

ANNUAL REPORT

· 2000-2001 ·



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 R.R. Maheshwari | - | Director |
| Shri K.K. Baheti | - | Director |
| Shri Ishtiaq Ali | - | Nominee IFCI |
| Shri H. L. Sharma | - | Executive Director |
| Shri R.K. Ladia | - | 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 17th Annual General Meeting of **Modern Insulators Limited** will be held on Saturday the 29th September, 2001 at 9.00 AM at Registered office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302004 to transact the following business :

A. ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2001 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 Sachin Ranka who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Shri H.S. Ranka who retires by rotation and being eligible, offers himself for reappointment.
- (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 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 :

- (5) To consider, and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :
 "RESOLVED THAT Shri R.R. Maheshwari, 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, and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri K.K. Baheti, 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, and in respect of whom the company has received notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as 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 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 appointment of Shri R.K. Ladia as an Executive Director of the Company from 1.4.2001 for a period of three years on the terms and conditions of remuneration as specified in the explanatory statement annexed hereto."

BY ORDER OF THE BOARD

Place : Jaipur
Date : 16.6.2001

(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 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 25th September, 2001 to 29th September, 2001.
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. 5

Shri R.R. Maheshwari was appointed as an Additional Director of the Company w.e.f. 24.3.2001 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 R.R. Maheshwari 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 Director, except Shri R.R. Maheshwari, is concerned or interested in the resolution.

Item No. 6

Shri K.K. Baheti was appointed as an Additional Director of the Company w.e.f. 24.3.2001 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 K.K. Baheti 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 Director, except Shri K.K. Baheti, is concerned or interested in the resolution.

Item No. 7

Shri R.K. Ladia was appointed as Executive Director of the Company for a period of 3 years w.e.f. 1.4.2001 by the Board of Directors on the terms and condition of his remuneration as under :
 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 from any place in India subject to the condition that only actual fare and no hotel expenses etc. will be allowed.

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

- (v) 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.

- (vi) Gratuity not exceeding one half month's salary for each completed year of service, subject to a ceiling of Rs. 2,50,000/-.

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

- (viii) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.

- (ix) Encasement of leaves 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 R.K. Ladia, 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.

DIRECTORS' REPORT

The Members,

Your Directors present 17th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

(Rs. in Lacs)

| | 2000-2001 | 1999-2000 |
|---|-----------|-----------|
| Profit before Interest & Depreciation | 1056.59 | 1036.61 |
| Less : Interest | 603.65 | 596.17 |
| Gross Profit before Depreciation | 452.94 | 440.44 |
| Less : Depreciation | 442.34 | 437.77 |
| Net Profit before Tax | 10.60 | 2.67 |
| Less : Provision for Income Tax | 0.89 | 0.31 |
| Net Profit | 9.71 | 2.36 |
| Add : Excess Provision for Taxation related to earlier year | 0.03 | - |
| Add : Balance brought forward from last year | 15.42 | 13.06 |
| Balance carried to Balance Sheet | 25.16 | 15.42 |

2. OPERATIONS

During the year under review Company achieved turnover of Rs. 54.64 crores. The Company earned profit before interest and depreciation of Rs. 10.56 crores. After providing for interest the Company has earned a gross profit of Rs. 4.53 crores. Company's focus on production and development of extra high voltage insulators for electrical equipments required for specific application, has paid rich dividend both in domestic and export markets. Company continues to be leader in manufacturer of Extra High Voltage Insulators in the country which is a testimony of Company's efforts and performance. The products manufactured by Company are having edge over its competitors and the quality is at par with products of other international reputed manufacturers of Insulators. Company has a healthy order book and sees better opportunities both in short and long term.

Keeping in view the need to conserve the resources and to meet the enhanced working capital requirements, your Directors are constrained not to recommend any dividend for the year.

3. EXPORTS

Company has been able to increase its exports significantly to Rs. 18.61 crores during the year under review as compared to Rs. 10.16 crores during previous year registering a increase of 83%. Company continues to have edge over its competitors due to low cost base, high capacity utilisation, superior quality and wide range of insulators. Repeated orders from global electrical equipments manufacturers and efforts to increase exports in countries like Mexico, China, Egypt and Turkey would boost exports further. With successful entry in many new countries, company is expanding its base further for high value added insulators in these markets. Strong tie up with global OEMs and utility companies would further increase export volumes in coming years.

4. FUTURE PROSPECTS

The future for insulators industry looks buoyant in long run due to major thrust on power sector reforms and speedier implementation of new projects. Company's products are rated at par with best in the line for its consistent quality and reliability in performance and good after sale service to the customers. Company is producing specialised items for leading switch gear manufacturers like ABB, Schneider group, Alstom and China among others which reveals expertise and technical infrastructure base of company vis-a-vis its competitors and would ensure continuous growth for the company in the years to come.

The Government of India has given emphasis on up grading transmission system in the country along with plan for construction of new power highways. The substantial increased plan out-lay for electrification would provide growth opportunities for the company in domestic market which

coupled with opportunities available in other international markets like Latin American countries and South East Asian countries would provide sustained growth to the Company.

5. DIRECTORS

Shri H.S. Ranka and Shri Sachin Ranka are liable to retire by rotation and being eligible, offer themselves for reappointment. The IPCI Ltd. has withdrawn the nomination of Shri H.N. Belawat as director of the company and nominated Shri Ishtiaq Ali in his place. RIICO has withdrawn nomination of Shri M.L. Bhargava as director of the Company. Shri V. Pichumani has resigned from the directorship and Shri R.K. Ladia has been appointed in his place to fill up the casual vacancy. Shri R.R. Maheshwari and Shri K.K. Baheti were appointed as an additional directors of the company by the Board during the period under review. The Board recommend their appointment as director liable to retire by rotation. The Board places on record its appreciation for the valuable contribution given by Shri H.N. Belawat, Shri M.L. Bhargava and Shri V. Pichumani and welcome Shri Ishtiaq Ali, Shri R.R. Maheshwari, Shri K.K. Baheti and Shri R.K. Ladia 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 2001-02. 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.

7. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that :

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company of the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

8. 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. There is no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

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 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.

10. 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 : 16.6.2001

H. S. RANKA
 Chairman