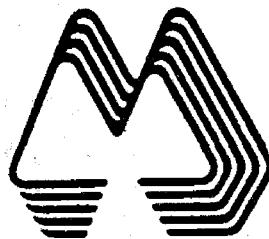


ANNUAL REPORT 1998-99

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Modern
Insulators Limited

BOARD OF DIRECTORS

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

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
Poachkhanwala Road
Worli
Mumbai - 400 025

PLANT

Abu Road - 307 026
Distt. Sirohi
(Rajasthan)

NOTICE

Notice is hereby given that the 15th Annual General Meeting of **Modern Insulators Limited** will be held on **Monday the 30th August, 1999 at 2.30 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, 1999 and the 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 H. S. Ranka who retires by rotation and, being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Shri H. L. Sharma who retires by rotation and, being eligible, offers himself for re-appointment.
- (4) To appoint a Director in place of Shri S. S. Mody who retires by rotation and, being eligible, offers himself for re-appointment.
- (5) 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 :

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

"RESOLVED THAT Shri B. L. Panagariya 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 modification, 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 Second Charge basis

- i) Central Bank of India for its working capital assistance of Rs. 637.50 lacs (fund based) and Rs. 1027.50 lacs (non-fund based).
- ii) Punjab National Bank for its working capital assistance of Rs. 212.50 lacs (fund based) and Rs. 235.00 lacs (non-fund based).

in connection with the working capital facilities sanctioned/to be sanctioned by the working capital bankers to the Company to secure the said working capital facilities together with interest thereon, commitment charges, liquidated damages, costs, charges, expenses and other monies payable by the Company in terms of letter of sanction(s)/memorandum of the terms and conditions entered into/to be

entered into by the Company and in respect of 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 they may be agreed to by the 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 and 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 : JAIPUR

Dated : 29th May, 1999.

H. S. RANKA

Chairman

Notes :

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item numbers 6 & 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 27th August, 1999 to 30th August, 1999 (both days inclusive).
5. **NO GIFTS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.**

ANNEXURE TO NOTICE

Explanatory Statement

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

Item No. 6

Shri B. L. Panagariya 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 B. L. Panagariya as a Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services.

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

Item No. 7

The Company has availed enhanced working capital facilities from banks to meet the day to day requirements of funds.

As the mortgage or charge on properties to secure the working capital facilities on second charge basis may be regarded as disposal of the whole or substantially the whole of the undertaking(s) of the Company, it is considered necessary to seek members' approval pursuant to the provisions of section 293(1)(a) of the Companies Act, 1956.

The Directors recommend the proposed Resolution for your approval.

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

DIRECTORS' REPORT

To,
The Members,

Your Directors present the 15th Annual Report and Audited statement of Accounts for the year ended 31st March, 1999 :

1. FINANCIAL RESULTS (Rs. in lacs)

	1998-99	1997-98
Profit before Interest & Depreciation	1116.25	649.08
Less : Interest	677.85	617.47
Profit before depreciation	438.40	31.61
Depreciation	428.01	299.43
Profit / (Loss) before tax	10.39	(267.82)
Less : Provision of Income Tax	1.09	-
Net Profit / (Loss)	9.30	(267.82)
Add : Balance brought forward from last year	3.76	131.58
: Transfer from General Reserve	-	140.00
Balance carried to Balance Sheet	13.06	3.76

2. OPERATIONS

During the year under review turnover increased to Rs. 4770 lacs as compared to Rs. 3467 lacs in the previous year. The Company earned profit before interest and depreciation of Rs. 1116 lacs as compared to Rs. 649 lacs in previous year. However, after providing for interest the Company has earned a gross profit of Rs. 438 lacs in comparison to gross profit of Rs. 32 lacs in previous year.

Significant improvement in the performance of the Company was due to full use of the capacity after expansion and wide range of extra high voltage of superior quality insulators being produced by the Company. The Company could also reap the benefits of increased demand as power sector is now growing at rapid pace leading to significant increase in demand for insulators. However, in view to conserve the resource and repay the rescheduled term loans, your Directors do not recommend any dividend for the year under review.

3. EXPORTS

The Company has registered an impressive growth of 54% and export turnover increased to Rs. 380 lacs during the year under review as compared to Rs. 246 lacs during the previous year. Products of the Company were in the good demand and has bagged repetitive orders inspite of stiff competition, mainly on account of superior quality and wide range of extra high voltage insulators of world standards being offered to the users world over. The Company is also exploring new markets to reduce dependence on some market and with more emphasis on exports, the future growth in exports looks promising.

The Company has been awarded certificate of merit by CAPEXIL for the year 1997-98 for outstanding export performance. The Company has also bagged "Star Vendor Award" from Crompton Greaves India Limited, Nasik for the 4th consecutive year.

4. RESTRUCTURING OF DEBTS AND OTHER LIABILITIES

As informed earlier the Financial Institutions approved restructuring of debts and liabilities. In view of satisfactory performance, the Company is now trying to meet the liability towards term lenders as per restructuring plan.

5. FUTURE PROSPECTS

The Company continues to be the leader in the extra high voltage insulators in the market. Company's products are well accepted

both in domestic and international markets on account of their superior quality. Country is now poised for substantial growth in generation and distribution of power which would increase the demand of insulators significantly. The Company is confident of a bright future in the years to come. Various austerity measures which were taken to save on cost have also resulted in improving the performance and further steps to optimize the use of resources are being taken as far as possible.

6. DIRECTORS

During the year, Shri B. L. Panagariya joined the Board as additional Director. The Board recommended his appointment as Director liable to retire by rotation. Dr. S. C. Bhatia has resigned from directorship. Shri H. S. Ranka, Shri S. S. Mody and Shri H. L. Sharma retire by rotation and being eligible, offer themselves for reappointment. The Board places on record its appreciation for the support and guidance given by Dr. S. C. Bhatia during his tenure and welcomes Shri B. L. Panagariya 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 1999-2000. 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. 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 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 Rules 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. STATUS OF Y2K COMPLIANCE

The Company has taken effective steps to become Y2K compliant in time. The expenditure for achieving Y2K compliance is not expected to have any material impact to its financial position or results of operations.

11. ACKNOWLEDGEMENTS

The Board acknowledges with gratitude the support and guidance extended by Financial Institutions, RIICO, Central Bank of India, Punjab National Bank, State Bank of India, State 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 : Jaipur
Date : 29.05.99

H.S.RANKA
CHAIRMAN