

ANNUAL REPORT

1999-2000

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Modern
INSULATORS LIMITED



BOARD OF DIRECTORS

Shri H. S. Ranka	-	Chairman
Shri Sachin Ranka	-	Director
Shri S.S. Karnavat	-	Director
Shri B. L. Panagariya	-	Director
Shri S. B. L. Jain	-	Director
Shri R. N. Goyal	-	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 16th Annual General Meeting of **Modern Insulators Limited** will be held on **Friday the 29th December, 2000 at 9.30 AM** at Registered office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 to transact the following business :

A. ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2000 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 S.B.L. Jain who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Shri V. Pichumani who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Shri S.S. Karnavat who retires by rotation and being eligible, offers himself for reappointment.
- (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 reappointed 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 modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment 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 reappointment of Shri H. L. Sharma as an Executive Director of the Company from 1.7.2000 for a further period of three years on the terms & conditions of remuneration as specified in the explanatory statement annexed hereto."

- (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 provision, 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 immovable 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

1. Central Bank of India for its working capital assistance of up to Rs. 1050 lacs (Fund based) & upto Rs. 975 lacs (Non-fund based) respectively.
2. Punjab National Bank for its working capital assistance of up to Rs. 350 lacs (Fund based) & upto 325 lacs (Non-fund based) respectively.

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 in respect of working capital facilities, such security, to rank as the case may be to the mortgage 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 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

H.S. RANKA
Chairman

Place : Jaipur
Date : 29th June, 2000

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 fortyeight hours before the commencement of the meeting.
4. The share transfer books and Register of members shall remain closed from 27th December, 2000 to 30th December, 2000 (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 H. L. Sharma was appointed as Executive Director of the Company for a period of 3 years on 1.7.1997. As term of his appointment expired on 30.6.2000, therefore, the Board considers it desirable that the Company continue to avail his services for a further period of 3 years w.e.f. 1.7.2000.

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 allowances :

(i) Furnished residential accommodation with water, gas, electricity etc. monetary value of which will 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 the ceiling of 50% of the 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 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 and family, reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary of 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 and 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 month's 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 leave as per Company's Rules.

(C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

None of the Directors, except Shri H. L. Sharma, is concerned or interested in the said resolution in item No. 6. The details set out herein above may be treated as an abstract under section 302 of the Companies Act, 1956.

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 in respect of working capital loans/facilities.

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 in item No. 7.



DIRECTORS' REPORT

The Members,

Your Directors present 16th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	1999-2000	1998-99
Profit before interest & Depreciation	1036.61	1180.96
Less : Interest	596.17	742.56
Gross Profit before Depreciation	440.44	438.40
Depreciation	437.77	428.01
Net Profit before Tax	2.67	10.39
Less : Provision for Income Tax	0.31	1.09
Net Profit	2.36	9.30
Add : Balance brought forward from last year	13.06	3.76
Balance carried to Balance Sheet	15.42	13.06

2. OPERATIONS

During the year under review Company achieved turnover of Rs. 4350 lacs. The Company earned profit before interest and depreciation of Rs. 1037 lacs as compared to Rs. 1181 lacs in previous year. However after providing for interest the Company has earned a gross profit of Rs. 440 lacs.

Despite recessionary trend prevailing in the electrical industry, improvement in the working is a result of consecrated efforts for achieving higher capacity utilisation, control on costs and overall improvement in the efficiency of the operations. The Company is giving lot of emphasis for production and development of extra high voltage insulators for electrical equipments required for special applications both with respect of Domestic and Export markets by which the Company can have edge over other competitors in India and also the Company's product will be treated at par with products supplied by leading European companies.

Keeping in view the need to conserve the Company's resources, repayment of rescheduled term loans and to meet the enhanced working capital requirements, your Directors are constrained not to recommend any dividend for the year.

3. EXPORTS

The Company continued to lay more emphasis for exporting its products. In spite of stiff competition with the globally giant players in Insulator industry, Company has been able to significantly increase its export and maintain the competitive edge for its products mainly due to enviable low cost base, fullest capacity utilisation and production of superior quality and wide range of Insulators. The Company has exported Insulators worth Rs. 1016 lacs during the year under review as compared to Rs. 380 lacs during the previous year registering an increase of 167%. The efforts of the company to explore new international markets to further increase exports continues in Mexico, China, Egypt & Turkey. Recently supply has been made to New York Electric Co. which distributes power in New York. Moreover the Company is taking tremendous efforts on boosting export markets which is better today compared to domestic market situation, by having a target for export more or less double that of last year.

4. FUTURE PROSPECTS

Both in domestic and export market, Company's products are rated high due to their consistent quality, reliability in performance and good external service to the customers. The range of items produced for leading Switchgear manufacturers like ABB, Schnieder group, Alstom and China are all specialised items which other Indian manufacturers are finding difficulty to make and this only reveals expertise and technical infrastructure base of MIL vis a vis the competitors from Asia and salient advantages of the Company can ensure continuous growth opportunities of the Company in the years to come.

Highest priority given to the power sector by the Govt. of India and the expected market opportunities available in domestic market and international market in Latin American countries and South East Asian countries catered by Europe, USA and Canada is expected to provide stable market opportunities and future for the Company continuously.

5. DIRECTORS

Shri S.B.L. Jain, Shri V. Pichumani and Shri S.S. Karnavat are liable to retire by rotation and being eligible, offer themselves for reappointment. Shri S.S. Mody ceased to be Director due to his sudden demise and Shri R.N. Goyal was appointed as Director in his place for filling up the casual vacancy. The Board places on record its appreciation for the valuable contribution given by late Shri S.S. Mody and welcomes Shri R.N. Goyal on the Board.

6. 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 2000-2001. The observation 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.

7. INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

The Board appreciates commitment, co-operation and willingness shown by the workers, staff and officers which resulted into good industrial relations throughout the year under review. 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.

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(A), 2(B), and 2(C) of the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

9. ACKNOWLEDGEMENTS

Your Directors record, their gratitude to Financial Institutions, working capital bankers, shareholders and Central as well as State Government for their assistance, co-operation and continued support.

ON BEHALF OF THE BOARD

Place : Jaipur
Dated : 29th June, 2000

H. S. RANKA
Chairman