tax Treatment, etc.

Part C –Consideration, Accounting Treatment, Combination, etc.

Part D– General

Section I

Part A

1. Definitions

In this Scheme, unless inconsistent with the subject or the context otherwise requires, the following expressions shall have the meaning assigned against each of them :-

- 1.1. “Act”** means the Companies Act, 2013 and/or any statutory modifications and/or any re-enactment thereof including any rules and regulations as amended from time to time.
- 1.2. “Accounting standards”** means the Indian Accounting Standards as notified under Section 133 of the Companies Act, 2013 (“Act”) read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as also rule 7 of the Companies (Accounts) Rules, 2014as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India;
- 1.3. “Appointed Date”** means 1st April, 2016 or such other date as the National Company Law Tribunal (Tribunal) or other competent Authority may otherwise direct/fix.
- 1.4. “Effective Date” or “Coming into effect of this Scheme” or “the Scheme becoming effective”** means the date on which certified copies of the Order(s) of the National Company Law Tribunal (Tribunal) vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, Jaipur, Rajasthan after obtaining the last of necessary consents, approvals, permission, resolutions, agreements, sanctions and orders in this regard or on fulfillment of the last of the conditions set forth in clause 16 of Part D of Section II of this Scheme, whichever is the latest.
- 1.5. “Record Date”** means the date after the Effective Date to be fixed by the Board of Directors or a committee thereof of the Transferee Company for the purpose of determining the equity shareholders of the Transferor Company who will be allotted Equity Shares of the Transferee Company and / or the Preference shareholders of the Transferor Company to whom, in lieu of preference shares held and / or outstanding arrears of dividend thereon, the equity shares will be allotted pursuant to the Scheme being effective.
- 1.6. “ROC” or “RoC”** means the Registrar of Companies, Rajasthan, Jaipur, under the Act.
- 1.7. “Scheme” or “The Scheme” or “This Scheme”** means this Scheme of Amalgamation (i.e., Compromise and/or Arrangement for Amalgamation of Modern Denim Limited (“the MDL” or “the Transferor Company”) with

Modern Insulators Limited (“the MIL” or “the Transferee Company”) in its present form or with any modification(s) approved or imposed or directed by the National Company Law Tribunal (Tribunal)

- 1.8. “Transferee Company”** means Modern Insulators Limited, (or “the MIL”) a Company formed and registered under the erstwhile Companies Act, 1956 having its registered office at Talheti, Village Karoli, Tehsil- Abu Road, Dist.- Sirohi-307510 (Rajasthan);
- 1.9. “Transferor Company”** means Modern Denim Limited (or “the MDL”), a company formed and registered under the erstwhile Companies Act, 1956 having its registered office at Talheti, Village Karoli, Tehsil- Abu Road, Dist.- Sirohi-307510 (Rajasthan)
- 1.1. “Tribunal” or “NCLT”** shall, for the purpose of this Scheme, means the National Company Law Tribunal (Tribunal), Jaipur Bench exercising jurisdiction under Sections 230 to 232 of the Act and the expression shall include the powers vested in the National Company Law Tribunal including the jurisdictional Bench constituted under the provisions of the Act as applicable to the Scheme.

Part B

2. Share Capital

2.1. Transferor Company

The share capital of the Transferor Company as at 30th September, 2019 is as under :-

Share Capital	Amount (Rs. In lakh)
Authorised	
4,00,00,000 Equity Shares of Rs. 10/- each	4000.00
20,00,000 Preference Shares of Rs. 100/- each	2000.00
Total	6000.00
Issued, Subscribed and paid up	
3,75,02,000 Equity Shares of Rs. 10/- each	3750.20
25,000 15% Cumulative Redeemable Pref. Shares of Rs.100/- each	25.00
25,000 14% Cumulative Redeemable Pref. Shares of Rs.100/- each	25.00
5,00,000 17.5% Cumulative Redeemable Pref. Shares of Rs.100/- each	500.00
1,00,000 16% Cumulative Redeemable Pref. Shares of Rs.100/-each	100.00
Total	4400.20

2.2. Transferee Company

The Share Capital of the Transferee Company as at 30th September, 2019 is as under :-

Share Capital	Amount (Rs. In lakh)
Authorised	
9,00,00,000 Equity Shares of Rs. 10/- each	9000.00
5,00,000 Preference Shares of Rs. 100/- each	500.00
Total	9500.00
Issued, Subscribed and paid up	
4,71,43,900 Equity Shares of Rs. 10/- each	4714.39

SECTION II AMALGAMATION SCHEME PART A

1. Transfer and vestment

- 1.1.** With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company, together with all its present and future properties, assets (including Intangible Assets), investments, rights, obligations, liabilities, benefits and interests therein, whether known or unknown, shall amalgamate into and vest with the Transferee Company, and all present and future properties, assets, movable and/or immovable, investments, rights, obligations, liabilities, benefits and interests of the Transferor Company shall become, and/or vest as, the assets and/or properties and/or liabilities, etc. as the same and/or identical nature and/or form as in the Transferor Company, as an integral part of, the Transferee Company subject to the charges and encumbrances (to the extent they are outstanding, effective and enforceable on the Effective Date), if any, created by the Transferor Company on its properties and assets in favour of banks and/or financial institutions, as a going concern, by operation of law pursuant to the vestment order of the NCLT sanctioning this Scheme, without any further act, instrument or deed required by either of the Transferor Company or the Transferee Company.

- 1.2.** Without prejudice to the generality of the above, in particular, the Transferor Company shall stand amalgamated into and with the Transferee Company, and all its assets, movable and/or immovable including intangibles, as also all its liabilities (contingent and/or otherwise), benefits, interests, rights obligations, entitlements, present and future, known and unknown, shall stand transferred and vest in the said Transferee Company with effect from the Appointed Date and upon the Scheme becoming effective, in the manner described in sub-paragraphs (1.2.1 to 1.2.3) below:

- 1.2.1.** With effect from the Appointed Date, and upon the Scheme becoming effective, all immovable assets (including land, buildings and any other immovable assets) of the Transferor Company, whether freehold or leasehold and any documents of title, rights and deeds in relation thereto, (subject to any charge and/or encumbrance, to the extent they are outstanding, subsisting, effective and enforceable on the Effective Date), shall stand transferred and/or vested in and/or be deemed to have been transferred and/or be vested in the Transferee Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed done or executed by the Transferor Company or the Transferee Company. Upon this Scheme coming into effect on the Effective Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable assets/properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease /license or rent

agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. The alteration/ substitution of the title to and interest in such immovable assets/properties shall be made and duly recorded in the name of the Transferee Company, by the relevant Governmental Authorities on, and pursuant to the, sanction of this Scheme by the NCLT and upon this Scheme coming into effect on the Effective Date;

- 1.2.2.** With effect from the Appointed Date upon the Scheme becoming effective, all the assets of the Transferor Company which are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and/or, by endorsement and delivery, or by vesting and recordal, including equipments, instruments, apparatus, furniture and fixtures, stock-in-trade including raw materials, work-in-progress, finished goods, semi-finished goods, stores, spare parts, and/or any and all other movable assets/property (except those specified elsewhere in this Scheme) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances relating to the Transferor Company which are recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons, cash and/or cheques on hand, all incorporeal or intangible assets/property of, and/or granted to, the Transferor Company, all estates, assets, rights, title, interests and authorities accrued to, and/or, acquired by the Transferor Company shall stand transferred and/or vested and/or deemed to have been transferred to and/or vested in the Transferee Company, and shall by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed of the Transferor Company or the Transferee Company become such movable assets/stocks/property and/or such assets and an integral part of Transferee Company, and/or shall, be deemed to have been accrued to, and/or acquired for and on behalf of the Transferee Company, as the case may be. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property/assets shall be transferred and/or deemed to have been transferred accordingly to the Transferee Company by all the parties as may be required including all the Governmental authorities on and pursuant to the sanction of this Scheme by the NCLT and upon this Scheme coming into effect on the Effective Date. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time on and after Effective Date, cheques / pay orders / demand drafts received in the name of the

Transferor Company, to enable the Transferee Company to receive the amounts / proceeds thereunder;

- 1.2.3.** With effect from the Appointed Date and upon the Scheme becoming effective, all debts, borrowings, liabilities, creditors, contingent liabilities, duties and obligations, secured and/or unsecured, relating to the Transferor Company, whether provided for or not in the books of accounts of the Transferor Company or disclosed in the balance sheet of the Transferor Company, shall stand transferred to and vested and/or deemed to have been transferred and/or vested, in the Transferee Company, along with any charge, lien, encumbrance or security thereon to the extent (subject to any charges and/or encumbrances, to the extent they are outstanding, subsisting, effective and enforceable on the Effective Date), and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed of the Transferor Company or the Transferee Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities; duties and obligations have arisen in order to give effect to the provisions of this Clause. However, if any lender of the Transferor Company requires satisfaction of the charge over the Transferor Company's properties and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the Registrar of Companies as accompanied by the sanction order of this Scheme or a certified copy thereof and any deed of modification or renovation executed inter alia by the Transferee Company;

2. AGREEMENTS/LICENSES

2.1. Agreements

With effect from the Appointed Date and upon the Scheme being effective, all agreements, contracts, letters of intent, deeds, bonds, memorandum of understanding, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements, hire purchase agreements, and/or agreements for any benefits, entitlements or otherwise, and other instruments of whatsoever nature in relation to the Transferor Company or to which the Transferor Company is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed of the Transferor Company or the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company is a party or beneficiary or obligor

thereto. Without prejudice to the generality of the foregoing, bank guarantees, performance guarantees, letters of credit, agreements with any Governmental Authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Company or to the benefit of which the Transferor Company may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting orders of the NCLT, be deemed to be bank guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of Transferee Company and shall be dealt, treated and acted upon by all the concerned as such.

2.2. Licenses

With effect from the Appointed Date and upon the Scheme becoming effective, all permits, grants, no objection certificates, licenses (including the licenses granted to the Transferor Company by any Governmental Authorities for the purpose of carrying on its business or in connection therewith), permissions (including statutory and regulatory permissions), approvals, clearances, registrations (including relating to Goods and Service Tax (GST), sales tax, service tax, excise, value added tax, goods and service tax), (including, but not limited to, credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, goods and service tax, tax credits, tax refunds, tax holidays, export incentives, security transaction tax, minimum alternate tax credit and duty entitlement credit certificates), tenancies, tenancy rights, quotas, recommendations, privileges, powers, offices, facilities of every kind and description of whatsoever nature, easements, goodwill, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Company or granted to the Transferor Company, shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed done or executed by the Transferor Company or the Transferee Company, and shall be appropriately transferred or assigned by the concerned Governmental Authorities in favour of Transferee Company, with or without the name of "Modern Denim" or any other such name as its (Transferee Company's) Division or otherwise as may be deemed fit, proper and appropriate by the Board of Directors of the said Transferee Company.

3. LEGAL PROCEEDINGS

3.1. Legal Proceedings

With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company. Upon this Scheme coming into effect on the Effective Date, if any notice, dispute, suit, appeal, complaint, claim or other proceedings of whatsoever nature by or against the Transferor Company including those before any Governmental Authority, be pending, the

same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of Transferor Company or of anything contained in this Scheme but the proceedings shall be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company prior to such amalgamation, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed done or executed by the Transferor Company or the Transferee Company;

3.2. Implementation

It is hereby clarified that all the concerned will act pursuant to the order of NCLT sanctioning this scheme for change of name and/or for effective implementation of the above sub-clause.

4. RESTRUCTURING/REPAYMENTS - RESTRUCTURING OF SHARE CAPITAL OF MDL

4.1. Restructuring of Preference Share Capital and Accumulated Dividend thereon

4.1.1. Preference Share Capital

Upon Scheme becoming effective and as an integral part of the Scheme, the MDL Preference Shareholders holding Cumulative Preference Shares of Rs.650 lakh divided into 6,50,000 preference shares of Rs.100/- each as on the Appointed Date, in lieu of such holding and in consideration of this Scheme, inter alia, of transfer and vesting of the assets and liabilities of Transferor Company mentioned in clause 1 of Part A of Section II of this Scheme, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to the other equity shareholders of the Transferor Company as mentioned in clause 10.2 of Part C of Section II of this Scheme by treating/ converting the said preference shares as/into fully paid 65,00,000 equity shares of the Transferor Company of the face value of Rs.10/- each. Thus, it is clarified that pursuant to this clause and after taking into account the exchange ratio of 1 (one) equity share of Rs.10/- each fully paid up of Transferee Company for every 10 (Ten) equity shares of Rs.10/- each fully paid up of the Transferor Company, as mentioned in the said clause 1 of Part A of Section II of this Scheme, the Transferee Company shall issue and allot 6,50,000 fully paid up equity shares of Rs.10/- each amounting to Rs. 65,00,000/- (Rupees Sixty five lakh) only to all such preference shareholders of MDL holding such preference shares as on the record date to be fixed by the Transferee Company for the purpose, after the Scheme so becoming effective.

4.1.2. Accumulated Arrears of Dividend on Preference Shares

Upon Scheme becoming effective and as an integral part of the Scheme, the MDL Preference Shareholders holding Cumulative Preference Shares of Rs.650 lakh and whose accumulated dividend on such preference shares is in arrears

as on the Appointed Date amounting Rs.22,15,00,000/-, in lieu of such accumulated arrears of dividend, and in consideration of this Scheme, inter alia, of transfer and vesting of the assets and liabilities of Transferor Company mentioned in clause 1 of Part A of Section II of this Scheme, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to the other equity shareholders of the Transferor Company as mentioned in clause 10.2 of Part C of Section II of this Scheme by treating/converting such arrears of accumulated dividend as/into 2,21,50,000 equity shares of the Transferor Company of Rs.10/- each and by rounding up the fractional entitlement to the next one whole number. Thus, pursuant to this clause and after taking into account the exchange ratio of 1 (one) equity share of Rs.10/- each fully paid up of Transferee Company for every 10 (Ten) equity shares of Rs.10/- each fully paid up of the Transferor Company, as mentioned in the said clause---10.2 of Part C of Section II of this Scheme, the Transferee Company shall issue and allot 22,15,000 fully paid up equity shares of Rs.10/- each amounting to Rs.2,21,50,000/- (Rupees Two crore twenty one lakh fifty thousand only), in lieu of such arrears of accumulated dividends on preference shares, to all the preference shareholders of MDL holding such preference shares as on the record date to be fixed by the Transferee Company for the purpose, after the Scheme so becoming effective.

4.2. Share Application Money

4.2.1. Pursuant to the scheme of rehabilitation submitted before the erstwhile BIFR, the MDL has received from the promoter group and its associates Share Application Money of Rs.1,600 lakh for subscription of equity shares in the company (MDL) of Rs.10/- each for cash at par against which the requisite equity shares are still pending allotment as on the Appointed Date, as the sanction of the rehabilitation scheme by the said BIFR did not materialise due to repeal of SICA, which is now not possible due to consequent abatement of proceedings before BIFR, as mentioned herein earlier. The funds raised through such Share Application Money have since already been used for part payment of Secured Creditors'/banks' liabilities as per the rehabilitation scheme as proposed.

4.2.2. Therefore, now, upon Scheme becoming effective and as an integral part of the Scheme, and since this Scheme is in process, such share Applicants of MDL from whom the said Share Application Money of Rs.1600 lakh was received by MDL, in lieu of such Share Application Money and in consideration of this Scheme, inter alia, of transfer and vesting of the assets and liabilities of Transferor Company mentioned in clause 1 of Part A of Section II of this Scheme, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to other equity shareholders of the Transferor Company as mentioned in clause 10 of Part C of Section II of the Scheme. Thus, pursuant to this clause and after taking into account the exchange ratio of 1(one) equity share of Rs.10/- each fully paid up of

Transferee Company for every 10 (Ten) equity shares of Rs.10/- each fully paid up of the Transferor Company, as mentioned in this Scheme, the Transferee Company shall issue and allot 16,00,000 equity shares of the face value of Rs.10/- each in the share capital of Transferee Company, totally amounting to Rs.1,60,00,000/- (Rupees One Crore Sixty lakh) only, to all such share Applicants and/or their nominees, on this Scheme coming into effect.

4.3. REPAYMENT OF DEBENTURES AND DEPOSITS

4.3.1. Repayment of Retail Non-convertible Secured Debentures

As an integral part of the Scheme, the principal amount outstanding to Retail Non-Convertible Debenture holders as on 31/03/2019, which stood at Rs. 353.46 Lacs, the same shall be settled by payment of 100% of principal amount, payable over a period of 4 years starting from the year 2019-20 or date of sanction of the Scheme by NCLT, whichever is later, without any interest thereon and all the outstanding interest shall be waived/deemed to have been waived.

4.3.2. Repayment of Public Fixed Deposits

As an integral part of the Scheme, the principal amount outstanding to the Public Fixed Deposit holders as on 31/03/2019, which stood at Rs. 692.38 lacs, the same shall be settled by payment of 100% of principal amount, payable over a period of 4 years starting from the year 2019-20 or date of sanction of the scheme by NCLT, whichever is later, without any interest thereon and all the outstanding interest shall be waived/deemed to have been waived.

PART B

5. EMPLOYEES

5.1. With effect from the Appointed Date and upon the Scheme becoming effective, all employees of the Transferor Company as on the day immediately prior to the Effective Date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed done or executed by the Transferor Company or the Transferee Company, with the benefit of continuity of service and without any break or interruption in service. It is clarified that such employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme shall be governed by the terms of employment as are applicable to employees of the Transferee Company on the Effective Date of such amalgamation and shall be entitled to be governed by employment policies or to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company, upon this Scheme coming into effect on the Effective Date, the Transferee Company shall stand substituted for the Transferor Company, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act, instrument or deed done by Transferor

Company or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents, and the Transferee Company shall continue to abide by agreement(s)/settlement(s) entered into by the Transferor Company with any of its employees prior to the Appointed Date. It is the aim and intent of this Scheme that upon this Scheme coming into effect from the Appointed Date and upon the Scheme coming into effect on the Effective Date, all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company.

- 5.2.** For the removal of doubts, it is clarified that with regard to provident fund, gratuity, leave encashment, deferred cash benefits and long term incentive plans and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon this Scheme becoming effective, Transferee Company shall stand substituted for Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company, in accordance with the provisions of Applicable Laws or otherwise. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes, funds, benefit plans or policies. The Transferor Company and the Transferee Company shall undertake all the necessary steps and formalities as may be required to be carried out for transfer of such fund, assets, value, etc. to the Transferee Company in this regard;

5.3. Confirmations, etc.

The Transferee Company shall, at any time after this Scheme becomes effective in accordance with the provisions hereof and as the successor entity of the Transferor Company, if so required under any Applicable Laws or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, including any filings with the Governmental Authorities, in order to give formal effect to the above provisions relating to such Employees. The Transferee Company shall, under the provisions hereof, be deemed to be authorised to execute any such writings in the name of and on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of Transferee Company, *inter alia*, in its capacity as the successor entity of the Transferor Company.

5.4. Approvals, consents, etc.

The Transferee Company shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Laws, do all such acts or things as maybe necessary to transfer / obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by Transferor Company relating to such employees. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental

Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution / endorsement in the name of Transferee Company pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective. The Transferee Company shall file appropriate applications / documents with the relevant authorities concerned for information and record purposes and the Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

6. CONDUCT OF BUSINESS

- 6.1.** Subject to the effectiveness of this Scheme, with effect from the Appointed Date upto and inclusive of the close of the day prior to the Effective Date:

- 6.1.1.** the Transferor Company shall be deemed to have carried on and to be carrying on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company. The Transferor Company also undertakes not to vary the terms and conditions of the employment of its employees except in the ordinary course of business.
- 6.1.2.** all the profits or income accruing or arising to the Transferor Company or expenditure or losses arising to or incurred by the Transferor Company, shall for all purposes and intent be treated and be deemed to be and accrue as the profits or income or expenditure or losses of the Transferee Company, as the case may be.
- 6.1.3.** all debts, liabilities, duties and obligations of the Transferor Company as on the close of business on the date preceding the Appointed Date whether or not provided in the books of the Transferor Company and all liabilities which arise or accrue on or after the Appointed Date shall be, and shall be deemed to be, the debts, liabilities, duties and obligations of the Transferee Company.
- 6.1.4.** the Transferor Company and the Transferee Company shall not alter their capital structure, either by fresh issue of shares or convertible securities on a rights basis or by way of bonus shares or otherwise or by any decrease reduction, reclassification, sub-division, consolidation, re-organisation or in any other manner which may in any way affect the share exchange ratio prescribed in hereinabove except by the consent of the Board of Directors of both the Companies.
- 6.1.5.** the Transferor Company hereby undertakes to hold its assets, properties and all valuables including rights and entitlements, etc. with utmost prudence and reasonable diligence until the Effective Date and they shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of

comfort or commitments or obligations, either for themselves or on behalf of their subsidiaries or group companies or any third party; or sell, transfer, alienate, charge, mortgage or encumber or deal with the whole or part of any of the assets to be transferred pursuant to the Scheme, save and except in each case in either of the following circumstances:

- (a) if the same is in its ordinary course of business,
- (b) if the same is provided in this Scheme; or
- (c) if written consent of Transferee Company has been obtained.

6.1.6. The Transferor Company shall not, without the prior consent in writing of the Board of Directors of Transferee Company, undertake any new business.

6.1.7. the Transferor Company, if the same is not inconsistent with this scheme and if the same is in the ordinary course of business, shall also be entitled, pending the sanction of this Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferor Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for the time being in force for carrying on the business.

6.2. The transfer of assets, liabilities and business to, and the continuance of proceedings by or against, the Transferor Company as envisaged in this Scheme shall not affect any transaction or proceedings already concluded by the Transferor Company or the Transferee Company on or before the Effective Date, to the end and intent that the Transferee Company shall be automatically deemed to accept and adopt all such acts, deeds and things done and executed by the Transferor Company.

7. TAX TREATMENT

7.1. This Scheme has been drawn up in compliance with the conditions specified under the tax laws, specifically Section 2(1B) of Income Tax Act, and other relevant sections of IT Act.

7.2. Upon this Scheme coming into effect on the Effective Date, all deductions otherwise admissible to the Transferor Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company upon fulfillment of the required conditions under the IT Act. Without prejudice to the generality of the above, the Transferee Company shall be entitled to claim all benefits, incentives, losses (including book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciation, credits (including credits for taxes deducted at source, paid against its tax, duty liabilities, advance tax, income tax, minimum alternate tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, goods and service tax, etc.) to which the

Transferor Company is entitled to, and all such benefits, incentives, losses, depreciation and credits shall be available to and vest in the Transferee Company, in terms of Applicable Laws, upon this Scheme becoming effective, notwithstanding the certificates, challans or other documents for payment of such taxes/duties, as the case may be, being in the name of the Transferor Company.

7.3. Upon this Scheme coming into effect on the Effective Date, all taxes payable by the Transferor Company including all or any refunds of claims shall be treated as the tax liability or refunds / claims as the case may be, of the Transferee Company, without any further act, instrument or deed done or executed by the Transferor Company or the Transferee Company.

7.4. All tax assessment proceedings / appeals of whatsoever nature pertaining to the Transferor Company shall be continued and, or, enforced as and from the Effective Date, by or against the Transferee Company. The aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of amalgamation of the Transferor Company into and with the Transferee Company.

7.5. Upon this Scheme becoming effective, the Transferee Company shall be entitled to give effect to the scheme on amalgamation becoming effective, file and/or revise its, income tax returns, TDS returns, tax payment certificates and other statutory returns as may be required under respective statutes pertaining to direct taxes or indirect taxes, such as sales-tax, value added tax, excise duties, service tax, goods and service tax (GST), etc., and shall also have the right to claim refunds, advance tax credits, minimum alternate tax credit, credit of tax deducted at source, credit of foreign taxes paid / withheld, etc., if any, as it may deem fit, consequent to the implementation this Scheme and as a result of the amalgamation of the Transferor Company into and with the Transferee Company.

8. DISSOLUTION

Upon this Scheme coming into effect, the Transferor Company shall, without any further act, instrument or deed of the Transferor Company or the Transferee Company, stand dissolved without winding up or liquidation.

9. LISTING

Post-effectiveness of this Scheme, the Equity Shares to be issued and allotted by the Transferee Company in terms of Clause 10 of Part C of Section II of this Scheme shall be listed and shall be admitted for trading on the concerned Stock Exchanges. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of Applicable Laws, including, as applicable, the provisions of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended from time to time and the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017 relating to "Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules 1957". The Equity Shares allotted pursuant to this Scheme shall remain frozen with the depositories' system till relevant directions in relation to listing/trading are provided by the Stock Exchanges.

PART- C

10. CONSIDERATION

10.1. The share exchange ratio of this Scheme has been determined by the Board of Directors of the Transferor Company and the Transferee Company based on their independent judgment after taking into consideration the valuation report dated 28.11.2019 provided by M/s Parekh Shah & Lodha, Chartered Accountants, Mumbai, and the fairness opinion dated 30.11.2019 provided by Hem Securities Limited, Jaipur, SEBI approved merchant banker.

10.2. Upon this Scheme becoming effective, Transferee Company shall without any further application, act or deed, in consideration of the amalgamation, issue and allot to the Equity Shareholders of the Transferor Company holding fully paid up Equity Shares in the Transferor Company (after restructuring of share capital of transferor company as mentioned in clause 4 of Part A of Section II of this scheme) on the such date (“**Record Date**”), as the Board of Directors of the Transferee Company shall fix, Equity Shares of the face value of Rs. 10/- each in the Transferee Company, credited as fully paid up with paripassu rights attached thereto for dividend and voting right in the following ratio:

1 (One) Equity Share of Rs. 10/- each in the Transferee Company at par and credited as fully paid up for every 10 (Ten) Equity Shares of Rs.10/- each fully paid-up held by them in the equity share capital of the Transferor Company.

10.3. Equity shares issued and allotted by the Transferee Company to the Preference Shareholders and Share Applicants of Transferor Company as mentioned in clause 4 of Part A of Section II and the repayments mentioned thereunder will also be a part of and/or shall be deemed to be a part of this clause relating to consideration.

10.4. The issue and allotment, as stated herein, of the Equity Shares by the Transferee Company is being effected as an integral part of and in accordance with the Scheme and shall be deemed to have been carried out without any further deed or action required by the Transferee Company or any other person as if the procedures laid down under Section 42, Section 62 (1)(c) and other provisions of the Act and related rules and other Applicable Laws Including the SEBI (Listing Obligations and Disclosures) Regulations, 2015 are duly complied with.

10.5. It is clarified that the approval of the NCLT shall constitute adequate approval for issuance of Equity shares by the Transferee Company in accordance with the Section 42 and Section 62(1)(c) of Act and related Rules and other applicable provisions/Law and accordingly, no approval/ consent shall be necessary from any other Person in relation to either of these actions under any agreement, the constitution documents of the Transferor Company and/or Transferee Company or under any other Applicable Law.

MDL Equity Shareholders and MDL Preference Shareholders whose names shall appear in the Register of Members of the Transferor Company on record date (after the effective date) as the Board of Directors of the Transferee Company may fix shall surrender their share

certificates, if held in physical form, for cancellation thereof to the Transferee Company.

In default, upon the Equity shares in the Transferee Company being allotted and issued by it to MDL Equity Shareholders and the preference shareholders under this Scheme, the share certificates in relation to the said shares held by them in the Transferor Company and not so surrendered shall stand, and shall be deemed to have been, cancelled.

In the event that the Transferee Company restructures its equity share capital by way of reduction / sub-division / share split / consolidation / issue of bonus shares / rights shares before the allotment and issuance of Equity Shares under this Scheme, the number of Equity Shares to be allotted by the Transferee Company will be modified accordingly to take into account the effect of such corporate actions.

10.6. In case of fractional shares is arrived subsequent to Share Exchange Ratio, such shareholder/s shall be entitled to receive instead of such fractional entitlement, Equity Shares of the Transferee Company as follows:

(a) If the fractional entitlement is less than 0.5 (zero point five) it shall be rounded down so that such person will receive, zero (0) Equity Shares of the Transferee Company instead of such fractional entitlement; and

(b) If the fractional entitlement is 0.5 (zero point five) or more it shall be rounded up so that such person will receive, one (1) Equity Share of the Transferee Company instead of such fractional entitlement.

Pursuant to the rounding up or rounding down as per (a) and (b) above, the total number of shares that will be issued to shareholders of the Transferor Company, may vary from the total number of shares of the Transferee Company to be issued as set forth in Clause 10.1, 10.2 & 10.3 above.

10.7. On the approval of this Scheme by the members of the Transferee Company pursuant to Sections 230-232 of the Act and/or the other relevant provisions of the Act, if applicable, it shall be deemed that the said members have also accorded their consent under Sections 13, 42 and 62(1)(c) of the Act and/or any other applicable provisions of the Act, rules and regulations framed thereunder as may be applicable for the aforesaid allotment and issuance of Equity Shares to the MDL equity shareholders and preference shareholders and no further resolution or actions shall be required to be undertaken by the Transferee Company under said Sections 13, 42 or 62(1)(c) of the Act or any other applicable provisions of the Act and rules and regulations framed thereunder, including, inter alia, issue of a letter of offer.

10.8. The Equity Shares of the Transferee Company to be issued and allotted in lieu of the Equity Shares of the Transferor Company shall rank paripassu in all respects with the existing Equity Shares of the Transferee Company. Further such new Equity Shares shall pursuant to the Securities And Exchange Board of India (“SEBI”) Circular CFD/ DIL3/CIR/2017/21 dated 10th March, 2017 (“SEBI Circular”), and subject to compliance with requisite formalities, be listed and/or admitted to trading on the

relevant stock exchange(s) where the existing Shares of the Transferee Company are listed and/or admitted to trading.

- 10.9.** Upon the Scheme becoming effective, all Equity Shares held by the Transferor Company, if any, in the share capital of the Transferee Company on “the record date”, shall stand cancelled, without any further act or deed as an integral part of this Scheme and in lieu thereof no allotment of any shares in the Transferee Company shall be made to any person whatsoever. On sanction/approval of this scheme, by the Tribunal, the provisions of section 66 and/or other applicable provisions of the Act relating to Reduction of Share Capital, if any, shall be deemed to have been duly/fully complied with in relation to this clause.

11. ACCOUNTING TREATMENT (IND AS 103 – BUSINESS COMBINATION)

- 11.1.** Recognising that the amalgamation is to be considered in accordance with the provisions of Indian Accounting Standard – 103 (Ind AS – 103) – “Business Combinations” specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting treatment in respect of assets, liabilities and reserves and surplus of Transferor Company in the books of Transferee Company shall be governed by the provisions of Appendix C of Ind AS – 103 (Business Combination under Common Control) under “Pooling of Interest Method” and/or such Accounting Standard as may be prescribed under the Act and applicable at the relevant time. Accordingly, all assets and liabilities recorded in the Books of Account of the Transferor Company are transferred to and vested in the Transferee Company pursuant to the Scheme at their book values as on the Appointed Date.
- 11.2.** The Transferee Company shall record all the Assets and Liabilities appearing in the books of accounts of the Transferor Company after giving effect to provisions of this Scheme and after the assets and liabilities of the Transferor Company to have been so transferred to and vested in the Transferee Company pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Transferor Company on the close of the date immediately preceding the Appointed Date together with all the changes in the amounts of the said assets and liabilities that may have occurred from and inclusive of Appointed Date and upto a date preceding the Effective Date during which period the Transferor Company is deemed to be carrying on all its business for and on account of and in trust for the Transferee Company by virtue of the provisions of this Scheme.
- 11.3.** The Transferee Company shall credit in its books of accounts, the value of the equity shares to be issued to the Equity Shareholders and Preference Shareholders of the Transferor Company as also the equity shares to be issued towards Share Application Money pursuant to this Scheme, to its Equity Share Capital Account.
- 11.4.** The other accounting treatment with respect to the absorption of balances appearing in the balance sheet of the Transferor Company at the close of business of the day immediately preceding the Appointed Date together with all the changes in such balances upto a date

proceeding the Effective Date, shall be in accordance with Ind AS-103 specified under section 133 of the Act, as the case may be.

- 11.5.** All undisclosed unsecured liabilities / creditors, if any, not explicitly listed in this Scheme, or liabilities in case of any demand / claim or liability arising out of actionable claims other than those explicitly dealt with in this Scheme, shall also be covered by this Scheme and any payment payable thereof shall be paid of such claim amounts as accepted and proved to the satisfaction of the Transferor Company / Transferee Company.
- 11.6.** The excess of the value of the Assets over the value of the Liabilities of the Transferor- Company, transferred to the Transferee Company pursuant to the Scheme, as reduced by the aggregate value of the equity shares to be issued by the Transferee Company to the Transferor Company’s shareholders as per the Scheme, would be credited to Capital or Amalgamation Reserve Account in the books of the Transferee Company.
- 11.7.** The excess of the value of the liabilities assumed over the value of the assets of the Transferor Company, transferred to the Transferee Company pursuant to the Scheme, as increased by the aggregate value of the equity shares to be issued by the Transferee Company to the Transferor Company’s shareholders as per the Scheme, would be debited to Goodwill Account in the books of the Transferee Company.
- 11.8.** To the extent that there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligation / right in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities relating thereto, as the case may be.
- 11.9.** Upon this scheme becoming effective, obligations between or amongst the Transferor Company and Transferee Company, if any, shall also stand discharged and there shall be no liability in that behalf.
- 11.10.** In case of any difference in the accounting policy between these two companies, the impact of the same till the amalgamation will be quantified and adjusted in the Revenue Reserve(s) of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- ## **12. TRANSFER/COMBINATION OF THE AUTHORISED SHARE CAPITAL**
- 12.1.** As an integral part of this Scheme and upon the scheme becoming effective, the authorised equity share capital amounting to Rs. 40,00,00,000 (Rupees Forty crore) and authorised preference share capital amounting to Rs. 20,00,00,000 (Rupees twenty crore) of the Transferor Company shall stand transferred, combined, consolidated and vested in and merged with the authorised share capital of the Transferee Company. Consequent to transfer of the existing authorised share capital of the Transferor Company as herein, the authorised share capital of the Transferee Company of Rs.95,00,00,000 (Rupees Ninety Five crore), divided into 9,00,00,000 (Nine Crore) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five lakh) preference shares of Rs. 100/- each, shall stand

increased by an aggregate amount of Rs. 60,00,00,000 (Rupees sixty crore), and the resultant authorised share capital of the Transferee Company shall be Rs. 1,55,00,00,000 (Rupees One Hundred Fifty Five crore) divided into 15,00,00,000 Equity Shares of Rs. 10 (Rupees Ten) each and 5,00,000 preference share of Rs. 100/- each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees has already been paid by Transferor Company on such authorised capital, the benefit of which stands vested in the Transferee Company pursuant to this Scheme becoming effective on the Effective Date. Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall stand, without any further act or deed, modified and be substituted by the following:

“The Authorised Equity Share Capital of the Company is Rs.1,55,00,00,000 (Rupees one hundred fifty five crore) divided into 15,00,00,000 Equity Shares of Rs. 10 (Rupees ten) each and 5,00,000 Preference Shares of Rs. 100 each.”

12.2. For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and, or, the Transferor Company, as the case may be, undergoes any change, prior to this Scheme becoming effective, then the Clause 12 in Part C of Section II of this Scheme shall automatically stand modified / adjusted accordingly to take into account the effect of such change.

12.3. It is hereby clarified that for the purposes of the Clause 12 in Part C of Section II of this Scheme, the consent and/or approval of the shareholders of the Transferor Company and the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment to the Memorandum of Association of the Transferee Company and no further resolution under Section 13 of the Act and/or any other applicable provisions of the Act and rules and regulations framed thereunder would be required to be separately passed, nor shall the Transferee Company be required to pay any additional fees, stamp duty, etc.

13. EXEMPTION UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS), REGULATIONS, 2011 (SAST REGULATIONS)

For the avoidance of doubt, and for clarification it is clarified that pursuant to amalgamation of the Transferor Company into and with the Transferee Company, under this Scheme, the issuance of Equity Shares of the Transferee Company to the MDL equity shareholders, MDL Preference shareholders and the Share Applicants mentioned in clause 4.2 herein earlier, as consideration for the amalgamation of the Transferor Company into and with the Transferee Company in terms of this Scheme and the consequent grant of certain rights to the shareholders who hold shares beyond a certain threshold as may be prescribed from time to time in the charter documents of the Transferee Company, is exempt under the provisions of Regulation 10(1)(d) of the SAST Regulations, and therefore, the requirement to make an “open offer” shall not be triggered in terms of the provisions of the SAST Regulations.

Part D – General

14. Applications to Tribunal

The Transferor Company and the Transferee Company herein shall with all reasonable dispatch, make applications/petitions under the applicable provisions of the Act to the Tribunal, Jaipur bench or at such other bench having jurisdiction or any other appropriate authority, for sanction of this Scheme, and for dissolution of the Transferor Company without being wound up and for all matters ancillary and/or incidental thereto.

15. Modifications/Amendments to the Scheme

15.1. The Transferor Companies (by its Board of Directors) and the Transferee Company (by its Board of Directors) may assent to any modifications or amendments to the Scheme or agree to any terms and/or conditions which the Tribunal and/or the Courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect. All amendments/modifications to the Scheme shall be subject to approval of the Tribunal.

15.2. For the purpose of giving effect to the Scheme or to any modification thereof, the Board of Directors of the Transferee Company are hereby authorised to give such directions and/or to be take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

16. Scheme conditional on Approvals/Sanctions

The Scheme is conditional on and subject to :-

16.1. The approval to the Scheme by the requisite statutorily prescribed/stipulated majority of the Equity Shareholders of the Transferor Company and the Transferee Company, Preference Shareholders, Retail Non-convertible Secured Debenture holders, and Public Fixed Deposit holders of the Transferor Company, as also the creditors of both the Transferor and Transferee Companies, if necessary and if so desired and directed by the Tribunal.

16.2. The requisite resolution(s) under the applicable provisions of the said Act being passed by the Shareholders/members of the Transferee Company for any of the matters provided for or relating to the Scheme, as may be necessary or desirable.

16.3. The Scheme and share exchange ratio being approved by the shareholders/members of the transferor company and Transferee Company through resolution passed in terms of Para 9 (a) & (b) of Annexure I of SEBI Circular No.CFD/DIL3/CIR/2017/21 dated 10th March, 2017, as may be amended from time to time, provided that the same shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the votes cast by the public shareholders against it as per Para 9(b)of the above circular.

16.4. The satisfaction (or waiver in writing) of such other conditions as may be mutually agreed between the Transferor Company and the Transferee Company in writing;

16.5. Approval of the Reserve Bank of India, if so required, for issue and allotment of shares in the Transferee Company

- to non-resident shareholders, if any, of the Transferor Company; and
- 16.6. The sanction of the Tribunal under the applicable provisions of the Act, in favour of the Transferor Companies and the Transferee Company and the necessary Order or Orders under the said Act being obtained.
 - 16.7. Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Boards of Directors of the Transferor Companies and the Transferee Company being obtained and granted in respect of any of the matters for which such sanction or approval is required.
 - 16.8. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of the Scheme.
 - 16.9. The certified copy of the Order of the Tribunal sanctioning the Scheme being filed with the Registrar of Companies, Rajasthan, Jaipur.
 - 16.10. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by respective Board of Directors or any Committee constituted by such Board of Directors of the Transferor Companies and the Transferee Company.
17. **Implementation/Difficulties/withdrawal/Severability, etc.**
- 17.1. **Implementation**
 Upon coming into effect of this Scheme, the Transferee Company by its Board of Directors may decide and/or ratify the steps and/or sequence of implementation of the Scheme or various clauses of the Scheme as may be deemed reasonable and/or rational and/or appropriate and/or convenient in the overall context of the Scheme.
 - 17.2. **Removal of Difficulties**
 The Transferor Company and the Transferee Company may, through mutual consent and acting through their respective Board of Directors, agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions, whether by reason of any orders of the Tribunal or any directive or orders of any Governmental Authority or otherwise arising out of, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and / or matters concerning or connected therewith.
- 17.3. **Withdrawal**
 The Scheme may be withdrawn from the NCLT before its sanction, upon the occurrence of the following events: (i) by mutual consent of the Transferor Company and the Transferee Company, acting through their respective Board of Directors; or (ii) by either of the Merger Entities, in accordance with the terms as agreed between the Merger Entities.
 - 17.4. **Severability**
 If any part of this Scheme is invalid, ruled illegal by any court/Tribunal/Governmental Authority, or unenforceable under present or future laws, then it is the intention of the Transferee Company and the Transferor Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferee Company or the Transferor Company, in which case the Transferee Company and the Transferor Company may, through mutual consent and acting through their respective Board of Directors, attempt to bring about appropriate modification to this Scheme, as will best preserve for each of them, the benefits and obligations of this Scheme, including but not limited to such part.
 - 17.5. **Effect of Non-receipt of Approvals/Sanctions**
 In the event of any approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and falling such mutual agreement or in case the Scheme not being sanctioned by the Hon'ble Tribunal, the Scheme shall become null and void.
 - 17.6. **Cost, Charges and Expenses**
 Each of the Transferor Company and the Transferee Company, shall bear all their respective costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in making this Scheme effective and matters incidental thereto.

MEMORANDUM OF OBJECTS OF MODERN INSULATORS LIMITED (TRANSFEREE COMPANY)
Annexure-2
1. Ceramics and Advanced Ceramics

To Carry on all or any of the business of manufacturers, producers, processors, importers, exporters, buyers, sellers and dealers in all kind of high-tension or low-tension insulators made of Ceramics, Glass, Plastics, Epoxy resins or any other substance, which may be used for insulations and all kind of ceramic products, such as, industrial ceramics, high alumina ceramics, electronic ceramics, fuses, fuse carriers, catridge, caps, gauges, bushings or other articles in which clay is used as one of the main raw-materials.

To carry on trade or business to manufacture, produce, buy, sell, import, export and otherwise generally deal in any kinds and descriptions of advanced ceramic products in number of articles including electronic substrate and package ceramics, capacitor dielectric and piezoelectric ceramics, magnetic ceramics, optical ceramics, and conductive ceramics and in the articles nuclear ceramics, bio-ceramics, tribological ceramics, and automotive ceramics, zirconium oxide ceramic, zirconium silicate ceramic micro milling beads, High Density High Alumina ceramic milling media and Wear Resistant Lining Tiles, Re-crystallized High Purity Alumina ceramic Pyrometry tubes, Ballistic Armor Ceramics, Bio-ceramic products, Zircon based high temperature resistant refractory coatings and corrosion abrasion resistant coating compounds and other advance ceramic products.

To design, erect and provide consultancy and management services for ceramic products plants and other plants in India or abroad.

2. Tiles & Sanitary Goods

To carry on trade or business to manufacture, produce, buy, sell, import, export and otherwise generally deal in any kinds and description of tiles including ceramic, polished vitrified, glazed vitrified and unglazed tiles for domestic, commercial, industrial and outdoor applications for walls, floor and roofings, sewer pipes, drain pipes, concrete pipes and pipes of all descriptions and all kinds acidic, basic, high alumina, high silica, high grog and all other types, shapes and sizes of refractories and ceramics and all chemical formulations, organic or inorganic descriptions and categories for use in steel plants, mini-steel plants, furnaces, power houses and all kinds of industries, research, development and for any other use or purpose and for that purpose to set up all plants and machinery and related equipments including oil, fired or gas fired rotating calcining kilns and other ovens and to carry on all business for the manufacture of all kinds and descriptions of refractories and ceramics, all kinds of bathware & sanitarywares (including bathware & sanitarywares made of plastic, fibreglass or any other synthetic products) glass and glasswares, china, terracotta, porcelain products, bricks, building material, vinyl, vinyl asbestos and solid vinylware, adhesive vinyl covebase, poles, blocks, lime, limestone, crockery, pottery, tablewares hotelwares, decorative wares, gardenwares, earthenwares, stonewares, pressedwares tiles, pottery, pipes, insulators of all descriptions and/or products thereof and all kinds of cement (ordinary white coloured Portland alumina heat furnaces, silica), cement products.

To carry on all or any of the business of manufacturers, importers, exporters, stockists, distributors and otherwise dealers in Bricks, Tiles, Refractory, clays, cement, gypsum products and sanitary goods.

3. Crockery & Glassware

To carry on the business of manufacturers, dealers, importers, exporters, designers of all type of Crockery, Glassware, enamel wares, toughened-glass, safety glass and all kinds of automobile glass, silvered sheet, float and plate glass, lead mirrors, gold

mirrors, welding glass, coloured glass, decorative glass, icy-flowered glass, laminated fibre glass, glasswood, glass-bricks, glass insulating units, glass doors and fittings and acrylic plastic sheet.

To carry on the business of manufacturers, buyers, sellers, designers, importers, exporters, agents, stockists and distributors of and dealers in and with flat glass and sheet glass, laminated glass, wired glass, heat treated glass, rolled glass, optical glass, figured glass, tinted glass, fabricated glass for buildings, solar control glass, cladding glass, diffuse reflection glass, patterned glass, multi cellular glass, glass wool, insulating double or multiple glazing units and all sorts of glass including, all kinds of glass ware, pressed wares, glass bottles and caps of all types, mirrors, phials, bottle tops, jars, flasks and containers, glass tubes, cathode ray tubes, bulb blanks and solar heating panels, windows, wind screens and all kinds of articles made of or incorporating glass in sheet or fabricated form.

4. Textiles & Fabrics

To carry on the business of preparing, combining, spinning, doubling, twisting, drawing, texturising, imparting, crimping, converting, calendaring, testing, sizing, weaving, knitting, bleaching, processing, dyeing, ginning, curring, scouring, winding, mercerising, combing, printing, finishing, manufacturing, buying, selling, importing, exporting or otherwise dealing in industrial fabrics, synthetic fabrics, synthetic chips, polyester oriented yarn, fully drawn yarn, textured yarn, synthetic yarn, acrylic yarn, rayon yarn, nylon yarn, nylon tyre yarn, nylon ture cord, tyre fabrics, polyester rayon and any other textile cellulosic or non cellulosic end products, polyester, acrylic, viscose, polypropelene, cotton, linen, wool, silk, flex, hemp, jute, artificial silk, rayon, canvas and other fibres or textile products substances or not, and to treat, utilise and deal in any waste arising from any such operations and to manufacture, felted, knitted, looped and embroidered fabrics, lace and other types of manufactured, processed or decorated fabrics and to manufacture coated or laminated fabrics and readymade garments and apparels including all type of industrial and geo fabrics.

To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers, of and dealers in all kind of fabrics and textiles, fibres, yarns, threads, tapes, ropes, cords, twines and other products, as are prepared or manufactured from nylon, polyster, acrylics, rayon, silk, artificial silk, linen, cotton, wool, jute, and any other synthetic, artificial and natural fibres including fibre glass and all cellulosic & non cellulosic fibres.

To organize, run maintain, operate, promote the business of interior decorators; furniture and carpet designers and manufacturers, boutiques, operators of fashion centres, fashion shows, and to make, acquire, deal in any way in handicrafts, object of art, precious stones, jewellery, whether artificial or otherwise, and articles wherein precious metals or precious stones may be used in textile fabrics, and to manufacture and deal in any products as are dealt in by boutiques, fashion shows and interior decorators.

5. Clay & Mines

To prospect, purchase or take on lease clay, quartz, feldspar, mines and stone quarries and glass sand deposits, for the purpose of getting clays, quartz, feldspar, gypsum, glass-sand, carbon black and minerals to use them in pottery or manufacture or sell them.

6. Foundry

To manufacture, assemble, buy, sell, distribute, import, export, alter, remodel, hire, exchange, repair, service and otherwise deal in all types of non-ferrous and ferrous, castings of every kind and

description and components for all types of engineering, electrical, railways, ship building, defence, wind energy, agriculture, textiles, healthcare, automobiles including two wheelers, three wheelers, Four wheelers, gears, transmission, axels, joint springs, lamps, chair, bodies, frames, chesis, engines, tyres, tubes, batteries, equipment component, accessories, appliances, apparatus, raw material of every kind and description.

To carry on the business of iron smiths, founders, mechanical engineers, mechanics, fitters, millwrights, wire and tube makers, metallurgists, saddlers, electric battery makers and chargers, galvanizers, enamellers, electro platters, painters, spray painters, horn manufacturers, repair-shop operators, service shop operators, filing station operators, engineers, machinists, tool makers, ware drawers, iron and steel convertors, metal workers, moulders, japanners and annealers and to buy, sell or operate use, hire, exchange, repair convert, alter, lease, import, export and deal in machinery and equipment of all kinds.

To carry on business of manufacturing, producing or dealing in all types of metal wares, sanitary wares, building fittings, vacuum cleaners, prefabricated structures, all kind of similar articles used in house building, machining, metal filling, fittings, powders, foils, shoulders, metal wires, semi-finished or finished luggage, cutlery articles, building, fittings, clamps, steel furniture, industrial components and similar articles.

7. Hardware, Nuts, Bolts etc.

To carry on the business of manufacturers, merchants and dealers in high tensile bolts, nuts, rivets, washers, split pins, slotted-nuts, castle-nuts, simmonds-nuts, allen screws, slotted and recessed head-screws, cap-nuts, cotter-pins, split and tabular rivets, dog spikes, turn spikes, manufactured out of iron, steel brass, bronze, stainless steel, aluminium and other metal products as accessories for automobiles, railways and permanent ways, ship buildings, engineering industries, building industries, agricultural industries, machinery tools, implements, petroleum and chemical industries and machinery of all kinds.

To carry on business of manufacturers, importer, exporters, distributors, dealers, agents of machine tools, workshop accessories, machinery and parts and electrical accessories of all descriptions and general merchandise and engineering and motor car accessories and parts.

8. Pathology, Hospital

To set up, engage, collaborate, acquire, purchase, maintain, open collection centres, conduct, manage, administer, own, run laboratories for the purposes of carrying out pathological investigations of various branches of bio-chemistry haematology, histopathology, microbiology, electrophoresis, immune-chemistry, immunology, virology, cytology and other pathological investigations;

To purchase, lease or otherwise acquire, establish, run, manage, operate, maintain or administer hospital(s) medicare, health care, diagnostic, health aids, and research centres, and to provide medical relief to the public in all branches of medical schemes by all available means.

9. Pharma

To manufacture, formulate, process, develop, refine, import, export, wholesale and/or retail trade in all kinds of pharmaceuticals, antibiotics, drugs, medicines, biologicals, nutraceuticals, healthcare, ayurvedic and dietary supplement products, medicinal preparations, vaccines, chemicals, chemical products, dry salters, mineral waters, cordials, and also to deal in medicinal goods such as surgical instruments, contraceptives,

photographic goods, patent medicines, artificial limbs, hospital requisites, proprietary medicines, veterinary medicines and tinctures extracts and to carry on the business of vialling, bottling, repacking, processing of tablets, capsules, syrups, injections, ointments, etc. and also to carry on the business of chemists, druggists, buyers, sellers, agents, distributors and stockists of all kinds of pharmaceuticals and allied products.

10. Fertilizers & Chemicals

To carry on business of manufacturers, and dealers in all kinds of chemicals, acids, al-kalies, fertilizers, pesticides, pharmaceuticals and medicines, various ancillary chemicals of all types, chemical, industrial and other preparation, articles and compounds oils, paints and pigments, dyes, and intermediates electrical and photographic chemical and scientific chemicals.

To carry on the business of manufacturers and dealers in all types of rubber, leather, celluloid, dekalitre, plastic and all other chemicals, rubber and plastic goods, particularly industrial rolls, rollers, sheets, beltings and consumer goods, such as tyres, tubes and other allied products, chappals, shoes, toys, medical and surgical goods.

To manufacture, produce, refine, process, formulate, mix or prepare, mine or otherwise, acquire, buy, sell, exchange, distribute, trade, deal in import and export of all classes and kinds of acids, chemicals, fertilizers, pesticides their mixtures and formulations and any ingredients, mixtures, derivatives and compounds thereof.

11. Oils

To manufacture, produce, refine, prepare, purchase, stores, sell and to trade and deal in petroleum and all kinds of mineral oils, and all products and by-products thereof including wax, paraffin, soap, lubricants, illuminate and butter substitutes, oil, cloth, candles, glycerine. Stearing and in connection therewith to acquire, construct, repair, operate and use oil and other refineries, buildings, mills factories, oil wells, derricks, distilleries, ghanies, rotaries expellers, mechanical or hydraulic press.

12. Resins & Paints

To carry on business of manufactures, importers and exporters of and dealers in natural and synthetic resins, moulding, powders, adhesives, and cement, paints, distempers, colours, varnishes, enamels, gold and silver leaf enamels, spirits and other allied articles.

13. Calcined Coke

To carry on development and research work and to manufacture calcine, refine process, import, export, buy, sell and deal in petroleum coke, calcined coke and coal tar anthracite coal and to draw out manufacture and deal in coal tar, canlion products and other by-products as may be possible and to utilize waste gases for industrial uses and purposes.

14. Power, Renewable Energy, Transmission Towers, sub stations

To carry on all or any of the business of producers, manufacturers, suppliers, distributors, transformers, converters, transmitters, generator, processors, developers, stores, procurers, sellers, carriers and dealers in electricity, all forms of energy (renewable and non-renewable) and any such products and by products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any products derived from or connected with any other form of energy, including without limitation to conventional sources such as heat, thermal, hydel and /or from non-conventional sources such as tidal ware, wind, solar, geothermal, biological, biogas and coal bed methane.

To carry on business of generation, distribution, selling, purchasing, self consumption of electricity and power, generated

by any mode such as windmill, gas base plant, steam base plant or any other mode whatsoever used in generation of power.

To carry on in India or abroad the business of establishing, commissioning, setting up, operating and maintaining electric power transmission systems/networks, power systems, generating stations based on conventional/ non-conventional resources for evacuation, transmission, distribution, trading or supply of power through establishing or using stations, tie-lines, sub-stations and transmission or distribution lines in any manner.

15. Instruments

To manufacture, produce, assemble, distribute, stock, barter, exchange pledge, repair, use, buy, import and export and otherwise deal in all types of scientific instruments, and their accessories, testing instruments, process control instruments, electrical and electronic instruments, nautical, aeronautical and survey instruments, optical and ophthalmic instruments, general laboratory medical and surgical instruments, apparatus, scientific laboratory glassware, photographic, chemical and other instrument, apparatus, appliances, equipments, devices, contrivances, their accessories and component.

16. Electrical Engineers and Electrical Equipments

To carry on business of electrical engineers, electricians, engineers, contractors, manufacturers, suppliers of and dealers in electrical and other appliances, cables wirelines dry-cells, accumulators, lamps and to manufacture, and deal in all apparatuses and things required for/or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, including in the terms electricity that may be directly or indirectly derived there from or may be incidentally herein after discovered in dealing with electricity, subject to the provisions of Electricity Act.

To manufacture and/or otherwise engage in the manufacture or production of or dealing in electrical kilowatt hour meter, magnets, electromagnets, power cables, industrial jewels, ammeters, voltmeters and other types of measuring instruments, electrical or non-electrical, die castings, screws, nuts and bolts, transformers of all types, circuit-breakers, punched card machines, computers and calculators and their accessories, hoists, elevators, trolleys and coaches, winches, power generators, magnetic separators, air compressors, welders, fans of all types, switches and motors of all types, drill, electric grinders, air conditioner, refrigerators, washing machines, television and wireless apparatus including radio receivers and transmitters, electronic instruments diodes, transistors and allied items, watches and clock cameras, and any household appliances and any equipment used in the generation, transmission and receiving of sound light and electrical, impulses, and component parts thereof and other materials and products to manufacture and to deal in all kinds of electronic equipment in their components, spare parts or raw materials.

To carry on the businesses of manufacturers of and dealers in automobile parts, accessories, ancillaries, stores & spares and to engineer, develop, design assemble, manufacture, produce, import and export, buy, sell and otherwise deal in industrial, mining, agricultural and other machines and all types of tools, plants, equipments, instruments, appliances of all description made of metal, alloy, glass, synthetic and other fibres, chemicals and PVC compounds, plastics or any other materials.

To carry on the business of mechanical engineers, machinists, fitters, millwrights, founders, wire, drawers, tube makers, metallurgists, saddlers, galvanizers, japanners, annealers, enamellers, electroplaters and painters.

17. Agriculture Machinery

To engineer, develop, design, assemble, manufacture, produce, import, export, buy, sell, operate, run, let on hire and otherwise deal in all kinds of earth moving and agricultural machines, petrol and diesel engines, tools, plants tractors, equipments, spares, appliances, implements and accessories, mobile or otherwise; Heavy vehicles and machines for agricultural and land reclamation, drainage, irrigation, waterworks, engineering, forest clearing pumping and other purposes; Spraying machines, vehicles and equipments, whether mobile or otherwise; Mobile workshop and garage equipments for repair and service stations; Tubewells, pumps, floating or otherwise, motor and irrigation machinery; Transportation equipment for movement of its products or stores machines or personnel and as general purposes freight carriers.

18. Agro Products

To produce, purchase, sell, store, or otherwise deal in rice/paddy cereals, pulses and food grains of all kinds and other allied produce.

To treat, cure, submit to any process of manufacture and prepare for the market agricultural products of all kinds or things whatsoever including dairy, farm and garden produce of all kinds.

To carry on the business of bottlers, canners, packers, preservers, co-opters, dehydrators, maltsters, manufacturers, dealers and merchants of fruits, herbs, vegetables, tonic, flavoured drinks, nectars, fruit juices, punches, vinegar, acetic acid, glucose, malts hops, mustard, pickles, sauces, squashes, syrups, essences, aerated waters, grains, meal, yeast and deal in all other such materials and things used in connection with any of the above.

19. Dairy Products

To carry on the business as manufacturers, distributors, importers and exporters and dealers in milk condensed milk, evaporated milk, powdered milk, butter, cheese, cream and all types of milk products including dairy whitener, non-dairy whitener, infant milk formulas, whey powder and other related products such as chocolate, coffee, tea and other food preparations and beverages.

To buy, sell, manufacture, refine, prepare, pack and deal in all kinds of food including milk food products, beverages, infant foods, dietetic products, and other articles.

To carry on business of manufacture, processors, producers, growers, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires and dealers in flour, cakes, pastry cornflakes, bread, biscuits, chocolates, confectionery, sweets, fruit drops, sugar glucose, chewing gums, ice-creams, aerated or mineral waters, fruit juices, canned fruits and fruit products, butter, ghee flowers, cheese and other dairy products.

20. Food Products

To carry on business in India and abroad of manufacturing, preserving, reigning, packing, bottling, prepare, manipulate, treat, market, import, export, improve, produce, process, prepare, buy, sell, deal in and carry on the manufacturing and trading in foods and beverages like jams, jelly, pickles, cider, chutney, marmalades, mayonnaise, mustard, desserts, coffee, tea, flavours, condiments, pancakes, doughnuts, vinegar's ketchup, sauces, juices, squashes, syrups, soups, drinks, carbonated and non-carbonated, gelatines, essences, ice-creams, table delicacies, namkeens, fast food, frozen foods and other eatables, bakery products and confectionery items such as breads, biscuits, sweets, roti, pizza, papad, cakes, pastries, cookies, wafers, candoles, lemon drops, chocolates, chewing gums, toffee, lozenges, tinned, canned, bottled products, milk cream, butter, butter scotch, sauce, ghee, cheese, protein foods, dietetic products, health foods, cereal products, wheat cakes, farm

products, milk shakes, water ice products, yoghurt, mouth freshener, carbon dioxide for beverages.

21. Research & Experiments

To establish experimental farms and research stations and anywhere in India for conducting experiments, test and research for developing better qualities of food grains and agricultural products and for developing milch strain in cattle by cross breeding or otherwise, and increasing egg laying capacity in poultry and also for finding other ways of improving other agricultural crops, produce any seeds, fodder crops and cattle feed of all kinds.

22. Cold Storage

To erect, build, maintain and let out on hire or rent, warehouse, and cold storage rooms, and to provide for refrigeration and to carry on and undertake storage, packing removal, carrying, delivery, purchases, sale and exchange of fruits and vegetables including potatoes and all kinds of goods and to carry on the business of cold storage Company in all its branches.

23. Logistics

To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as fleet carriers, transporters, in all its branches on land, air, water, & space, for transporting goods, articles, or things on all routes and lines on National and International level subject to law in force through all sorts of carriers like trucks, lorries, trawlers, dumpers, coaches, tankers, tractors, haulers, jeeps, trailers, motor buses, omnibuses, motor taxis, railways, tramways, aircrafts, hovercrafts, rockers, space shuttles, ships, vessels, boats, barges and so on.

To carry on the business of warehousemen, bonded warehousemen, general carriers, cargo and forwarding agent.

24. Hotel

To purchase, establish, conduct, manage, takeover, acquire, lease, promote, develop and to carry on the business of running holiday resorts, boarding and lodging houses, hotels, restaurants, cafes, resorts, vacation/ holiday resorts, villas, lodgings, stalls, summer houses, castles, inns, road houses, motels, taverns, rest houses, guest houses, retreats, cottages, rest rooms, holiday camps, time share resorts, country clubs, mass housing, row housing, tourist bungalows, health care clinics, health spas, health rejuvenation hospitals and all other types of accommodations of all descriptions both across the country and abroad and to carry on similar or connected activities with all facilities and providing all services thereto, to purchase and develop land for visitors, guests or customers to construct eco-friendly buildings, to lease the land to visitors, customers or guests to build pools, spas, cottages and other facilities on their own or on contract basis, to fit up and furnish any property for the purpose of letting the same to visitors, customers or guests either in room, suites, cottages, chalets or otherwise, to sell them, lease them on a time sharing or property sharing basis by days, weeks, months and any undivided shares with or without holiday exchange basis both in India and outside India (outright sale basis).

25. IT

To develop, provide, undertake, design, import, export, distribute and deal in systems and application software for microprocessor based information systems, offshore software development projects, software project consultancy, development of computer languages and allied computer services and to own and/or operate data processing and service bureau centres in India and abroad and to perform all types of software-led IT Solutions, remote infrastructure management services, business process outsourcing including, but not limited to digital solutions, software as a service, cloud computing, engineering, research and development services,

network and network security, data centre management, client server services, IT enabled services, IT help desk services and any and all allied activities and/ or technological evolutions of any of the above.

To advise and render services like staff and management recruitment, training and placements, technical analysis of data, electronic data processing, preparation of project reports, surveys and analysis for implementation of project and their progress review, critical path analysis, organisation and methods studies and other economic, mathematical, statistical, scientific and modern management techniques and to establish and render any and all consultancy and other services of professional and technical nature and to undertake assignments, jobs and appointments.

To carry on in India or elsewhere all or any of the business or businesses of designers, assemblers and manufacturers of, dealers in, distributors, representatives, agents, hirers, and leasing and/or under hire purchase of all kinds of information technology assets, hardware, electronic and other devices, computers, accessories thereof and peripherals, any other articles, products, by-products, materials, appliances, apparatus and substitutes thereof.

26. Technical Information & Know-how

To acquire form or sell to any person, firm or body corporate, or unincorporate, whether in India or elsewhere technical and managerial information, knowhow, processes, engineering, manufacturing, operating and commercial data, plans layouts and blue prints useful for the design, erection and operation of any plant or process of manufacture and to acquire and grant or license other rights and benefits in the foregoing matters and things and to render any kind of management and consultancy services.

27. Film Production & Entertainment

To manufacture films and other appliances and machines in connection with mechanical or transmission of pictures, movement, musical and sounds, and to organize and conduct theatrical production and entertainment of all kinds.

To carry on the business of proprietors and managers of theatre (cinemas, picture places and concert halls) and to provide for the production, representation, and performance (whether by mechanical mean or otherwise) of operas, stage plays, operettas, vaudevilles, revues, ballets, pantomimes, spectacular pieces, promenade, and other concerts and other musical and dramatic performance and entertainments.

28. Real Estate/Builders & Architects

To carry on all or any of the business of construction engineers, architects, builders, contractors, decorators, electricians, wood workers and to acquire, develop, buy, sell real estate, multi-storeyed or other buildings.

To purchase, sell, develop, take in exchange, or on lease, hire or otherwise acquire, whether for investment or sale, or working the same, any real or personal estate including lands, mines, business, building, factories, mill, houses, cottage, shops, depots, warehouses, machinery, plant, stock in trade, mineral rights, concessions, privileges, licenses, easement or interest in or with respect to any property whatsoever for the purpose of the Company in consideration for a gross sum of rent or partly in one way and partly in the other or for any other consideration.

To carry on business as proprietors of flats and buildings and to let on leases or otherwise apartments therein and to provide for the conveniences commonly provided in flats, suites and residential and business quarters.

29. Printers & Stationers

To carry on business of general commercial, colour craft and

process, printers, lithographers, engravers, die makers, publisher of newspaper, books, magazines, art and musical production, plan and chart printers, press and advertising agents, contractors, ink, die, color and chemical manufacturers, manufacturers of metal and other signs, manufacturers and dealers of containers and components and machinery, manufacturers and dealer in printing machinery, type and all printers, supplies, book binders and stationers.

To manufacture, process, treat, refine, store, buy, sell, export, import, distribute and otherwise deal in all kinds and classes of paper and boards of all kinds. To design, develop, engineer, import, export, buy, sell and otherwise deal in licence, grant any right in, fabricate, manufacture, hire out, lease, plant, machinery and equipment relating to manufacture, processing, storing or transport of all kinds of paper, board, laminates, packaging, whether processed or not, and their by-products and to provide technical knowhow.

30. Rubber & Plastics

To promote, establish, acquire and run or otherwise carry on the business of plastic or rubber industry.

31. Dealing & Speculation

To buy, sell and deal and speculate in shares and securities, foreign exchange, gold silver, cotton, jute, hessian, oilseeds and commodities of all kinds, agricultural or otherwise finished or unfinished and take delivery and hold them as permitted under the law from time to time in force.

32. Wood Products

To grow, take on lease, acquire, develop, deal in plantations and forests, and to process in all aspects timber, wood plywood, and all kinds of wood, and to make products wherein wood is a constituent part and to design, develop, fabricate and products involving the use of wood.

33. Storekeepers

To carry on, in any mode, the business of storekeepers in all its branches and in particular to buy, sell, and deal in goods, stores, consumables articles, chattels, and effects of all kinds, both wholesale or retail.

34. Importer, Exporters, Agents

To carry on business of importers and exporters of goods or merchandise of any description or to act as shippers, underwriters, commission agents, advertising agents, travelling agents, transport agents, forwarding and clearing agents, brokers, estate agents and hardware merchants.

35. Manufacturing of Packing Items

To carry on the business of manufacturing, printing, processing, distributing, selling, buying, importing, exporting and dealing in all kinds of packing, laminated, coated materials including made of paper, film, foil and plastics and all any other materials that are and that may be developed for the purpose.



ASHUTOSH DWIVEDI

IBBI Registered Valuer

IBBI Reg. No.-IBBI/RV/06/2019/12053

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SHAH
&
LODHA**

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Chartered Accountants

To

Board of Directors

Modern Insulators Limited

Talheti, Village Karoli, Tehsil Abu Road,

Dist- Sirohi- 307510 (Rajasthan)

Board of Directors,

Modern Denim Limited

Talheti, Village Karoli, Tehsil Abu Road,

Dist- Sirohi- 307510 (Rajasthan)

Subject: Recommendation of share exchange ratio for the proposed amalgamation of Modern Denim Limited into Modern Insulators Limited.

Dear Sir/ Madam,

We refer to the engagement letters whereby Modern Insulators Limited (MIL) and Modern Denim Limited (MDL) have requested PAREKH SHAH & LODHA (PSL) for recommendation of the share exchange ratio for the proposed amalgamation of Modern Denim Limited (MDL) into Modern Insulators Limited (MIL), through a Draft Scheme of Compromise, Arrangement and Amalgamation between Modern Denim Limited and Modern Insulator Limited, under Sections 230 to 232 of the Companies Act, 2013, with Appointed Date of April 1, 2016.

Modern Insulators Limited ("Transferee Company") and Modern Denim Limited ("Transferor Company") are together referred to as 'the Specified Companies'.

Parekh Shah & Lodha (PSL) has been hereafter referred to as 'Valuer' in this Report ('Valuation Report' or 'Report').

SCOPE AND PURPOSE OF THIS REPORT

PAREKH SHAH & LODHA (PSL), have been assigned by management of the MIL & MDL, to undertake the Relative Valuation of Equity Shares of the specified companies, as on April 1, 2016, for the purpose of arriving at share exchange ratio in the proposed transaction of merger of MDL with M/s Modern Insulators Limited (MIL)

We understand that the management of the specified Companies ('Management') are contemplating amalgamation of Modern Denim Limited (MDL) into Modern Insulators Limited (MIL) (Transaction') pursuant to a Scheme of Compromise, Arrangement and Amalgamation ('Scheme') to be implemented under the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013. In this regard, April 1, 2016 has been considered as the appointed date for the proposed amalgamation.

As a consideration for the amalgamation, equity shareholders of Modern Insulators Limited would be issued equity shares of Modern Denim Limited. Share exchange ratio for this Report refers to the number of equity shares of Face Value 10/- each of Modern Insulators Limited, which would be issued to shareholders of Modern Denim Limited.

For the aforesaid purpose, the Specified Companies have requested Parekh Shah & Lodha to submit a report recommending the Share Exchange Ratio. The Scope of our services is to conduct a *relative (and*



not absolute) valuation of the equity shares of the Specified companies and recommending the Share Exchange Ratio in accordance with generally accepted professional standards.

We have been appointed as Valuer separately by Modern Insulators Limited and Modern Denim Limited, and have worked independently in our analysis. We have received information and clarifications from the specified Companies separately and independently. For recommending the Share Exchange Ratio, we have independently arrived at different value per share of the Specified Companies. However, to arrive at the consensus on the Share Exchange Ratio, appropriate averaging and rounding off in the values of the Specified Companies arrived at by us have been done.

Our analysis does not factor impact of an event which is unusual or not in normal course of business. We have relied on the above while arriving at the Share Exchange Ratio.

The report is our deliverable for the above engagement.

This report is subject to the scope, assumptions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

BRIEF BACKGROUND

1. MODERN DENIM LIMITED

- Modern Denim Limited (MDL) was incorporated on 15th November 1977. MDL was promoted by Mr. H.S. Ranka, as Modern Suitings Pvt. Ltd. It was converted into a Public Limited Company in March 6, 1979.
- MDL is engaged in the business of denim fabric manufacturing. The Company manufactures various types of denim fabrics including basic denim, stretch denim, ring, multi/mixed count denim, cross hatch, face & back denim & blended denim fabric. The Company's plant at Village-Moriya, Ahmedabad District – 382210, Gujarat has a composite denim mill with installed production capacity of 30 MMPA.
- The registered office of the company is located at Talheti, Village Karoli, Tehsil Abu Road, Dist- Sirohi- 307510 (Rajasthan).
- The operations of MDL have been severely affected due to downturn in the denim industry due to depressed price realizations, lack of orders and increase in cotton prices. The company's operations have been further adversely hit due to old technology, lack of resources for modernization and low capacity utilization owing to paucity of working capital.
- The Company had become a sick company within the meaning of section 3 (1) (o) of the Sick Industrial Companies (Special Provision) Act 1985 (SICA), since repealed. The Board for Industrial and Financial Reconstruction (BIFR), since dissolved had declared the Company as a sick Company. However, the proceedings for the revival of MDL came to a grinding halt and stood abated since BIFR got dissolved.
- Presently manufacturing facilities of MDL are operational with very low capacity utilization levels.



2. MODERN INSULATORS LIMITED

- Modern Insulators Limited (MIL) was incorporated as a Public Limited Company on 1st May, 1982.
- MIL is a manufacturer and supplier of high voltage porcelain insulators that are essential components of the global electrical infrastructure. The company's design and production technology in porcelain insulators makes it the preferred supplier of leading OEMs - ABB, GE, Siemens, CGL have long term understanding for supplies for their worldwide requirements. MIL proclaims to be the market leader for high voltage porcelain hollows, station posts and longrods in India and with equally established markets in USA, Europe, Russia etc.
- The registered office of the company is located at Talheti, Village Karoli, Tehsil Abu Road, Dist- Sirohi- 307510 (Rajasthan).
- During the year 2016-2017, Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has sanctioned the scheme of amalgamation of Modern Terry Towels Limited (MTTL) with your Company with effect from 01.01.2008 (the Appointed Date) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The Scheme has been made effective on 15th September, 2016. The merger results in consolidation of two companies which facilitate savings in the administrative cost and also beneficial in terms of saving of Income Tax under the provisions of Section 72A of the Income Tax Act, 1961.

Considering the above the financials of Modern Terry Towels Limited (MTTL) have also been considered by the MIL while preparing the financial statements for the past period as well as projected periods, for the purpose of this valuation.

Accordingly the company has issued 2,54,00,400 numbers of Fully paid up equity shares during the year to the shareholders of Modern Terry Towels Limited (MTTL) pursuant to the scheme of Amalgamation. We have also considered the number of paid up shares issued to the shareholders of MTTL for the purpose of our valuation.

- A scheme of Demerger under section 391 to 394 of the Companies Act, 1956 was filed before the High Court of Rajasthan at Jaipur to demerge the Gujarat Polyfils, the Yarn Division of the Company. However, the Ministry of Corporate Affairs has notified the provisions related to National Company Law Tribunal (NCLT) and therefore the proceedings pending before Rajasthan High Court have been transferred to NCLT.

Consequently the Yarn Division of the Company was de-merged pursuant to sanction of scheme of de-merger approved by Hon'ble NCLT vide its order dated 12th December, 2017. The yarn division of the company was de merged on and from 1.4.2011 (Appointed Date) and the order had become effective from "effective date " i.e. 25.12.2017 , being the date on which the certified copy of the said NCLT order had been filed with the Registrar of Companies, Jaipur.

Considering the above the financials of Yarn Division have not been considered by the company while preparing the financial statements for the past period as well as projected periods, for the purpose of this valuation.



SOURCES OF INFORMATION

To carry out this assignment we have relied on the following sources of information:

- ⇒ Audited Financial Statements as on 31st March 2015 to 31st March 2019 of the Specified Companies. (Financial Statement for the year upto 31st March 2017 were prepared as per IGAAP and thereafter as per IND AS)
- ⇒ Projected Financial Statements for the year ended 31st March 2020 to 31st March 2023 of the Specified Companies, along with estimated investment in capital expenditure, working capital requirement, sales, profitability figures, etc.
- ⇒ Detailed separate valuation workings and assumptions of the specified companies.
- ⇒ Draft Scheme of Compromise, Arrangement and Amalgamation between Modern Denim Limited (MDL) and Modern Insulators Limited (MIL), under Sections 230 to 232 of the Companies Act, 2013, with Appointed Date of 1 April 2016.
- ⇒ Discussions with the senior persons in the respective industries about the current industry trend applicable to the Specified Companies.
- ⇒ General information gathered from the industry reports available in the market.
- ⇒ Relevant information of industry performance from various online web sources.
- ⇒ Production facility available with the Specified Companies.
- ⇒ Market Prices and Trading history of the equity shares of the Specified Companies
- ⇒ Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available.
- ⇒ And such other analysis, reviews and enquiries, as we considered relevant.

As per the terms of the scope of assignment, we have been specifically asked to carry out the relative valuation of the specified companies as on April 1, 2016 for the purpose of arriving at the Share Exchange Ratio, pursuant to the proposed transaction of amalgamation of Modern Denim Limited into Modern Insulators Limited. Hence for the purpose of this assignment, we have considered the audited financial statements for the financial year ending March 31, 2017 to March 31, 2019, as projected financial statements for the purpose for this valuation, wherever required.

Further, pursuant to a scheme of de-merger approved by Hon'ble NCLT vide its order dated 12th December, 2017, the Yarn Division of Modern Insulators Limited was de-merged with effective date of 01.04.2011. However, we have been only provided with the summarized Unaudited Financial Statements of MIL for the period upto March 31, 2018 as well as projected financial statements till year ended March 31, 2022, after excluding the relevant financial figures of Yarn Division there-from. For the purpose of our valuation, we have relied on such summarized Unaudited/ Projected Financial Statements of MIL, without scrutinizing proper adjustments/ treatment of effect of such demerger of Yarn Division in the Financial Statements of MIL.

As per the Draft Scheme of Compromise, Arrangement and Amalgamation under Sections 230 to 232 of the Companies Act, 2013, MDL has proposed relaxations on repayment schedule/ exemption on several liabilities of the company towards the preference share holder, non convertible debenture holders, public fixed depositors, share application money, statutory dues, etc. upon amalgamation of MDL with MIL. For the purpose of this valuation, we have been provided the projected financial statements by the company, assuming the approval of these relaxations by Hon'ble NCLT, and



accordingly we have considered the same for the purpose of this relative valuation. If NCLT does not approve any of these relaxations or any contingent liability accrues, the outcome of this report shall be varied significantly.

The specified companies have been provided with the opportunity to review the draft report (excluding the recommended share exchange ratio) for this engagement to make sure that factual inaccuracy/ omissions are avoided in our final report.

LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS DISCLAIMERS OF THE REPORT

- The information contained in this report is confidential and is intended for the sole use by the Specified Companies as a facilitation tool for *arriving at Share Exchange Ratio in the proposed transaction of merger of MDL with MIL through an Draft Scheme of Compromise, Arrangement and Amalgamation between MDL and MIL, under Sections 230 to 232 of the Companies Act, 2013, with Appointed Date of 1 April 2016*. Under no circumstances will PSL, or any of its office bearers, be liable for any loss to any party arising from usage of the report for any purpose other than the one for which it has been prepared. Any copy of this report, except for use by the specified companies, should be done only with the written permission of PSL.
- As per the scope of our services, we have conducted a *relative (and not absolute) valuation* of the equity shares of the Specified companies for recommending the Share Exchange Ratio in accordance with generally accepted professional standards.
- Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/Tax due diligence, consulting or tax related services that may otherwise be provided by our or our affiliates.
- While information obtained and relied on in preparing this report have been obtained from sources believed to be authentic, it does not indicate any assurances from our side as to their reliability or otherwise nor is to be construed as an expression of our opinion and neither PSL nor any of its officials accept any responsibility or liability, of any inaccuracies of data, having bearing on the values.
- For the purpose of this engagement, we have not made any legal investigation into, and assume no responsibility for titles of assets and liabilities against the net worth of the company.
- The management has represented that the business activities of the Specified Companies have been carried out in normal and ordinary course after March 31, 2016, and that no material adverse changes has occurred in their respective operations and financial positions.
- The values arrived at are of indicative nature limited by our scope and availability of time and information.
- We shall not be held responsible in any event, and liable for special, indirect or consequential damages, as the assignment has been completed on best efforts, knowledge and belief. Our financial responsibility in the report, if any, will be limited to our professional fees. Further, we should not be holding any responsible after six months from the date of valuation regarding any kind of information/documents required by the specified companies or reply/ clarification in this connection.
- PSL is not required to give testimony or to appear in court by reason of this valuation assignment, as appearance in the court is out of scope of the assignment.



- The value arrived in this valuation report is subject to statutory dues / obligations on the specified companies as a whole. We have not received any latest details along with relevant documents for the statutory dues outstanding hence we are unable to comments on the same.
- The value arrived in this report is subject to any contingent liability which may arise on the company in future and not disclosed to us.
- This valuation report is prepared based on the business operations of the company as on date of valuation and prevailing market / industry trends. Due to dynamic economic environment, values arrived in this report shall held good only for 6 months from the date of this report.
- PSL follows ethical practices in the discharge of its professional services and amongst others, as part of such ethical practices, it follows the general rules relating to honesty, competence and confidentiality, and attempts to provide the most current, complete, and accurate information as possible within the limitations of available finance, time constraint and other practical difficulties relating thereto and arising as a consequence thereof.
- Although our report may contain references to relevant laws and legislation, we do not provide legal opinion on the compliance with such laws and our findings in this report are not to be construed as providing legal advice. Our discussion of the relevant laws is intended solely to facilitate the determination of applicable facts which may be relevant to the interpretation and/or application of such laws. Should such interpretation require legal advice, we recommend that independent professional legal advice be obtained.
- We have considered financial projections for the purpose of this Valuation, wherever required, as per details provided by the Specified Companies and we are not certifying or validating any of the financial projections used for the purpose of this valuation.
- Financial projections used for the purpose of this valuation are sole responsibility of the Specified Companies and we are not extending any confirmation about the reliability of the same and achievability of the same. Since financial projections are completely subjective and futuristic in nature, hence we are not responsible in any capacity for accuracy and achievement of the said financial projections.
- Valuation is very sensitive to the assumptions/forecasts made by the management. Since, the valuation is based on the business outlook of the management as on date, the assumptions made herein are subject to change in business scenario at later dates.
- This valuation opinion based on the details, commercial facilities and business plan of the company and any changes in the same or any major changes in overall economic environment, Government policies at any subsequent date may have impact on the values mentioned in this opinion and the same may not hold good.
- For the purpose of this valuation, we have not carried out any detailed scrutiny of the assets and liabilities of the specified companies as per the financial statements provided to us. Any deviation from the same may affect our valuation considerably. We have assumed that the Assets of the specified companies, as per financial statements have an equivalent value on realisation in the ordinary course of the company's business and there is no other liability, direct as well as indirect, against the company or its assets, except those mentioned in the Financial Statements and there are no significant claims for which the Company would be contingently liable in respect of litigation, if any, which may be pending against the Company. There is no litigation pending against any of the employees of the Company for which the Company would be contingently liable either directly or



indirectly. The balances of Receivables and Payables ledgers are subject to the confirmations and reconciliations, if any.

- The ultimate analysis will have to be tempered by exercise of the judicious discretion by the valuer and the judgement taken into account all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiments, etc., which are not evident from the face of the financial statements, but which will strongly influence the worth of the share. This concept is also recognised in judicial decisions.
- Recommendations rendered in this report are based on the information provided to us and other sources and said recommendations shall be considered to be in the nature of non binding advice (our recommendations will however not be used for advising anyone to take buy or sell decision). We have no obligation to update this report.
- The recommendations made in the report are based on assumptions and disclaimers taken by us to arrive at the respective relative value of each specified company, which are mentioned in their separate detailed reports as attached herewith as Appendix A & B, which are integral part of this recommendation.
- The determination of share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependant on the exercise of individual judgement. There is, therefore, no single undisputed share exchange ratio. While we have provided our recommendation of the share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the share Exchange Ratio at which the proposed transaction shall take place will be with the Board of Directors of the respective Specified Companies, who should take into account other such factors such as their own assessment of the proposed Transaction and input of other advisors.
- We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion on the Share Exchange Ratio. This report is not a substitute for the third party's own due diligence / appraisals/ enquiries/ independent advice that the third party should undertake for his purpose.
- The fee for the engagement is not contingent upon the results reported.
- Neither the valuation report nor its content may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme, without our prior written consent except for disclosures to be made to relevant regulatory authorities including stock exchanges and SEBI. In addition, this Report does not in any manner address the prices at which equity shares of Modern Insulators Limited (MIL) will trade following announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of any Specified Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed Transaction.
- Our valuation for specified companies is subject to the limitations as mentioned above and the value as arrived, by us may be varied significantly due to the abovementioned factors.



SHAREHOLDING PATTERN OF THE SPECIFIED COMPANIES – AS ON THE DATE OF VALUATION (APRIL 1, 2016)

MODERN INSULATORS LIMITED

The Issued, Subscribed and fully paid up Equity Share capital of the MIL, as on April 1, 2016, was Rs 2,174.35 Lacs, divided in 2,17,43,500 equity shares of face value of Rs 10 each. The shareholding pattern was as follows:

Particulars	No. of Shares	% held
Promoters and associates	1,18,76,339	54.62
Institutions & Banks	10,01,450	4.61
Non-Institutions	88,65,711	40.77
Total	2,17,43,500	100.00

During the year 2016-2017, Hon'ble Board for Industrial & Financial Reconstruction (BIFR) has sanctioned the Scheme of Amalgamation of Modern Terry Towels Limited (MTTL) with MIL with effect from 01.01.2008 (the Appointed Date) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The Scheme has been made effective on 15th September, 2016. Accordingly the company has issued 2,54,00,400 numbers of Fully paid up equity shares during FY 2016-17 to the shareholders of MTTL, pursuant to such scheme. Since, the adjusted unaudited Financial Statements of the company (after giving effect of merger of MTTL and Demerger of Yarn Division), has been prepared based on aggregate share capital after addition of above 254,00,400 Equity Shares, for the year ended 31.03.2016, we have considered 4,71,43,900 fully paid up shares of MIL for the purpose of our valuation.

MODERN DENIM LIMITED

The Issued, Subscribed and fully paid up Equity Share capital of the MIL, as on April 1, 2016, was Rs 3750.20 Lacs, divided in 3,75,02,000 equity shares of face value of Rs 10 each. The shareholding pattern was as follows:

Particulars	No. of Shares	% held
Promoters and associates	1,37,10,555	36.56%
Institutions & Banks	1,21,80,356	32.48%
General Public	1,16,11,089	30.96%
Total	3,75,02,000	100.00%

APPROACH AND METHODOLOGY

It should be understood that the valuation of a company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with reference to industry performance and general business and economy conditions, many of which are beyond the control of the companies. In addition this valuation will fluctuate with changes in prevailing market conditions, the conditions and



prospects, financials and otherwise, of the companies, and other factors which generally influence the valuation of the companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for the transactions of a similar nature and our reasonable judgement, in an independent and bona-fide manner.

It is globally recognised that the valuations is not as exact science and that estimating values necessarily involves selecting a method or an approach that is suitable for the purpose.

The followings are commonly used and accepted methods of determining the value of the equity shares of a company/ business:

1. Asset Approach- Net Assets Value Method
2. Income Approach- Discounted Cash Flow Method
3. Market Approach:
 - Market Price Method
 - Comparable Companies Quoted Multiple Methods
 - Comparable Companies Transaction Multiple Methods

We have analyzed the applicability of each method as mentioned above in the specified companies, based on the details and representations as made available to us by the respective companies and underlying assumptions and disclaimers taken by us to arrive at the respective valuations. The detailed report of each specified company is attached herewith as Appendix "A" (for MDL) & "B" (for MIL), which are integral part of this recommendation.

EQUITY VALUE BY 'NET ASSETS VALUE' (NAV) METHOD

The assets based valuation technique is based on the value of the under lying net assets of the business, either of the book value or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the company is to be liquidated, i.e. it does not meet the "going concern" criteria or the or in case where the assets base dominates earning capabilities.

Under this approach, we have considered the value of the underlying assets of the company at Book Value. Net Assets Value represents net equity of the business after assets and liabilities have been adjusted to their fair values.

Considering the nature of operations, assets base and earning capabilities of the specified companies, we have carried out the valuation of the Equity Shares of the specified companies, under Net Assets Value Approach, which is fair in our opinion, based on *detailed assumptions and limitation* mentioned in this report, which is integral part of this opinion. *The valuations coming as Negative, if any, are taken as Nil and not considered for arriving at weighted Relative Value per Share of the respective company.*



EQUITY VALUE BY INCOME APPROACH- DISCOUNTED CASH FLOW (DCF) METHOD

Considering the consistent cash flows in the business and their reasonable certainty, we have adopted 'DCF Method' to calculate 'Equity Value'.

The DCF method values the company by discounting the free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flow represents the cash available for distribution to the equity shareholders of the company. The Free Cash Flows are discounted by the Cost of Equity (K_e). The K_e represents the returns expected by the investors in the Equity Share Capital of the company. The present value of the free cash flow during the explicit period and the perpetuity value indicate the value of the company.

The DCF method is the modern valuation method, which relates the value of the assets to the present value of the future cash flows on those assets.

We have carried out the valuation of the Equity Shares of the company, under DCF Approach, which is fair in our opinion, based on *detailed workings, assumptions and limitation* mentioned in this report, which is integral part of this opinion. *The valuations coming as Negative, if any, are taken as Nil and not considered for arriving at weighted Relative Value per Share of the respective company.*

EQUITY VALUE BY MARKET APPROACH - MARKET PRICE METHOD

The Market Price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted in the stock exchange would not be regarded as a proper index of the fair value of the shares, especially where the market values are fluctuating in a volatile capital market.

Further in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

Equity Shares of MDL & MIL are listed on BSE, but are not being traded since January 2001 and March 2001, respectively. Considering the above, the valuation of the MDL & MIL under Market Price Method is not possible.

EQUITY VALUE BY MARKET APPROACH - COMPARABLE COMPANIES QUOTED MULTIPLE METHODS

Under this method, the value of equity shares of a company is arrived at by using multiples derived from valuation of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principal that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant Multiples needed to be chosen carefully and adjusted for differences between the circumstances.

We also tried to calculate Equity Value of the specified companies through EBIDTA Multiple Approach, to ensure the values arrived as per DCF Model. For this purpose, weighted average of EBIDTA Multiples is calculated, based on the market value of the equities of the companies comparable with the company



under valuation, as on date of this valuation and book value of debts as per latest available audited Balance Sheet, to arrive on Equity Valuation by Multiple approaches.

We have carried out the valuation of the Equity Shares of the specified companies, under EBITDA Multiple Approach, which is fair in our opinion, based on *detailed workings, assumptions and limitation* mentioned in this report, which is integral part of this opinion. *The valuations coming as Negative, if any, are taken as Nil and not considered for arriving at weighted Relative Value per Share of the respective company.*

VALUATION CONCLUSION AND SHARE EXCHANGE RATIO

The basis of the transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purpose recommending a fair exchange ratio of equity shares it is necessary to arrive at a single value for each of the business / subject companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the specified values of the Specified Companies but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the ultimate analysis, valuations will have to be tempered by the exercise of the judicious discretion and judgement taking into account all the relevant factors. There will always be several factors like quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiments, etc, which are not evident from the face of financial statements but which will strongly influence the worth of the shares. Again it is understood that this analysis does not represent a fairness opinion.

The exchange ratio has been arrived at on the basis of a relative equity valuation of the specified Companies, based on the methodologies explained herein earlier and various qualitative factors relevant to each Company and the business of the specified Companies, having regard to information, key underlying assumption and limitations.

We, as considered appropriate, have independently applied methodologies discussed above and arrived at their assessment of value per share of the Specified Companies. To arrive at the consensus on the share Exchange Ratio, suitable averaging and rounding off in the values arrived at by the valuer have been done.

Considering the nature of business and quality of underlying assets of the specified companies and on a consideration of all relevant factors and circumstances as discussed and outlined hereinabove, we have thought fit to give the following weightage to the values arrived at under each approach, in order to compute the Relative Value of the equity shares of MDL and MIL and to recommend the Stock Exchange Ratio for the purpose of the proposed transaction:



Summary of Valuation:

Valuation Approaches	MDL		MIL	
	Value per Share	Weight (%)	Value per Share	Weight (%)
Asset Approach	0.00	NA	47.55	20%
Income Approach (Discounted Cash Flow Method)	5.15	100%	50.32	40%
Market Approach				
Market Price Method	0.00	NA	0.00	0%
Comparable Companies Method	0.00	NA	55.29	40%
Relative Value per Share	5.15	100%	51.75	100%
Relative Value per Share- Rounded Off	5.15		51.75	
Fair Share Exchange Ratio – Rounded	10		1	

SHARE EXCHANGE RATIO

1 (One) equity shares of MIL (of Rs 10 each fully paid up) for every 10 (Ten) equity shares of MDL (of Rs 10 each fully paid up) for the amalgamation of MDL into MIL

We hereby want to bring to your notice that this estimate is subject to the assumptions and limitations, set out in the valuation report.

Respectfully submitted,

For PAREKH SHAH & LODHA
Chartered Accountants
Firm Registration No. 107487W

ASHUTOSH DWIVEDI
PARTNER & REGISTERED VALUER
ICAI Membership. No. : 410227
IBBI Reg. No.-IBBI/RV/06/2019/12053

Place: Mumbai
Date : 28.11.2019
UDIN: - 19410227AAAAIN7221



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November 30, 2019

The Board of Directors,
Modern Insulators Limited
Talheti, Village Karoli,
Tehsil Abu Road,
Dist. Sirohi (Rajasthan) 307510

The Board of Directors
Modern Denim Limited
Talheti, Village Karoli,
Tehsil Abu Road,
Dist. Sirohi (Rajasthan) 307510

Re: Fairness Opinion on the proposed amalgamation of Modern Denim Limited (MDL) with Modern Insulators Limited (MIL) for consideration of issue and allotment of shares Modern Insulators Limited to the shareholders of Modern Denim Limited.

Dear Sirs,

We, Hem Securities Limited ('HSL', 'we', 'us', 'our'), a SEBI Registered Merchant Banker having SEBI Registration No INM000010981, refer to the engagement letter wherein MIL has engaged HSL to provide a fairness opinion in terms of SEBI CIR/CFD/CMD/16/2015 dated November 30, 2015 and Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 towards the proposed amalgamation of MIL with MDL.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of MIL and MDL have considered and proposed a Scheme of Amalgamation of MIL with MDL. In this regard, Parakh Shah & Lodha, Chartered Accountants was appointed to carry out the valuation of the Equity Shares of the MDL and MIL, as on 01.04. 2016, in order to arrive at share exchange ratio in the proposed transaction through an Draft Scheme of Compromise, Arrangement and Amalgamation, under Sections 230 to 232 of the Companies Act, 2013, with Appointed Date of 1 April 2016.

The Management of MIL has therefore engaged Hem Securities Limited to submit a fairness opinion on the proposed Scheme of Amalgamation.

HSL's scope of work in terms of Engagement Letter dated 22.11.19 is to provide suggestive inputs and fair opinion in terms of indicative values of the Equity Shares of MIL and MDL, for the purpose of arriving at share exchange ratio in the proposed transaction of merger.

This report is subject to the scope, assumptions, limitations and disclaimers detailed below. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitation of Amalgamation and should not be used for any other purpose.



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SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information:

- Audited Financial Statements of MIL and MDL as on 31st March 2015 to 31st March 2019 of the Specified Companies. (Financial Statement for the year upto 31st March 2017 were prepared as per IGAAP and thereafter as per IND AS)
- Valuation Report of Equity Shares of Modern Insulators Limited as on 01.04 2016 and Valuation Report of Equity Shares of Modern Denim Limited as on 01.04 2016 dated November 22, 2019 received from Parekh Shah & Lodha, Chartered Accountants.
- Projected Financial Statements of MIL and MDL for the year ended 31st March 2020 to 31st March 2023, along with estimated investment in capital expenditure, working capital requirement, sales, profitability figures, etc
- Valuation Reports of the Movable and Immovable Assets of MIL and MDL, as on the date of valuation
- Draft Scheme of Arrangement and Amalgamation.
- Further, pursuant to a scheme of de-merger approved by Hon'ble NCLT vide its order dated 12th December, 2017, the Yarn Division of Modern Insulators Limited was demerged with effective date of 01.04.2011. However, the management of MIL has provided only with the summarized Unaudited Financial Statements of the Company for the period upto March 31, 2018 as well as projected financial statements till year ended March 31, 2022, after excluding the relevant financial figures of Yarn Division there-from. For the purpose of valuation, such summarized Unaudited/ Projected Financial Statements of MIL have been relied, without scrutinizing proper adjustments/ treatment of effect of such demerger of Yarn Division in the Financial Statements of MIL.
- As per the Draft Scheme of Compromise, Arrangement and Amalgamation under Sections 230 to 232 of the Companies Act, 2013, MDL has proposed relaxations on repayment schedule/ exemption on several liabilities of the company towards the preference share holder, non convertible debenture holders, public fixed depositors, share application money, statutory dues, etc. upon amalgamation of MDL with MIL. For the purpose of this valuation, the projected financial statements of the company have been prepared assuming the approval of these relaxations by Hon'ble NCLT, and accordingly the same has been considered. If NCLT does not approve any of these relaxations, the outcome of this report may be varied significantly.
- Present Shareholding Pattern of MDL and MIL
- Such other information and explanations as we required and which have been provided by the Company & Valuer.

BACKGROUND INFORMATION

1. Modern Insulators Limited ('MIL') :- Transferee Company

Modern Insulators Limited (CIN : L31300RJ1982PLC002460) is a public limited company incorporated on May, 01, 1982 under the provisions of Companies Act, 1956 having its registered office situated at Talheti, Village Karoli, Tehsil Abu Road, Distt Sirohi, Rajasthan- 307510



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MIL is a manufacturer and supplier of high voltage porcelain insulators that are essential components of the global electrical infrastructure. The company's design and production technology in porcelain insulators makes it the preferred supplier of leading OEMs - ABB, GE, Siemens, CGL have long term understanding for supplies for their worldwide requirements. MIL proclaims to be the market leader for high voltage porcelain hollows, station posts and longrods in India and with equally established markets in USA, Europe, Russia etc.

During the year 2016-2017, Hon'ble Board for Industrial & Financial Reconstruction (BIFR) had sanctioned the scheme of amalgamation of Modern Terry Towels Limited (MTTL) with the Company with effect from 01.01.2008 (the Appointed Date) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The Scheme was made effective on 15th September, 2016. The merger results in consolidation of two companies which facilitate savings in the administrative cost and also beneficial in terms of saving of Income Tax under the provisions of Section 72A of the Income Tax Act, 1961. Considering the above the financials of Modern Terry Towels Limited (MTTL) have also been considered by the company while preparing the financial statements for the past period as well as projected periods, for the purpose of this valuation. Accordingly the company has issued 2,54,00,400 numbers of Fully paid up equity shares during the year to the shareholders of Modern Terry Towels Limited (MTTL) pursuant to the scheme of Amalgamation. The number of paid up shares issued to the shareholders of MTTL has also been considered for the purpose of our valuation. Therefore, we have considered 4,71,43,900 fully paid up shares of MIL for the purpose of our valuation

A scheme of Demerger under section 391 to 394 of the Companies Act, 1956 was filed before the High Court of Rajasthan at Jaipur to demerge the Gujarat Polyfils, the Yarn Division of the Company. However, the Ministry of Corporate Affairs has notified the provisions related to National Company Law Tribunal (NCLT) and therefore the proceedings pending before Rajasthan High Court have been transferred to NCLT.

Consequently the Yarn Division of the Company was de-merged pursuant to sanction of scheme of de-merger approved by Hon'ble NCLT vide its order dated 12th December, 2017. The yarn division of the company was de merged on and from 1.4.2011 (Appointed Date) and the order had become effective from "effective date" i.e. 25.12.2017, being the date on which the certified copy of the said NCLT order had been filed with the Registrar of Companies, Jaipur. Considering the above the financials of Yarn Division have not been considered by the company while preparing the financial statements for the past period as well as projected periods, for the purpose of this valuation.

The shareholding pattern on the company:

The promoters along with their associates hold about 55% of total equity share capital, Institutions and Banks hold 5% and the balance equity is held by the public as depicted in the table below

Name of Shareholder	As on 31/03/2016		As on 31/03/19	
	Paid up Capital (Rs in Lacs)	% of Shareholding	Paid up Capital (Rs in Lacs)	% of Shareholding
Promoter and Associates	1188	54.62	2837	60.18
Institutions and Banks	100	4.61	530	11.25
General Public	886	40.77	1347	25.57
Total	2174	100.00	4714	100.00

2. Modern Denim Limited ('MDL'):- Transferor

Modern Denim Limited (CIN: L17124RJ1977PLC001758) is a public limited company incorporated on 15th November 1977 under the provisions of the Companies Act, 1956 having its registered office situated at Talheti, Village Karoli, Tehsil Abu Road, Distt Sirohi, Rajasthan- 307510.



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MDL is engaged in the business of denim fabric manufacturing. The Company manufactures various types of denim fabrics including basic denim, stretch denim, ring, multi/mixed count denim, cross hatch, face & back denim & blended denim fabric. The Company's plant at Village-Moriya, Ahmedabad District – 382210 Gujarat has a composite denim mill with installed production capacity of 30 MMPA.

The Company had become a sick company within the meaning of section 3 (1) (o) of the Sick Industrial Companies (Special Provision) Act 1985 (SICA), *since repealed*. The Board for Industrial and Financial Reconstruction (BIFR), *since dissolved* had declared the Company as a sick Company. However, the proceedings for the revival of MDL came to a grinding halt and stood abated since BIFR got dissolved.

The shareholding pattern on the company:

As on the date of valuation (i.e. 01.04. 2016), the promoters along with their associates hold about 41% of total equity share capital, Institutions and Banks hold 28% and the balance equity is held by the public as depicted in the table below:

Name of Shareholder	As on 31/03/2016		As on 31/03/19	
	Paid up Capital (Rs in Lacs)	% of Shareholding	Paid up Capital (Rs in Lacs)	% of Shareholding
Promoter and Associates	1371	36.56%	1371	36.56%
Institutions and Banks	1218	32.48%	1218	32.48%
General Public	1161	30.96%	1161	30.96%
Total	3750	100.00	3750	100.00

As per the Draft Scheme of Compromise, Arrangement and Amalgamation between Modern Denim Limited (MDL) and Modern Insulator Limited (MIL), under Sections 230 to 232 of the Companies Act, 2013, with Appointed Date of 1 April 2016, MDL has proposed the following relaxation from the Hon'ble National Company Law Tribunal (NCLT):

1. The Preference Shareholders of Rs.650 lakh divided into 6,50,000 preference shares of Rs.100/- each as on the Appointed Date, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to the other equity shareholders of the Transferor Company by treating/converting the said preference shares as/into fully paid 65,00,000 equity shares of the Transferor Company of the face value of Rs.10/- each.
2. The Preference Shareholders of Rs.650 lakh and whose accumulated dividend on such preference shares is in arrears as on the Appointed Date amounting Rs.2215 lacs, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to the other equity shareholders of the Transferor Company.
3. MDL has raised advance equity subscription of Rs. 1600 Lacs for funding of payment of settlement dues of the secured creditors. Upon Scheme becoming effective and as an integral part of the Scheme, and since this Scheme is in process, such share Applicants of MDL, shall be issued and allotted directly by the Transferee Company equity shares in such exchange ratio as is applicable to other equity shareholders of the Transferor Company
4. **Repayment of Retail Non-Convertible Secured Debentures-** The principal amount outstanding to Retail Non-Convertible Debenture holders as on 31/03/2019, which stood at Rs. 353.46 Lacs, the same shall be settled by payment of 100% of principal amount, payable over a period of 4 years starting from the year 2019-20 or date of sanction of the Scheme by NCLT, whichever is later, without any interest thereon and all the outstanding interest shall be waived/deemed to have been waived.

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5. **Repayment of Public Fixed Deposits-** The principal amount outstanding to the Public Fixed Deposit holders as on 31/03/2019, which stood at Rs. 692.38 lacs, the same shall be settled by payment of 100% of principal amount, payable over a period of 4 years starting from the year 2019-20 or date of sanction of the scheme by NCLT, whichever is later, without any interest thereon and all the outstanding interest shall be waived/deemed to have been waived.
6. **Income Tax / CBDT-** To allow and give effect to the benefits u/s 72A of the Income Tax Act, 1961 to MIL as per the Scheme of Amalgamation in accordance with the relevant provisions of Income Tax Act.

Rationale of the Proposed Scheme of Merger

The Proposed Scheme of Compromise, Arrangement and Amalgamation between Modern Insulator Limited and Modern Denim Limited, under Sections 230 to 232 of the Companies Act, 2013, apart from Compromise and Arrangements, seeks amalgamation of MDL with MIL w.e.f 01.04.2016 (keeping the date indicated in DRS submitted to BIFR unchanged to take the said abated scheme to its logical conclusion) to facilitate the revival of business of MDL. The amalgamation of MDL with MIL will have following synergies:

- MDL has large accumulated losses and due to its inability to attract equity resources, it would not be able to make its net-worth positive on a stand-alone basis. The amalgamation with MIL, a group company, would result in positive net-worth for the merged entity upon the amalgamation/merger becoming effective.
- MDL's operations are suffering due to low capacity utilization of the plant on account of acute shortage of working capital resources. MDL, on a stand-alone basis, is unable to raise the requisite resources for meeting the need based working capital. The amalgamation with MIL would facilitate availability of requisite resources from MIL's operations supplemented by tax savings u/s 72A of Income Tax Act, 1961 which would enable it to increase the capacity utilization of the plant well above break-even levels.
- The amalgamation with MIL would also provide comfort to the creditors of the MDL as the amalgamated entity is expected to generate adequate resources for meeting the liabilities / obligations as well as for other requirement of funds for the rehabilitation of MDL.
- The section 72A of Income Tax Act confers tax incentive for encouraging merger to facilitate revival of the business of the financially ailing companies in larger public interest which would generate requisite cash surpluses on a long term and interest free basis for sustained operations of MDL.
- The amalgamation of MIL and MDL will result in consolidation of operations and infrastructure of both the companies under the common management and the leadership of Shri Sachin Ranka, and therefore, the amalgamation is expected to give rise to savings in the administrative and other overheads.
- The amalgamation will turn MDL and MIL into a single entity, which will provide several benefits including synergy, economies of scale, attain efficiencies and cost competitiveness.
- The amalgamation will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company which will accelerate the growth of their business and help effectively address the ever growing competition.
- The amalgamation will result into reduction in overheads, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of infrastructure and related costs.
- The amalgamation will result in a reduction in the multiplicity of legal and regulatory compliances which are required at present to be separately carried out by the Transferor Company and the Transferee Company.
- The amalgamation is expected to motivate the employees of the Transferor Company as it would provide better opportunities to scale up their performance with a larger corporate entity having large revenue base, resources, asset base etc., which will boost employee morale and provide impetus to better corporate performance ultimately enhancing overall equity upside.



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VALUATION METHODOLOGY ADOPTED BY THE VALUER

For the purposes of determining the Share Swap Ratio, the Valuer has considered following methods:

- Asset Approach - Net Asset Value Method
- Income Approach – Discounted Cash Flow Method
- Market Approach – (i) Market Price Method and (ii) Comparable Companies Multiple Method

FINDINGS OF HEM SECURITIES LIMITED (“HSL”)

The formation of fairness opinion is generally a complex process involving careful consideration and review of valuation methods, associated financial and other analysis, performed by the Valuer.

We have gone through the valuation report dated November 22, 2019 issued by Valuer for the purpose of ascertaining the reasonableness of the Share Swap Ratio determined by Valuer. We have taken into consideration the fairness on the Methods used by Valuer for the purpose of determining Share Swap Ratio.

Based on the Valuation Report and explanations given to us by Valuer, following are the share valuation derived by the Valuer:

Share Valuation of MIL

The Valuer has considered a combination of following methods namely the

- Net Asset Value (NAV Method)
- Discounted Cash Flow (DCF) Method
- Market Price Method
- Comparable Companies Multiple Method

Average value of equity share of MIL derived by Valuer:-

Valuation Method	Value per Share (in Rs.)	Weights	Weighted Value per Share (in Rs.)
Net Asset Value Method	47.55	20%	9.51
Discounted Cash Flow Method	50.32	40%	20.13
Market Price Method	0.00	NA	0.00
Comparable Companies Multiple Method	55.29	40%	22.11
Average Value per Share			51.75

Share Valuation of MDL

The Valuer has considered a combination of following methods namely the

- Net Asset Value (NAV Method)
- Discounted Cash Flow (DCF) Method
- Market Price Method
- Comparable Companies Multiple Method

Average value of equity share of MDL derived by Valuer:-

Valuation Method	Value per Share (in Rs.)	Weights	Weighted Value per Share (in Rs.)
Net Asset Value Method	0.00	NA	0.00
Discounted Cash Flow Method	5.15	100%	5.15

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Market Price Method	0.00	NA	0.00
Comparable Companies Multiple Method	0.00	NA	0.00
Average Value per Share			5.15

Based on the above calculations, the share exchange ratio derived by the Valuer is:-

MIL and MDL

- The Share exchange ratio (rounded off) of equity shares between MIL and MDL would be in the ratio of 1:10 (i.e. 1 equity share of MIL of Rs. 10/- each fully paid up for every 10 equity shares of MDL, having face value of Rs. 10/- each).

FAIRNESS OPINION ON VALUATION REPORT

Based upon and subject to the foregoing, we are of the opinion on the date hereof, that the valuation including the share exchange ratio recommended by the Valuer for the purpose of proposed Scheme of Amalgamation is fair.

The Fairness of the proposed Scheme is tested by:

1. Considering whether the valuation methods adopted by Valuer, depicts a correct picture on the value of shares of companies.
2. Considering qualitative factors such as economics of scale of operations, synergy benefits that may result from the proposed amalgamation.
3. The rationale for share exchange ratio as explained by Valuer is justified.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on valuation for the proposed scheme.

EXCLUSIONS AND LIMITATIONS

This Fairness Opinion Report is prepared by Hem Securities Limited under an engagement from MIL on the basis of information, documents and explanations given by the Management of the respective Companies to Hem Securities Limited.

In preparing the Fairness Opinion Report, HSL has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and financial data provided by the Companies. HSL has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

HSL has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

HSL or any of its Directors and employees shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account of the use of or reliance on the information set out herein in this report.



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Hem Securities Ltd.

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HSL has not provided any accounting, tax or legal advice to any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

This Report is necessarily based on various factors and conditions as of the date hereof, and the written and oral information made available to us until November 30, 2019. It is understood that subsequent developments may affect the conclusions of the Report and of the Opinion and that, in addition, HSL has no obligation to update, revise, or reaffirm the Opinion.

LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. The report should be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

In course of the present exercise, we were provided with both written and verbal information. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon such information without carrying any audit or other tests to verify the accuracy with limited independent appraisal. Also, we have been given to understand by the management of the respective companies that they have not omitted any relevant facts and material factors. Accordingly, we do not express any opinion in any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.

Neither HSL nor its associates, directors, or employees shall be required by reason of this Fairness Opinion to give testimony or appear in a Court of Law or any other legal proceedings.

In no circumstances will HSL, its associates, directors or employees accept any responsibility or liability to any third party. MIL and their affiliates shall fully indemnify and hold harmless HSL, its associates, directors and employees from any liability arising out of third party claims in relation to this fairness opinion. MIL and their affiliates shall also bear all costs, expenses, charges etc. on account of such third party claims including that of any legal proceedings.

Our work does not constitute an audit or certification or due diligence of the past financials of MIL and MDL used in the study and we have relied upon the information provided to us by the management of the respective Companies as regards such working results.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of MIL will trade following the announcement of the proposed Scheme or as to the financial performance of MIL following the consummation of the proposed Scheme.



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Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.

Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of considering the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date of the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no changes will be imposed that will have a material adverse effect on the Proposed Scheme. It should be understood that although subsequent developments may affect this opinion, we assume no responsibility for revising or updating our opinion based on circumstances or events occurring after date hereof. Our opinion is specific and is being issued as per requirement of SEBI CIR/CFD/CMD/16/201 dated November 30, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in force as on the date.

Thanking you,

Yours Faithfully,

For Hem Securities Limited.

Roshni Lahoti
Roshni Lahoti – GM
Merchant Banking Division
Place: Jaipur





R B Verma & Associates
Chartered Accountants

**Independent Auditors' Limited Review Report on Unaudited
Standalone Quarterly and Nine Months Financial Results**

To
The Board of Directors
Modern Insulators Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("the Statement") of **Modern Insulators Limited** ("the Company") for the quarter and nine months ended on **31st December, 2021**, being prepared and submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. This statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under section 133 of the Companies Act, 2013. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to making inquiries with company's personnel responsible for financial and accounting matters and applying analytical procedures to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. **Basis for qualified report**
Provision for taxation including interest estimated at Rs.132.36 Lacs and Rs.945.96 Lacs for the current quarter & nine months ended 31st December, 2021 respectively (upto the 31st December, 2021 Rs.5596.70 Lacs; upto the previous 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. 3).
5. Based on our review conducted as stated in paragraph 3 above, except for the effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results read with notes thereon, prepared in accordance with applicable Indian Accounting Standards (Ind AS) and other recognized accounting practices and policies generally accepted in India, has not disclosed the information, required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. **Other matter**
We draw attention to note no. 4 of the statement, which describes the impact of COVID-19 on the operations and results of the Company as assessed by the management.

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

(Rakesh Verma)
Partner
Membership No.404029
UDIN - 22404029A-BN-618591



Place – Abu Road
Date – 10th February, 2022



Modern Insulators Limited

Registered Office : Talheti, Village : Karoli, Tehsil : Abu Road
District : Sirohi - 307510 (Rajasthan) India
Phone: 02974-228044 to 228047, Fax : 02974-228043
www.moderninsulators.com CIN- L31300RJ1982PLC002460
Email : compliance@moderninsulators.com

Unaudited Standalone Financial Results for the Quarter and Nine Months Ended 31st December, 2021

S. No.	Particulars	Quarter Ended			Nine Month Ended		(₹ in Lacs)
		31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	31.03.2021 (Audited)
1	Income from Operations						
	(a) Revenue from Operations	11517.52	10513.07	10509.96	31767.76	26484.56	39028.81
	(b) Other Income	226.02	133.44	277.24	849.38	688.65	1650.36
	Total Revenue	11743.54	10646.51	10787.20	32617.14	27173.21	40679.17
2	Expenses						
	(a) Cost of materials consumed	3473.94	3873.68	2945.50	10566.17	7608.48	10851.00
	(b) Purchase of stock in trade	17.01	4.55	24.09	21.56	75.09	175.08
	(c) Changes in inventories of finished goods, stock-in-trade & Stock-in- Progress	673.12	(811.40)	242.88	(1204.58)	(413.26)	763.24
	(d) Employee benefits expense	1755.91	1850.29	1738.32	5450.91	5005.36	6633.21
	(e) Finance cost	122.47	147.62	216.48	406.50	772.99	929.14
	(f) Depreciation and amortisation expense	217.94	216.52	266.28	684.48	797.79	1063.06
	(g) Other Expenses	5473.07	4895.04	4409.08	15115.58	11357.94	16684.53
	Total Expenses	11733.46	10176.30	9842.63	31040.62	25204.39	37099.26
3	Profit/(Loss) before exceptional items & tax (1-2)	10.08	470.21	944.57	1576.52	1968.82	3579.91
4	Exceptional Items	-	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	10.08	470.21	944.57	1576.52	1968.82	3579.91
6	Tax expense						
	Current tax	-	-	-	-	-	-
	Deferred tax	(18.59)	95.67	35.29	76.96	(53.51)	37.06
		(18.59)	95.67	35.29	76.96	(53.51)	37.06
7	Profit/(Loss) for the period (5-6)	28.67	374.54	909.28	1499.56	2022.33	3542.85
8	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit or loss	(30.90)	(30.89)	(11.61)	(92.68)	(34.14)	(129.19)
	(ii) Income tax relating to above (i)	10.80	10.80	4.04	32.39	11.92	45.45
	Other Comprehensive Income for the period	(20.10)	(20.09)	(7.57)	(60.29)	(22.22)	(83.74)
9	Total Comprehensive Income (7+8)	8.57	354.45	901.71	1439.27	2000.11	3459.11
10	Paid up equity share capital (face value of ₹ 10/- each)	4714.39	4714.39	4714.39	4714.39	4714.39	4714.39
11	Earning per share						
	Basic	0.06	0.79	1.93	3.18	4.29	7.51
	Diluted	0.06	0.79	1.93	3.18	4.29	7.51





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Unaudited Standalone Segment Information for the Quarter and Nine Month Ended 31st December, 2021

S. No.	Particulars	(₹ in Lacs)					
		Quarter Ended			Nine Month Ended		Year Ended
		31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	31.03.2021 (Audited)
1	Segment Revenue						
	(a) Insulators	10071.47	8981.40	9086.24	27928.85	23511.29	34597.94
	(b) Terry Towels	1446.05	1531.67	1423.72	3838.91	2973.27	4430.87
	Total Operating Income	11517.52	10513.07	10509.96	31767.76	26484.56	39028.81
2	Segment Results Profit/ (Loss) before finance cost and Tax						
	(a) Insulators	390.79	713.27	1102.59	2270.94	2926.74	4285.41
	(b) Terry Towels	(258.24)	(95.44)	58.46	(287.92)	(184.93)	223.64
	Total	132.55	617.83	1161.05	1983.02	2741.81	4509.05
	Less: Finance Cost	122.47	147.62	216.48	406.50	772.99	929.14
	Total Profit before tax	10.08	470.21	944.57	1576.52	1968.82	3579.91
3	Segment assets						
	(a) Insulators	41241.85	39622.85	40254.15	41241.85	40254.15	40381.41
	(b) Terry Towels	9181.79	10030.34	9435.44	9181.79	9435.44	8755.55
	Total	50423.64	49653.19	49689.59	50423.64	49689.59	49136.96
4	Segment Liabilities						
	(a) Insulators	13989.23	13247.04	15926.35	13989.23	15926.35	14027.48
	(b) Terry Towels	989.40	969.71	1216.50	989.40	1216.50	1103.74
	Total	14978.63	14216.75	17142.85	14978.63	17142.85	15131.22





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Notes:

1. The above unaudited financial results have been reviewed by the audit committee at their meeting held on 9th February, 2022 and approved by the Board of Directors at their meeting held on 10th February, 2022.
2. Company has given interest free unsecured loan Rs. 4797 lacs (previous year Rs. 4766 lacs) (maximum amount outstanding at any time during the quarter Rs. 5072 lacs; previous year Rs. 4816 lacs) to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for the repayment of loan and interest. In view of the likely advantage to the Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Company.
3. Provision for taxation including interest estimated at Rs. 132.36 lacs and Rs. 945.96 Lacs for the current quarter & nine months ended 31st December, 2021 respectively (upto the 31st December, 2021 Rs. 5596.70 lacs; upto the previous year Rs. 4650.74 lacs) has not been made in accounts in view of the proposed amalgamation under the provisions of Companies Act, 2013.
4. The company's operations and revenue were marginally impacted on account of disruption in economic activity 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.
5. Figures for previous periods have been regrouped or rearranged wherever necessary to make them comparable with the current period's classification.

Place : Abu Road
Date : 10/02/2022

For and on behalf of the Board of Directors
MODERN INSULATORS LIMITED


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





R B Verma & Associates
Chartered Accountants

Independent Auditors' Limited Review Report on Unaudited Consolidated Quarterly and Nine Months Financial Results

To
The Board of Directors
Modern Insulators Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("the Statement") of **Modern Insulators Limited** ("the Holding Company") and its Subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and its Joint Ventures for the quarter and nine months ended on **31st December, 2021**, being prepared and submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. This statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under section 133 of the Companies Act, 2013. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to making inquiries with company's personnel responsible for financial and accounting matters and applying analytical procedures to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. This statement include the financial results / information of the following other entities:
(a) Modern Inviro Private Limited (Vholly owned subsidiary company)
(b) Shriji Designs - MIL JV (Joint venture)
(c) SEC MIL JV (Joint venture)
5. **Basis for qualified report**
Provision for taxation including interest estimated at Rs.132.36 Lacs and Rs.945.96 Lacs for the current quarter & nine months ended 31st December, 2021 respectively (upto the 31st December, 2021 Rs.5596.70 Lacs; upto the previous year Rs.4650.74 Lacs) has not been made in accounts of Holding Company in view of the proposed amalgamation under the provisions of Companies Act, 2013. (Refer note no. 3).
6. We did not review the financial statements / information of subsidiary company and joint ventures. The financial statements / information of the subsidiary company and joint ventures, consolidated in the accompanying financial results, (before eliminating intercompany balances / transactions) reflects as under:

(i) in respect of subsidiary company total assets of Rs.0.23 Lacs as at 31st December, 2021, total revenue of Rs.NIL Lacs, net loss after tax Rs.9.78 Lacs and total comprehensive income of (-) Rs.9.78 Lacs for the nine months ended on 31st December, 2021, and

(ii) in respect of joint ventures total assets of Rs.424.25 Lacs as at 31st December, 2021, total revenue of Rs.286.52 Lacs and net loss after tax Rs.156.36 Lacs for the nine months ended on 31st December, 2021, as considered in the financial results.

These unaudited financial statements / information have not been reviewed by the respective auditors and have been approved and furnished to us by the Holding Company's management, and





R B Verma & Associates
Chartered Accountants

our report on consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company and joint ventures, is based solely on such unaudited financial statements / information.

7. Based on our review conducted as stated in paragraph 3 above, except for the effects of the matter described in paragraph 5 above, and based on the consideration of the financial statements / information referred to in paragraph 6 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results read with notes thereon, prepared in accordance with applicable Indian Accounting Standards (Ind AS) and other recognized accounting practices and policies generally accepted in India, has not disclosed the information, required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
8. **Other matter**
We draw attention to note no. 4 of the statement, which describes the impact of COVID-19 on the operations and results of the Group as assessed by the management.

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

(Rajesh Verma)
Partner

Membership No.404029

UDIN - 22404029ABDBWJ5566



Place – Abu Road
Date – 10th February, 2022



Modern Insulators Limited

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Unaudited Consolidated Financial Results for the Quarter and Nine Months Ended 31st December, 2021

S. No.	Particulars	Quarter Ended			Nine Months Ended		(₹ in Lacs)
		31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	Year Ended 31.03.2021 (Audited)
1	Income from Operations						
	(a) Revenue from Operations	11523.19	10597.46	10634.42	32028.29	27102.66	39847.21
	(b) Other Income	239.46	115.26	259.82	824.40	627.07	1572.73
	Total Revenue	11762.65	10712.72	10894.24	32852.69	27729.73	41419.94
2	Expenses						
	(a) Cost of materials consumed	3482.13	3955.18	3040.50	10760.26	7987.57	11366.87
	(b) Purchase of stock in trade	17.01	4.55	24.09	21.56	75.09	175.08
	(c) Changes in inventories of finished goods, stock-in-trade & Stock-in- Progress	673.12	(803.54)	227.74	(1157.74)	(396.79)	803.77
	(d) Employee benefits expense	1770.27	1875.41	1765.06	5513.10	5082.32	6752.13
	(e) Finance cost	122.47	147.62	216.48	406.50	772.99	929.14
	(f) Depreciation and amortisation expense	218.07	216.65	266.40	684.88	798.13	1063.59
	(g) Other Expenses	5495.97	4936.06	4451.71	15213.75	11465.16	16879.12
	Total Expenses	11779.04	10331.93	9991.98	31442.31	25784.47	37969.70
3	Profit/(Loss) before exceptional items & tax (1-2)	(16.39)	380.79	902.26	1410.38	1945.26	3450.24
4	Exceptional Items	-	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	(16.39)	380.79	902.26	1410.38	1945.26	3450.24
6	Tax expense						
	Current tax	-	-	-	-	-	-
	Deferred tax	(18.59)	95.67	35.29	76.96	(53.51)	37.06
		(18.59)	95.67	35.29	76.96	(53.51)	37.06
7	Profit/(Loss) for the period (5-6)	2.20	285.12	866.97	1333.42	1998.77	3413.18
8	Other Comprehensive Income						
	(i) Items that will not be reclassified to profit or loss	(30.90)	(30.89)	(11.61)	(92.68)	(34.14)	(129.19)
	(ii) Income tax relating to above (i)	10.80	10.80	4.04	32.39	11.92	45.45
	Other Comprehensive Income for the year	(20.10)	(20.09)	(7.57)	(60.29)	(22.22)	(83.74)
9	Total Comprehensive Income (7+8)	(17.90)	265.03	859.40	1273.13	1976.55	3329.44
10	Paid up equity share capital (face value of ₹ 10/- each)	4714.39	4714.39	4714.39	4714.39	4714.39	4714.39
11	Earning per share (₹)						
	Basic	0.00	0.60	1.84	2.83	4.24	7.24
	Diluted	0.00	0.60	1.84	2.83	4.24	7.24



Works : Insulators Division : Talheti, Village : Karoli, Tehsil : Abu Road, District : Sirohi - 307510 (Rajasthan) India
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Unaudited Consolidated Segment Information for the Quarter and Nine Months ended 31st December, 2021

S. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2021 (Unaudited)	30.09.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	31.03.2021 (Audited)
1	Segment Revenue						
	(a) Insulators	10071.47	8981.40	9086.24	27928.85	23511.29	34597.94
	(b) Terry Towels	1446.05	1531.67	1423.72	3838.91	2973.27	4430.87
	(c) Others	0.00	77.95	133.21	248.42	653.13	853.43
	(d) Inter segment revenue	5.67	6.44	(8.75)	12.11	(35.03)	(35.03)
	Total Operating Income	11523.19	10597.46	10634.42	32028.29	27102.66	39847.21
2	Segment Results Profit/ (Loss) before finance cost and Tax						
	(a) Insulators	390.79	713.27	1102.59	2270.94	2926.74	4285.41
	(b) Terry Towels	(258.24)	(95.44)	58.46	(287.92)	(184.93)	223.64
	(c) Others	(26.47)	(89.42)	(42.31)	(166.14)	(23.56)	(129.67)
	Total	106.08	528.41	1118.74	1816.88	2718.25	4379.38
	Less: Finance Cost	122.47	147.62	216.48	406.50	772.99	929.14
	Total Profit before tax	(16.39)	380.79	902.26	1410.38	1945.26	3450.24
3	Segment assets						
	(a) Insulators	40512.39	38912.70	39594.27	40512.39	39594.27	39667.70
	(b) Terry Towels	9181.79	10030.34	9435.44	9181.79	9435.44	8755.55
	(c) Others	424.36	442.90	724.93	424.36	724.93	632.99
	Total	50118.54	49385.94	49754.64	50118.54	49754.64	49056.24
4	Segment Liabilities						
	(a) Insulators	13989.23	13247.04	15926.35	13989.23	15926.35	14027.48
	(b) Terry Towels	989.40	969.71	1216.50	989.40	1216.50	1103.74
	(c) Others	11.21	22.59	109.11	11.21	109.11	69.45
	Total	14989.84	14239.34	17251.96	14989.84	17251.96	15200.67





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Notes:

1. The above unaudited financial results have been reviewed by the audit committee at their meeting held on 9th February, 2022 and approved by the Board of Directors at their meeting held on 10th February, 2022.
2. Modern Insulators Limited (The Holding Company) has given interest free unsecured loan Rs. 4797 lacs (previous year Rs. 4766 lacs) (maximum amount outstanding at any time during the quarter Rs. 5072 lacs; previous year Rs. 4816 lacs) to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for the repayment of loan and interest. In view of the likely advantage to the Holding Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Holding Company.
3. Provision for taxation including interest estimated at Rs. 132.36 lacs and Rs. 945.96 Lacs for the current quarter & Nine Months ended 31st December, 2021 respectively (upto the 31st December, 2021 Rs. 5596.70 lacs; upto the previous year Rs. 4650.74 lacs) has not been made in accounts of Holding company in view of the proposed amalgamation under the provisions of Companies Act, 2013.
4. The Group's operations and revenue were marginally impacted on account of disruption in economic activity 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.
5. Figures for previous periods have been regrouped or rearranged wherever necessary to make them comparable with the current period's classification.

For and on behalf of the Board of Directors
MODERN INSULATORS LIMITED

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

Place : Abu Road
Date : 10th February, 2022





R B Verma & Associates
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT ON THE QUARTERLY AND YEAR TO DATE
STANDALONE FINANCIAL RESULTS OF THE COMPANY**

To the Board of Directors of Modern Insulators Limited

Report on audit of Standalone Financial Results

Qualified Opinion

We have audited the accompanying Standalone Financial Results of **Modern Insulators Limited** (the 'Company') for the quarter and year ended **31 March 2022**, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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 financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015; and
- (ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, of the standalone net profit, other comprehensive income and other financial information of the Company for the quarter and year ended 31 March 2022.

Basis for Qualified Opinion

Provision for taxation including interest estimated at Rs.360.19 Lacs and Rs.1306.15 Lacs for the current quarter and year ended 31 March 2022 respectively (Previous Year Rs.1647.64 Lacs; upto the year Rs.5956.89 Lacs) has not been made in accounts in view of the proposed amalgamation under the provisions of Companies Act, 2013. (Refer Note No. 3)

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act 2013 (the 'Act'), as amended. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" 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 standalone financial results 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.

Management's Responsibility for the Standalone Financial Results

These Standalone financial results have been prepared on the basis of annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for preparation and presentation of these financial results that gives a true and fair view of the net profit, other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial reporting" prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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





R B Verma & Associates
Chartered Accountants

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 results that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial results, the Board of Directors 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 the Board of Directors 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 Results

Our objectives are to obtain reasonable assurance about whether the Standalone financial results 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 standalone financial results.

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 results, 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, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. 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 system with respect to financial statements in place and the operating effectiveness of such controls.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- * Conclude on the appropriateness of the Board of Directors' 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





R B Verma & Associates
Chartered Accountants

- * Evaluate the overall presentation, structure and content of the financial results, including the disclosures and whether the financial results 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.

Other Matters

We draw your attention to Note No. 4 of the results, which describes the impact of COVID 19 on the operations of the Company.

The financial results includes results for the quarter ended 31 March 2022 and 31 March 2021 being the balancing figure between the audited standalone figures in respect of full financial year ended 31 March 2022 and 31 March 2021 respectively and the published unaudited year to date figures upto 31 December 2021 and 31 December 2020, which were subjected to limited review by us.

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

(Rajesh Verma)

Partner

Membership No.404029

UDIN – 22404029AJXDOC3500



Place – Abu Road

Date – 30th May, 2022



Modern Insulators Limited

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Statement of Standalone Financial Results for the Quarter and Year Ended 31st March, 2022

(₹ in Lacs)

S. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (Unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Income					
	(a) Revenue from Operations	11854.04	11517.52	12544.25	43621.80	39028.81
	(b) Other Income	356.99	226.02	519.16	1206.37	1207.81
	Total Revenue	12211.03	11743.54	13063.41	44828.17	40236.62
2	Expenses					
	(a) Cost of materials consumed	3625.98	3473.94	3242.52	14192.15	10851.00
	(b) Purchase of stock in trade	12.77	17.01	99.99	34.33	175.08
	(c) Changes in inventories of finished goods, stock-in-trade & Stock-in-Progress	151.16	673.12	1176.50	(1053.42)	763.24
	(d) Employee benefits expense	1677.21	1755.91	1627.85	7128.12	6633.21
	(e) Finance cost	113.25	122.47	156.15	519.75	929.14
	(f) Depreciation and amortisation expense	188.49	217.94	265.27	872.97	1063.06
	(g) Other Expenses	5964.55	5473.07	4884.04	21080.13	16241.98
	Total Expenses	11733.41	11733.46	11452.32	42774.03	36656.71
3	Profit/(Loss) before exceptional items & tax (1-2)	477.62	10.08	1611.09	2054.14	3579.91
4	Exceptional Items	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	477.62	10.08	1611.09	2054.14	3579.91
6	Tax expense					
	Current tax	-	-	-	-	-
	Deferred tax	(212.81)	(18.59)	90.57	(135.85)	37.06
		(212.81)	(18.59)	90.57	(135.85)	37.06
7	Profit/(Loss) for the period (5-6)	690.43	28.67	1520.52	2189.99	3542.85
8	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit or loss	96.08	(30.90)	(95.05)	3.40	(129.19)
	(ii) Income tax relating to above (i)	(33.58)	10.80	33.53	(1.19)	45.45
	Other Comprehensive Income for the period	62.50	(20.10)	(61.52)	2.21	(83.74)
9	Total Comprehensive Income (7+8)	752.93	8.57	1459.00	2192.20	3459.11
10	Paid up equity share capital (face value of ₹ 10/- each)	4714.39	4714.39	4714.39	4714.39	4714.39
11	Earning per share					
	Basic	1.46	0.06	3.23	4.65	7.51
	Diluted	1.46	0.06	3.23	4.65	7.51





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Standalone Segment Information for the Quarter and Year Ended 31st March, 2022

S. No.	Particulars	(₹ in Lacs)				
		Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (Unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Segment Revenue					
	(a) Insulators	10616.17	10071.47	11086.65	38545.02	34597.94
	(b) Terry Towels	1237.87	1446.05	1457.60	5076.78	4430.87
	Total Operating Income	11854.04	11517.52	12544.25	43621.80	39028.81
2	Segment Results Profit/ (Loss) before finance cost and Tax					
	(a) Insulators	736.00	390.79	1358.67	3006.94	4285.41
	(b) Terry Towels	(145.13)	(258.24)	408.57	(433.05)	223.64
	Total	590.87	132.55	1767.24	2573.89	4509.05
	Less: Finance Cost	113.25	122.47	156.15	519.75	929.14
	Total Profit before tax	477.62	10.08	1611.09	2054.14	3579.91
3	Segment assets					
	(a) Insulators	41633.44	41241.85	40381.41	41633.44	40381.41
	(b) Terry Towels	9049.38	9181.79	8755.55	9049.38	8755.55
	Total	50682.82	50423.64	49136.96	50682.82	49136.96
4	Segment Liabilities					
	(a) Insulators	13543.83	13989.23	14027.48	13543.83	14027.48
	(b) Terry Towels	941.05	989.40	1103.74	941.05	1103.74
	Total	14484.88	14978.63	15131.22	14484.88	15131.22





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Audited Standalone Balance Sheet as at 31st March, 2022

(₹ in Lacs)

Particulars	As at 31st March, 2022 (Audited)	As at 31st March, 2021 (Audited)
ASSETS		
Non-current assets		
Property, Plant & Equipment	17465.31	18146.84
Capital work-in-progress	-	-
Intangible assets	12.64	33.51
Financial Assets		
(i) Investments	10.01	10.01
(ii) Loans	5524.00	4766.00
(iii) Other Financial Assets	1096.30	1090.44
Other non-current assets	-	-
Total Non-current assets	24108.26	24046.80
Current assets		
Inventories	12270.39	11393.93
Financial Assets		
(i) Trade Receivables	10010.38	9397.03
(ii) Cash and Cash Equivalents	415.58	140.92
(iii) Bank balance other than cash and cash equivalents	288.26	253.59
(iv) Investments	1037.93	931.95
(v) Loans	496.55	798.85
(vi) Other Financial Assets	260.15	343.60
Other current assets	1795.32	1830.29
Total Current assets	26574.56	25090.16
TOTAL ASSETS	50682.82	49136.96
EQUITY AND LIABILITIES		
EQUITY		
Equity Share Capital	4714.39	4714.39
Other Equity	31483.55	29291.35
Total Equity	36197.94	34005.74
Non-current liabilities		
Financial Liabilities		
(i) Borrowings	45.95	59.97
Provisions	2388.03	2290.66
Deferred Tax Liabilities (Net)	2587.73	2722.39
Other non-current liabilities	22.22	35.21
Total Non Current liabilities	5043.93	5108.23
Current Liabilities		
Financial Liabilities		
(i) Borrowings	2542.14	2306.77
(ii) Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises	472.81	385.67
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3510.95	3824.97
(iii) Other Financial Liabilities	1748.41	1779.42
Provisions	379.38	412.78
Other Current Liabilities	787.26	1313.38
Total Current Liabilities	9440.95	10022.99
TOTAL EQUITY AND LIABILITIES	50682.82	49136.96



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STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2022

PARTICULARS	(₹ in Lacs)	
	Year ended 31st March, 2022	Year ended 31st March, 2021
A. Cash Flow from Operating Activities		
Profit before tax	2054.14	3579.91
Adjustments for:		
-Depreciation and amortisation expenses	872.97	1063.06
-Provisions	67.37	150.28
-Foreign exchange	62.56	45.35
-Profit on disposal of property, plant and equipment	(258.32)	(524.25)
-Finance costs	519.75	929.14
-Loss on fair valuation of investment carried at FVTPL	43.86	(291.37)
-Interest income	(123.85)	(341.44)
Operating profit before working capital changes	3238.48	4610.68
Adjustment for		
-Trade and other receivables	(598.02)	(737.57)
-Inventories	(876.46)	965.85
-Trade and other Payables	(797.00)	150.83
Net Cash flow from Operating Activities (A)	967.00	4989.79
B. Cash Flow from Investing Activities		
-Proceeds from sale of property, plant and equipment	323.91	560.74
-Purchase of property, plant and equipment(including capital work-in progress)	(236.16)	(96.25)
-Loans and advances	(455.70)	3324.32
-Interest Income	123.85	341.44
-Investment in Equity shares	(149.84)	(404.27)
Net Cash flow from Investing Activities (B)	(393.94)	3725.98
C. Cash Flow from Financing Activities		
-Repayment of Long term borrowings (net)	(12.66)	(23.07)
-Proceeds from Short term borrowings (net)	234.01	(7702.34)
-Interest Paid	(519.75)	(929.14)
Net Cash flow from Financing Activities (C)	(298.40)	(8654.55)
Net increase/(decrease) in cash and cash equivalents(A+B+C)	274.66	61.22
Cash and cash equivalents at the beginning of the year	140.92	79.70
Cash and cash equivalents at the close of the year	415.58	140.92
Cash and Cash Equivalent includes:-		
Particulars	As at 31.03.2022	As at 31.03.2021
Cash on hand	15.67	8.56
With Banks		
- In current accounts	333.04	74.59
- In deposit accounts maturing within 3 months	66.87	57.77
Total	415.58	140.92





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Notes:

1. The above audited financial results have been reviewed by the audit committee and approved by the Board of Directors at their respective meeting held on 30th May, 2022.
2. Company has given interest free unsecured loan Rs. 5524 lacs (previous year Rs. 4766 lacs) (maximum amount outstanding at any time during the year Rs. 5525 lacs; previous year Rs. 4816 lacs) to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for the repayment of loan and interest. In view of the likely advantage to the Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Company.
3. Provision for taxation including interest estimated at Rs. 360.19 lacs and Rs. 1306.15 lacs for the current quarter and year ended 31st March, 2022 respectively (Previous Year Rs. 1647.64 lacs; upto the year Rs. 5956.89 lacs) has not been made in accounts in view of the proposed amalgamation under the provisions of Companies Act, 2013.
4. The company's operations and revenue were marginally impacted on account of disruption in economic activity 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.
5. These financial results includes the results for the quarter ended 31st March, 2022 & 31st March, 2021 being the balancing figures between audited figures in respect of full financial year and the unaudited published figures upto the end of third quarter of the relevant financial year respectively.
6. Figures for previous periods have been regrouped or rearranged wherever necessary to make them comparable with the current period's classification.

Place : Abu Road
Date : 30th May, 2022

For and on behalf of the Board of Directors
MODERN INSULATORS LIMITED



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



R B Verma & Associates
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT ON THE QUARTERLY AND YEAR TO DATE
CONSOLIDATED FINANCIAL RESULTS OF THE COMPANY**

To the Board of Directors of Modern Insulators Limited (Holding Company)

Report on audit of Consolidated Financial Results

Qualified Opinion

We have audited the accompanying Consolidated Financial Results of **Modern Insulators Limited** (the 'Holding Company') and its Subsidiary (the Holding Company and its subsidiary together referred to as the 'Group') and Joint Ventures for the quarter and year ended **31 March 2022**, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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 audited financial statements of Subsidiary Company and Joint Ventures, except for the effect of the matters described in "Basis for Qualified Opinion" section of our report, the consolidated financial results:

- (i) includes the annual financial results of the following entities:
 - (a) Modern Inviro Private Limited (Wholly owned subsidiary company)
 - (b) Shriji Design - MIL JV (Joint Venture)
 - (c) SEC MIL JV (Joint Venture)
- (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015; and
- (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, of the consolidated net profit, other comprehensive income and other financial information of the Group for the quarter and year ended 31 March 2022.

Basis for Qualified Opinion

Provision for taxation including interest estimated at Rs.360.19 Lacs and Rs.1306.15 Lacs for the current quarter and year ended 31 March 2022 respectively (Previous Year Rs.1647.64 Lacs; upto the year Rs.5956.89 Lacs) has not been made in accounts of Holding Company in view of the proposed amalgamation under the provisions of Companies Act, 2013. (Refer Note No. 3)

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act 2013 (the 'Act'), as amended. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, its Subsidiary 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 consolidated financial results 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 obtained by us and that obtained by the other auditors in terms of their reports referred to in "Other Matters" section of our report, is sufficient and appropriate to provide a basis for our qualified opinion.





R B Verma & Associates
Chartered Accountants

Management's Responsibility for the Consolidated Financial Results

These consolidated financial results have been prepared on the basis of consolidated annual financial statements and has been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for preparation and presentation of these financial results that gives a true and fair view of the consolidated net profit, other comprehensive income and other financial information of the Group and its Joint Ventures in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial reporting" prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors / Management of Group 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 Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 results that gives a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of this consolidated financial results by the directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors / Management of the companies included in the Group and Joint Ventures are responsible for assessing the ability of the respective companies in Group and its Subsidiary 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 the respective Board of Directors / Management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

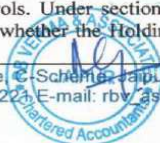
The respective Board of Directors / Management of the companies included in the Group and of Joint Ventures are also responsible for overseeing the financial reporting process of the companies included in the Group and its Joint Ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 consolidated financial results.

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 results, 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, but not for the purpose of expressing an opinion on the effectiveness of such controls. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal





R B Verma & Associates
Chartered Accountants

financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors / Management.
- * Conclude on the appropriateness of the Board of Directors' / Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 results 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 results, including the disclosures and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- * Obtain sufficient appropriate audit evidence regarding the financial results / financial information of the entities within the Group and its Joint Ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the financial results. We are responsible for direction, supervision and performance of the audit of the financial information of such entities included in the financial results of which we are independent auditors. For the other entities included in financial results, 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 Holding Company and such other entities included in financial results, of which we are independent auditors, 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.

Other Matters

We did not audit the annual financial statements / financial information 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 having total assets of Rs.0.23 Lacs as at 31 March 2022, total revenue of Rs.NIL, net loss after tax Rs.9.83 Lacs, total comprehensive loss of Rs.9.83 Lacs and cash outflow (net) of Rs.0.99 Lacs for the year ended as on 31 March 2022, as considered in the financial results.
- (ii) Two Joint Ventures having total assets of Rs.225.38 Lacs as at 31 March 2022, total revenue of Rs.587.39 Lacs, net loss after tax Rs.17.60 Lacs and cash outflow (net) of Rs.7.45 Lacs for the year ended as on 31 March 2022, as considered in the financial results.





R B Verma & Associates
Chartered Accountants

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 in so far as it relates to the amounts and disclosures included in respect of the Subsidiary Company and Joint Ventures, is based solely on the audit reports of such other auditors.

We draw your attention to Note No. 4 of the results, which describes the impact of COVID 19 on the operations of the Company.

The financial results includes results for the quarter ended 31 March 2022 and 31 March 2021 being the balancing figure between the audited standalone figures in respect of full financial year ended 31 March 2022 and 31 March 2021 respectively and the published unaudited year to date figures upto 31 December 2021 and 31 December 2020, which were subjected to limited review by us.

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

(Rajesh Verma)

Partner
Membership No.404029

UDIN - 22404029AJXE2V7333



Place - Abu Road
Date - 30th May, 2022



Modern Insulators Limited

Registered Office : Talheti, Village : Karoli, Tehsil : Abu Road
District : Sirohi - 307510 (Rajasthan) India
Phone: 02974-228044 to 228047, Fax : 02974-228043
www.moderninsulators.com CIN- L31300RJ1982PLC002460
Email : compliance@moderninsulators.com

Audited Consolidated Financial Results for the Quarter and Year Ended 31st March, 2022

(₹ In Lacs)

S. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Income from Operations					
	(a) Revenue from Operations	12133.48	11523.19	12744.55	44161.77	39847.21
	(b) Other Income	363.82	239.46	503.11	1188.22	1130.18
	Total Revenue	12497.30	11762.65	13247.66	45349.99	40977.39
2	Expenses					
	(a) Cost of materials consumed	3714.18	3482.13	3379.30	14474.44	11366.87
	(b) Purchase of stock in trade	12.77	17.01	99.99	34.33	175.08
	(c) Changes in inventories of finished goods, stock-in-trade & Stock-in- Progress	151.16	673.12	1200.56	(1006.58)	803.77
	(d) Employee benefits expense	1681.96	1770.27	1669.81	7195.06	6752.13
	(e) Finance cost	113.25	122.47	156.15	519.75	929.14
	(f) Depreciation and amortisation expense	188.60	218.07	265.46	873.48	1063.59
	(g) Other Expenses	5983.85	5495.97	4971.41	21197.60	16436.57
	Total Expenses	11845.77	11779.04	11742.68	43288.08	37527.15
3	Profit/(Loss) before exceptional items & tax (1-2)	651.53	(16.39)	1504.99	2061.91	3450.24
4	Exceptional Items	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	651.53	(16.39)	1504.99	2061.91	3450.24
6	Tax expense					
	Current tax	-	-	-	-	-
	Deferred tax	(212.81)	(18.59)	90.57	(135.85)	37.06
		(212.81)	(18.59)	90.57	(135.85)	37.06
7	Profit/(Loss) for the period (5-6)	864.34	2.20	1414.42	2197.76	3413.18
8	Other Comprehensive Income					
	(i) Items that will not be reclassified to profit or loss	96.08	(30.90)	(95.05)	3.40	(129.19)
	(ii) Income tax relating to above (i)	(33.58)	10.80	33.53	(1.19)	45.45
	Other Comprehensive Income for the year	62.50	(20.10)	(61.52)	2.21	(83.74)
9	Total Comprehensive Income (7+8)	926.84	(17.90)	1352.90	2199.97	3329.44
10	Paid up equity share capital (face value of ₹ 10/- each)	4714.39	4714.39	4714.39	4714.39	4714.39
11	Earning per share (₹)					
	Basic	1.83	0.00	3.00	4.66	7.24
	Diluted	1.83	0.00	3.00	4.66	7.24





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Audited Consolidated Segment Information for the Quarter and Year ended 31st March , 2022

(₹ in Lacs)

S. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Segment Revenue					
	(a) Insulators	10616.17	10071.47	11086.65	38545.02	34597.94
	(b) Terry Towels	1237.87	1446.05	1457.60	5076.78	4430.87
	(c) Others	280.86	-	200.30	529.28	853.43
	(d) Inter segment revenue	(1.42)	5.67	-	10.69	(35.03)
	Total Operating Income	12133.48	11523.19	12744.55	44161.77	39847.21
2	Segment Results Profit/ (Loss) before finance cost and Tax					
	(a) Insulators	736.00	390.79	1358.67	3006.94	4285.41
	(b) Terry Towels	(145.13)	(258.24)	408.57	(433.05)	223.64
	(c) Others	173.91	(26.47)	(106.11)	7.77	(129.67)
	Total	764.78	106.08	1661.14	2581.66	4379.38
	Less: Finance Cost	113.25	122.47	156.15	519.75	929.14
	Total Profit before tax	651.53	(16.39)	1504.99	2061.91	3450.24
3	Segment assets					
	(a) Insulators	41279.69	40512.39	39667.70	41279.69	39667.70
	(b) Terry Towels	9049.38	9181.79	8755.55	9049.38	8755.55
	(c) Others	225.49	424.36	632.99	225.49	632.99
	Total	50554.56	50118.54	49056.24	50554.56	49056.24
4	Segment Liabilities					
	(a) Insulators	13543.83	13989.23	14027.48	13543.83	14027.48
	(b) Terry Towels	941.05	989.40	1103.74	941.05	1103.74
	(c) Others	14.14	11.21	69.45	14.14	69.45
	Total	14499.02	14989.84	15200.67	14499.02	15200.67



Works : Insulators Division : Talheti, Village : Karoli, Tehsil : Abu Road, District : Sirohi - 307510 (Rajasthan) India
Terry Towels Division : P.B. No. 16, Sanand-382110, Dist. Ahmedabad Tel.:02717-222373, Fax : 02717-222367

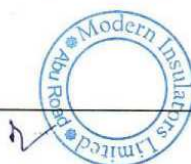


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Audited Consolidated Balance Sheet as at 31 st March, 2022

Particulars	(₹ in Lacs)	
	As at 31st March, 2022 (Audited)	As at 31st March, 2021 (Audited)
ASSETS		
Non-current assets		
Property, Plant & Equipment	17468.17	18150.69
Capital work-in-progress	-	-
Intangible assets	12.64	33.51
Financial Assets		
(i) Investments	0.01	0.01
(ii) Loans	5524.00	4766.00
(iii) Other Financial Assets	1096.30	1090.44
Other non-current assets	-	-
Total Non-current assets	24101.12	24040.65
Current assets		
Inventories	12283.33	11664.26
Financial Assets		
(i) Trade Receivables	10010.38	9397.03
(ii) Cash and Cash Equivalents	417.80	151.51
(iii) Bank balances other than cash and cash equivalents	389.23	456.48
(iv) Investments	1037.93	931.95
(v) Loans	152.80	95.14
(vi) Other Financial Assets	303.36	378.33
Other current assets	1858.61	1940.89
Total Current assets	26453.44	25015.59
TOTAL ASSETS	50554.56	49056.24
EQUITY AND LIABILITIES		
EQUITY		
Equity Share Capital	4714.39	4714.39
Other Equity	31341.15	29141.18
Total Equity	36055.54	33855.57
Non-current liabilities		
Financial Liabilities		
Borrowings	45.95	59.97
Provisions	2388.03	2290.66
Deferred Tax Liabilities (Net)	2587.73	2722.39
Other non-current liabilities	22.22	35.21
Total Non Current liabilities	5043.93	5108.23
Current Liabilities		
Financial Liabilities		
(i) Borrowings	2542.14	2306.77
(ii) Trade Payables		
- Total outstanding dues of micro, small and medium enterprises	472.81	385.67
- Total outstanding dues of creditors other than micro, small and medium enterprises	3516.66	3873.44
(iii) Other Financial Liabilities	1749.12	1792.71
Provisions	379.38	412.78
Other Current Liabilities	794.98	1321.07
Total Current Liabilities	9455.09	10092.44
TOTAL EQUITY AND LIABILITIES	50554.56	49056.24



Works : Insulators Division : Talheti, Village : Karoli, Tehsil : Abu Road, District : Sirohi - 307510 (Rajasthan) India
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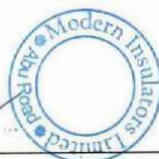


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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in Lacs)		
PARTICULARS	Year ended 31st March, 2022	Year ended 31st March, 2021
A. Cash Flow from Operating Activities		
Profit before tax	2061.91	3450.24
Adjustments for:		
-Depreciation and amortisation expenses	873.48	1063.59
-Provisions	67.37	150.28
-Foreign exchange	62.56	45.35
-Profit on disposal of property, plant and equipment	(258.32)	(524.25)
-Finance costs	519.75	929.14
FVTPL	43.86	(291.37)
-Interest income	(56.64)	(263.73)
Operating profit before working capital changes	3313.97	4559.25
Adjustment for		
-Trade and other receivables	(457.27)	(757.72)
-Inventories	(619.07)	1295.63
-Trade and other Payables	(852.31)	160.08
Net Cash from Operating Activities (A)	1385.32	5257.24
B. Cash Flow from Investing Activities		
-Proceeds from sale of property, plant and equipment	324.39	560.74
-Purchase of property, plant and equipment(including capital work-in progress)	(236.16)	(98.12)
-Loans and advances	(815.66)	3137.17
-Interest Income	56.64	263.73
-Investment in Equity Shares and Fixed Deposits	(149.84)	(404.27)
Net Cash used in Investing Activities (B)	(820.63)	3459.25
C. Cash Flow from Financing Activities		
-Repayment of Long term borrowings (net)	(12.66)	(23.07)
-Proceeds from Short term borrowings	234.01	(7702.34)
-Interest Paid	(519.75)	(929.14)
Net cash used in Financing Activities (C)	(298.40)	(8654.55)
Net increase in cash and cash equivalents(A+B+C)	266.29	61.94
Cash and cash equivalents at the beginning	151.51	89.57
Cash and cash equivalents at the close	417.80	151.51
Cash and Cash Equivalent includes:-		
Particulars	As at 31.03.2022	As at 31.03.2021
Cash on hand	15.67	8.58
With Banks		
- In current accounts	335.26	85.16
- In deposit accounts maturing within 3 months	66.87	57.77
Total	417.80	151.51



Works : Insulators Division : Talheti, Village : Karoli, Tehsil : Abu Road, District : Sirohi - 307510 (Rajasthan) India
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Notes:

1. The above audited financial results have been reviewed by the audit committee and approved by the Board of Directors at their respective meeting held on 30th May, 2022.
2. Modern Insulators Limited (The Holding Company) has given interest free unsecured loan Rs. 5524 lacs (previous year Rs. 4766 lacs) (maximum amount outstanding at any time during the quarter Rs. 5525 lacs; previous year Rs. 4816 lacs) to a company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation under the provisions of Companies Act, 2013. Since the amount paid is in connection to proposed amalgamation, no terms have been specified for the repayment of loan and interest. In view of the likely advantage to the Holding Company on such amalgamation, granting of such loan is not prejudicial to the interest of the Holding Company.
3. Provision for taxation including interest estimated at Rs. 360.19 lacs and Rs. 1306.15 Lacs for the current quarter & Year ended 31st March, 2022 respectively (Previous Year Rs. 1647.64 lacs; upto the year Rs. 5956.89 lacs) has not been made in accounts of Holding company in view of the proposed amalgamation under the provisions of Companies Act, 2013.
4. The Group's operations and revenue were marginally impacted on account of disruption in economic activity 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.
5. These financial results includes the results for the quarter ended 31st March, 2022 & 31st March, 2021 being the balancing figures between audited figures in respect of full financial year and the unaudited published figures upto the end of third quarter of the relevant financial year respectively.
6. Figures for previous periods have been regrouped or rearranged wherever necessary to make them comparable with the current period's classification.

For and on behalf of the Board of Directors
MODERN INSULATORS LIMITED

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

Place : Abu Road
Date : 30th May, 2022





Modern Insulators Limited
Talheti, Village Karoli
Teh. Abu Road, Dist. Sirohi - 307510
(Rajasthan)