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CS	<input checked="" type="checkbox"/>		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

ANNUAL REPORT

1997-98

Report  junction.com



Modern
Insulators Limited

Board of Directors

Shri H. S. Ranka	—Chairman
Shri M. L. Bhargava	—Nominee, RIICO
Shri H. N. Belawat	—Nominee IFCI
Dr. S. C. Bhatia	—Director
Shri S. S. Mody	—Director
Shri S.S. Karnavat	—Director
Shri Sachin Ranka	—Director
Shri S. B. L. Jain	—Director
Shri H. L. Sharma	—Executive Director
Shri V. Pichumani	—Executive Director

Company Secretary

Shri A. S. Shrivastava

Bankers

Central Bank of India
Punjab National Bank

Auditors

Messrs 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
Pochkhanwala Road
Worli
Mumbai - 400 025

Plant

Abu Road - 307 026
Distt. Sirohi
(Rajasthan)

NOTICE

Notice is hereby given that the 14th Annual General Meeting of Modern Insulators Limited will be held on Monday the 31st August, 1998 at 1.00 P.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, 1998 and Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Sachin Ranka who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Shri S. S. Karnavat 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 the following resolution, with or without modifications, as an ordinary 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 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 Shri S.B.L. Jain who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- (6) To consider and if thought fit, to pass, with or without modification the following resolution as an ordinary resolution.
"RESOLVED THAT Shri V. Pichumani who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- (7) To consider and if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution :
"RESOLVED THAT pursuant to the provisions of Section 269, 198, 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 appointment of Shri V. Pichumani as an Executive Director of the Company from 30.06.98 for a period of three years on the terms and conditions of remuneration as specified in the explanatory statement annexed hereto."
- (8) 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

293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company, be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging on such terms and conditions and at such time or times and in such form or manner, as it may think fit, the whole or substantially the whole of the company's any one or more of the undertaking or all the undertakings including the present and/or future properties, whether moveable or immoveable comprised in any existing or new undertaking or undertakings of the Company, as the case may be, together with power to take over the management of the business and concern of the said undertaking(s) of the Company in certain events, in favour of :

On First Charge basis

- i) Industrial Credit and Investment Corp. of India Ltd.
- ii) Industrial Finance Corp. of India Ltd.
- iii) Industrial Development Bank of India
- iv) State Bank of India
- v) Unit Trust of India
- vi) Life Insurance Corp. of India
- vii) New India Assurance Company Ltd.
- viii) General Insurance Corporation of India
- ix) Oriental Insurance Company Ltd.
- x) United India Insurance Company Ltd.

for their 17% - Non Convertible Debentures of Rs. 100/- each not exceeding Rs. 1000 Lacs and 16% - Optionally Fully Convertible Debentures of Rs. 100/- each not exceeding Rs. 1000 Lacs.

On Second Charge basis

- 1) Central Bank of India for its working capital assistance of Rs. 562.50 lacs (fund based) and Rs. 795.00 lacs (non-fund based).
 - 2) Punjab National Bank for its working capital assistance of Rs. 187.50 lacs (fund based) and Rs. 265.00 lacs (non-fund based).
- in connection with the term loans/debentures and working capital facilities sanctioned/to be sanctioned and disbursed/to be disbursed by the financial institutions/debentureholders/working capital bankers to the Company to secure the said term loans/debentures/working capital facilities together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other monies payable by the Company in terms of loan agreements/letter of sanction(s)/ memorandum of the terms and conditions entered into/to be entered into by the Company and as per the scheme of restructuring of debts as approved by the term lenders in respect of such term loans and/or working capital facilities, such security, to rank as the case may be, to the mortgages and/or charges already created or to be created in future by the Company or in such manner as may be agreed to by the financial institutions/banks and as may be thought expedient by the Board of Directors of the Company."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to finalise the matter and method of documents and deeds for creating the aforesaid mortgage/charges and to do all such acts, deeds and things as it may in its absolute discretion, deem necessary, proper or desirable and also agree to any amendments thereto from time to time as it may think fit."

BY ORDER OF THE BOARD

Place : MUMBAI

Dated : 30th June, 1998

H. S. RANKA
Chairman



Notes

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item number 5 to 8 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 27th August, 1998 to 31st August, 1998 (both days inclusive).
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 S. B. L. Jain who has vast experience in Electrical industry, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to the proposed appointment of Shri S.B.L. Jain as a Director liable to retire by rotation. The Board recommends his appointment as Director liable to retire by rotation as per the provisions of Articles of Association of the Company. None of the Directors is in any way concerned or interested in the resolution in item no. 5.

Item No. 6

Shri V. Pichumani who has vast experience in commercial functions of Electrical industry, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a notice has been received from a member signifying his intention to the proposed appointment of Shri V. Pichumani as a Director liable to retire by rotation. The Board recommends his appointment as Director liable to retire by rotation as per the provisions of Articles of Association of the Company.

None of the Directors is in any way concerned or interested in the resolution in item no. 6.

Item No. 7

Shri V. Pichumani was appointed as Executive Director of the Company for a period of 3 years w.e.f. 30.06.98 on the terms & conditions of his remuneration as mentioned hereunder :

The Board considers it desirable that the Company continue to avail his services in view of his vast experience in commercial aspects of electrical and ceramic industry.

The terms and conditions of remuneration referred to above are as under :

- (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 for him 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, electricity, water and furnishing will be evaluated as per 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 and 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 in 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 maximum of two Clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 1000/-.
- (vi) Company's contribution to 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 fees for attending the meeting of Board of Directors or Committee thereof.

None of the Directors, except Shri V. Pichumani, is concerned or interested in the said resolution in item no. 7. The details set hereinabove may be treated as an abstract under Section 302 of the Companies Act, 1956.

Item No. 8

Generally, the borrowings of the Company are required to be secured by suitable Mortgage and/or charge on all or any of the moveable or immoveable properties of the Company, wherever situated in such form, manner and ranking as may be determined by the Board of Directors of the Company in consultation with the lenders/banks.

The Non-Convertible Debentures (NCDs) and Optionally Fully Convertible Debentures (OFCDs) as referred to in the resolution are to be issued in pursuance of Scheme of restructuring of debts as approved by financial institutions, towards conversion of part of the outstanding loans/debentures and accrued interest thereon respectively and same are to be secured as stipulated in the sanction(s).

Such Mortgage and/or charge of the Company's moveable and/or the whole or any part of the undertaking(s) in favour of the lenders may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293 (1) (a) of the Companies Act, 1956.

The approval of financial institutions will also be required as all the assets of the Company, present and future are already mortgaged/charged in their favour.

Hence, it is necessary for the members to pass the resolution as set out in resolution in item no. 8 of the notice.

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

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 14th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1998 :

1. FINANCIAL RESULTS : (Rs. in lacs)

	1997-98	1996-97
Profit/Loss before depreciation	31.61	358.86
Less : Depreciation	299.43	263.28
Profit/(Loss) for the year	(267.82)	95.58
Add : Balance brought forward	131.58	133.04
: Transfer from General Reserve	140.00	-
Less : Adjustment due to change in Accounting policy	-	(96.66)
: Adjustment of Dividend pertaining of previous year	-	(0.38)
Balance carried to Balance Sheet	3.76	131.58

2. OPERATIONS :

In spite of the fact that the Company has been able to maintain the turnover at the level of Rs. 35 crores as in the previous year, the gross profit earned by the Company is only Rs. 31.61 lacs as against of Rs. 358.86 lacs in the previous year. The Company's operations during the year under review suffered due to ongoing recessionary conditions prevailing in the Indian economy. The Company's major buyers i.e. the State Electricity Boards have been reeling under liquidity crunch which has further adversely affected the operations. The business opportunity with the other buyers of the Company's products was also not very encouraging on account of demand recession. The Company has also not been able to reap the benefits of increased capacity since the Power Sector did not grow with the projected rate thereby putting pressure on margins. Your Directors are unable to recommend any dividend for the year under review due to inadequacy of profits.

3. EXPORTS :

The Company has registered an export turnover of Rs. 2.46 crores during the year under review as compared to Rs. 1.68 crores during the previous year. Company has been able to carve out a place for its products in the international markets in spite of stiff competition mainly due to superior quality and wide range of extra high voltage insulators which meet the International standards. The Company has already made progress in establishing exports on regular basis to leading switchgear manufacturers in European countries, South Africa, Middle East and South East Asian countries. The Company is now concentrating on the world markets for its future growth.

4. RESTRUCTURING OF DEBTS :

In view of very tight liquidity position and sluggish market conditions, the Company had approached the term lending financial institutions/banks for restructuring of debts. The financial institutions had examined the proposal of the Company and had approved the scheme for restructuring of the outstanding debts. The restructuring includes rescheduling of term loans, waiver of penal and compound interest and induction of long term funds by the promoters. The Company is now in the process of giving effect to the restructuring scheme.

The restructuring will give the Company an opportunity to consolidate its operations over a time frame and Company is confident to regain the lost gilt and earn profits in the coming years.

5. FUTURE PROSPECTS :

The Company has been able to maintain its strength and leadership

in the Extra high voltage segment of the insulator market. Company's products are well accepted both in domestic and international markets.

Government of India has now realised the necessity of providing adequate infrastructure to the nation. "Power" being on the top of the Government agenda, and with the speedy clearance of Power projects in Public and Private Sectors, the Company would be able to reap the benefits of increased capacity in the coming years to come. The Company is in the meantime, adopting various austerity measures to save on costs and is confident to have a bright future.

6. DIRECTORS :

During the year, the Industrial Finance Corporation of India Ltd., has nominated Shri H. N. Belawat on the Board of Directors. Shri S.B.L. Jain and Shri V. Pichumani have joined the Board as Additional Directors. The Board recommend their appointment as Director liable to retire by rotation. Shri H. S. Ranka has resigned as Managing Director of the Company, however, he continues to be Chairman and Director of the Company. Shri S. S. Vyas has resigned from directorship and Shri P. K. Roongta has resigned as Executive Director. Shri V. Pichumani has been appointed as Executive Director to look after the day to day affairs. Shri Sachin Ranka and Shri S. S. Karnavat retire by rotation and being eligible offer themselves for reappointment. The Board places on record its appreciation for the support and guidance given by Shri S. S. Vyas and Shri P. K. Roongta during their tenure and welcomes Shri H. N. Belawat, Shri S. B. L. Jain and Shri V. Pichumani on the Board.

7. AUDITORS :

M/s. S. S. Kothari & Co., Chartered Accountants, Jaipur retire at the forth coming Annual General Meeting. Your Directors recommend their reappointment as Auditors of the Company for the year 1998-99. The observations made by the Auditors are self-explanatory and have been dealt with in the notes vide Schedule No. 15 forming part of the Accounts and hence need no further clarifications.

8. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES :

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.

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 form part of this report.

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

The statement of particulars relating to the 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) & 2(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.

10. ACKNOWLEDGEMENTS :

The Board acknowledges with gratitude the support and guidance extended by Financial Institutions, Central Bank of India, Punjab National Bank, State Bank of India, State Electricity Boards, RLICO, Central & 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 : Mumbai
Date : 30.06.98

H.S.RANKA
Chairman