

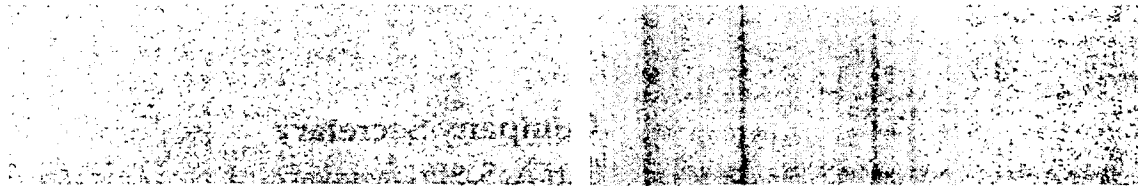


**FOREVER  
MODERN  
FOREVER  
AHEAD**

# Annual Report

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CS	<input checked="" type="checkbox"/>		DFY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DM	<input checked="" type="checkbox"/>
TR	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
ACM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SE	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

1996-97



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**Modern**  
**Insulators Limited**

## Board of Directors

Shri H. S. Ranka —Chairman & Managing Director  
Shri M. L. Bhargava —Nominee, RIICO  
Dr. S. C. Bhatia —Director  
Shri S. S. Mody —Director  
Shri S.S. Karnavat —Director  
Shri Sachin Ranka —Director  
Shri P. K. Roongta —Executive Director  
Shri H. L. Sharma —Executive Director

### Company Secretary

Shri A. S. Shrivastava

### Bankers

Central Bank of India  
Punjab National Bank

### Auditors

M/s. S. S. Kothari & Co.,  
Chartered Accountants  
Jaipur - 302 001

### Registered Office

A-4, Vijay Path  
Tilak Nagar  
Jaipur - 302 004  
(Rajasthan)

### Corporate Headquarter

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

### Plant

Abu Road - 307 026  
Distt. Sirohi  
(Rajasthan)



## NOTICE

Notice is hereby given that the 13th Annual General Meeting of Modern Insulators Limited will be held on Tuesday the 30th December, 1997 at 11.30 A.M. at Hotel Clarks Amer, Jawaharlal Nehru Marg, Jaipur-302017 to transact the following business :

### A. ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Audited Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Dr. S. C. Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Shri S. S. Mody who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors and to fix their remuneration and in connection therewith to pass with or without modifications, the following resolution,

"RESOLVED THAT pursuant to the provisions of Section 224(1) of the Companies Act, 1956, M/s S. S. Kothari & Co., Chartered Accountants, Jaipur be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company."

### B. SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 269, 198 and 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) and further subject to the provisions of Schedule XIII to the said Act, Company hereby accords its approval and consent to the increase in remuneration w.e.f. 1.4.97 and re-appointment of Shri H. L. Sharma, as an Executive Director of the Company from 01.07.97 for a further period of three years on the terms and conditions as specified in the explanatory statement annexed hereto."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and 311 and other applicable

provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) and further subject to the provisions of Schedule XIII to the said Act, as amended, the Company hereby accords its approval and consent to increase in salary payable to Shri P. K. Roongta, Executive Director of the Company w.e.f. 1.4.97 for the remaining period of his tenure, as specified in the explanatory statement attached hereto.

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

"RESOLVED THAT in supersession of resolution passed at the Annual General Meeting of the Company held on 23rd September 1989, the consent of the Company be and is hereby accorded in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sum of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 100 Crores (Rupees One Hundred Crores only)."

BY ORDER OF THE BOARD

Place : New Delhi

Dated: 30.09.97

**(H. S. RANKA)**

Chairman

### Notes

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of item nos. 5 to 7 of the notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. The Proxy should be deposited at the Registered office of the Company not less than FORTY EIGHT hours before the commencement of the meeting.
4. The share transfer books and Register of members shall remain closed from 30th December, 1997 to 31st December, 1997.
5. **NO GIFTS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

## Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item No. 5

Shri H. L. Sharma was appointed as Executive Director of the Company for a period of 3 years w.e.f. 1.7.94 and his tenure expired on 30.6.97. The Board of Directors in their meeting held on 28.6.97 has reappointed him for further 3 years from 1.7.97. The Board of Directors has also revised the terms & conditions of his remuneration w.e.f. 1.4.97 as mentioned hereunder.

(a) Salary - Rs. 35,000/- (Rupees Thirty five thousand only) per month.

(b) Perquisites and Allowance :

(i) Furnished residential accommodation with water, gas, electricity etc. monetary value of which may be evaluated as per Rule 3(a) of the Income Tax Rules, 1962. The above is subject to the following :

(a) The expenditure incurred by the Company on hiring accommodation will be subject to ceiling of 50% of salary over and above 10% payable by him.

(b) The expenditure incurred by the Company on gas, water & electricity and furnishing will be evaluated as per the Income Tax Rules, 1962. This will however, be subject to a ceiling of 10% of the salary paid to him.

(ii) Medical benefits for self & family reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one months salary for every year of service.

(iii) Leave travel concession for self, wife and minor children once a year to and fro any place in India subject to the condition that only actual fare and no hotel expenses etc. will be allowed.

(iv) Fees of Clubs subject to a maximum of two clubs this will not include admission & life membership fees.

(v) Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 1,000/-.

(vi) Company's contribution towards Provident Fund as per the rules of the Company.

(vii) Company's contribution towards pension/superannuation fund as per rules of the company, but it shall not, together with the Company's contribution to the Provident Fund, exceed 25% of the salary.

However, contribution to Provident Fund, pension/superannuation fund will not be included in the computation of the ceiling of perquisites to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.

(viii) Gratuity not exceeding one half months salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

(ix) Free use of car with driver, for Company's business, the monetary value of which may be evaluated as per Income Tax Rules, 1962.

(x) Free telephone facility at residence. All personal long distance calls shall be billed by the Company.

(xi) Encashment of leaves as per Company's rules.

(xii) He shall not be paid any sitting fee for attending the meeting of Board of Directors or Committee thereof.

Members are requested to approve the resolution in item no. 5.

None of the Directors except Shri H. L. Sharma, is concerned or interested in the resolution.

### Item No. 6

Shri P. K. Roongta was appointed as Executive Director of the Company w.e.f. 1.12.95 at a remuneration revised w.e.f. 1.4.96 which was approved in Annual General Meeting held on 31.12.96.

In view of increased activities of the Company with expansion project and liberalisation of provisions of Schedule XIII of the Companies Act, 1956, the Board of Directors has revised the remuneration payable to Shri P. K. Roongta by increasing the salary from Rs. 25,000/- per month to Rs. 35,000/- w.e.f. 1.4.97 and that all other terms and conditions shall remain the same.

None of the Directors, except Shri P. K. Roongta, is concerned or interested in the said resolution.

### Item No. 7

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The shareholders at the Annual General Meeting held on 23.9.89 had accorded their consent to the Board of Directors for borrowing upto Rs. 35 Crores.

With the expansion project already implemented, the Company has exhausted the borrowing limits. In view of further growth plans of the Company it is found expedient to increase the borrowing limit to Rs. 100 Crores. The consent of the shareholders is, therefore sought under the provisions of Section 293 (1) (d) of the Companies Act, 1956 to enable the Directors to borrow monies to the extent of Rs. 100 crores as set out in item no. 7.

None of the Directors of the Company, is in any way concerned or interested in the resolution.



## MODERN INSULATORS LIMITED

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

### ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

13th Annual General Meeting - December 30, 1997

I hereby record my presence at the THIRTEENTH ANNUAL GENERAL MEETING of the Company held at HOTEL CLARKS AMER, Jawahar Lal Nehru Marg, Jaipur-302 017 on Tuesday the 30th December, 1997 at 11.30 A.M.

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

Reg. Folio No. ....

No. of Shares held.....

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

Member's/Proxy's Signature .....

**Note : ADMISSION TO THE MEETING SHALL STRICTLY BE PERMITTED TO SHAREHOLDERS/VALID PROXY HOLDERS ONLY**



## MODERN INSULATORS LIMITED

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

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### PROXY FORM

Reg. Folio No.....

No. of Shares held .....

I/We.....

of .....

being a Member/Members of Modern Insulators Limited hereby appoint..... of

..... or failing him ..... of

..... as my/our proxy to vote for me/us on my/our behalf at the

THIRTEENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 30th December, 1997 and

at any adjournment thereof.

Dated ..... 1997

Affix  
30 paise  
Revenue  
Stamp

Signature.....

**Note :** This form duly completed and signed must be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the Meeting.

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## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the 13th Annual Report and Audited statement of accounts for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS :

(Rs. in lacs)

	1996-97	1995-96
Surplus before depreciation	358.86	740.25
Less : Depreciation	263.28	248.12
Surplus for the year	95.58	492.13
Add : Balance brought forward	133.04	3.80
Add : (Less) Adjustment due to change in accounting policy	(96.66)	—
Add : (Less) Adjustment related to earlier year	(0.38)	0.03
Surplus available for appropriation	131.58	495.96
Appropriations :		
a) General Reserve	—	50.00
b) Investment Allowance Reserve for earlier years	—	75.00
c) Dividend on Equity Shares	—	237.92
Balance carried to Balance Sheet	131.58	133.04
	131.58	495.96

### 2. OPERATIONS :

The Company has largely been able to maintain its operations despite the recessionary trend in the economy and with the Power sector not growing at the desired rate. Although the Company has achieved a turnover of around Rs. 35 crores, the net profit has been adversely affected and has gone down to Rs. 96 lacs as against Rs. 492 lacs in the previous year. The Company has however maintained its leadership in the industry for its products, particularly extra high voltage insulators. Your Directors are unable to recommend any dividend for the year under review in view of inadequacy of profits and in order to conserve resources.

### 3. EXPORTS :

The Company has registered an export turnover of Rs. 168 lacs during the year under review. Insulators manufactured by the Company have been approved by Siemens AG of Germany for the US market. Company's products continued to be well accepted in Europe and in other countries since they meet international quality standards. Your Company was the first to export 400 KV solid core insulators from India. The Company has been awarded ISO 9002 in 1995-96 and has bagged the export excellency award from the Govt. of Rajasthan and another prestigious export award from Capexil.

### 4. EXPANSION SCHEME :

The Expansion cum balancing scheme to increase the installed capacity from 5000 TPA to 6000 TPA has been completed. The Company is now in the process of achieving the new rated capacity and will be able to reap the benefits of higher capacity only in the following years.

### 5. FUTURE PROSPECTS :

Your Company had set up facilities to manufacture electro porcelain EHV Insulators in technical collaboration with Siemens AG of

Germany. It is the first venture in India to manufacture long rod electro porcelain EHV Insulators upto 760 KV, hitherto imported. However, the profitability came in strain from second half of 96-97 due to low capacity utilisation on account of low procurement of insulators by the Electricity Boards.

Your Directors are confident about good long term prospects for the operations of the Company in view of capability of the plant for producing extra high voltage insulators, including Hollow busing which is a critical import substitute. Acceptance of our product in the international market on account of superior quality and bright prospects of further demand for insulators from ensuing power projects, would ensure a continued growth for your Company's products. With increasing power generation capacities and upgradation of existing lines, a demand growth rate of 10% expected in the Middle East, Far East and South East Asian countries where the Company has already made inroads into their markets. The developing countries are also preferring pollution resistant long rod insulators being manufactured by the Company.

### 6. DIRECTORS :

During the year RIICO has withdrawn the nomination of Shri G. S. Sandhu from the Board of Directors. The Industrial Finance Corporation of India Ltd. also withdrew the nomination of Shri A. C. Ahuja. Shri H. L. Sharma has been reappointed as an Executive Director. Dr. S. C. Bhatia and Shri S. S., Mody retire by rotation and being eligible offer themselves for reappointment. The Board places on record its appreciation for the support and guidance given by the outgoing directors.

### 7. AUDITORS :

M/s. S.S. Kothari & Co., Chartered Accountants, Jaipur, retire at the forthcoming Annual General Meeting. Your Directors recommend their reappointment as Auditors of the Company for the year 1997-98. The observations made by the Auditors are self explanatory and have been dealt with in the notes vide Schedule 15 forming part of the accounts and hence need no further clarifications.

### 8. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO :

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

### 9. PARTICULARS OF EMPLOYEES :

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended are attached hereto and forms part of this report. During the year, the Company continued to enjoy good industrial relations at all levels. The management expects to maintain the trend during the current year also.

### 10. ACKNOWLEDGMENTS :

The Board acknowledges with gratitude the support and guidance extended by Financial Institutions, Central Bank of India, Punjab National Bank, State Bank of India, Electricity Boards, Central and State Governments, and shareholders. Your Directors also appreciate the dedication and efforts of executives, staff and workers of the Company.

On behalf of the Board

Place : New Delhi

Date : 30th September, 1997

H. S. RANKA

Chairman & Managing Director