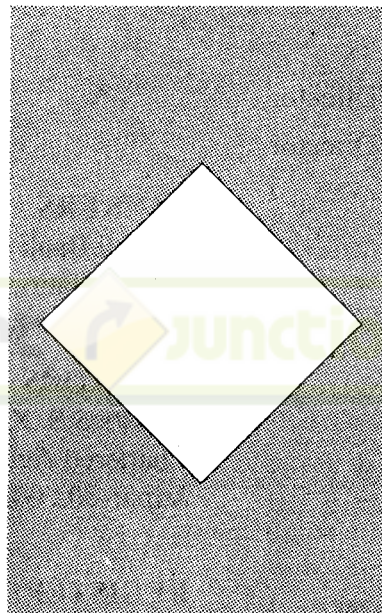


ANNUAL REPORT

2002-2003



Modern
INSULATORS LIMITED

BOARD OF DIRECTORS

Shri H.S. Ranka	-	Chairman
Shri Sachin Ranka	-	Director
Shri M.K. Mittal	-	Nominee IFCI
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 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 19th Annual General Meeting of **Modern Insulators Limited** will be held on Tuesday the 30th September, 2003 at 9.30 A.M. 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, 2003 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.L. Sharma who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Shri S.S. Karnavat who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Shri R.R. Maheshwari 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,

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 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 approval of Central Government, if necessary and the provisions of Schedule XIII to the said Act, Company hereby accords its approval and consent to the appointment of Shri H.L. Sharma as an Executive Director of the Company from 1.7.2003 for a period of three years on the terms & conditions of remuneration as specified in the explanatory statement annexed hereto.

ON BEHALF OF THE BOARD

Place : Mumbai
Date : 30th May, 2003

(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 6 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 29.9.2003 to 30.9.2003 (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 1.7.2000, as term of his appointment expired on 30.6.2003, therefore, the Board considers it desirable that the Company continue to avail his services for a further period of 3 years w.e.f. 1.7.2003. The terms & conditions & payment of remuneration to Shri H.L. Sharma as Executive Director has also been approved by the Remuneration Committee of Board of Directors of the Company.

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

(A) Salary-Rs. 40,000/- (Rupees Forty Thousand only) per month.

(B) Perequisites and allowances :

- (i) 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.
- (ii) 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.
- (iii) Company's contribution towards Provident Fund as per the rules of the Company but not exceeding 12% of the salary.
- (iv) Gratuity not exceeding one half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/-.
- (v) Free use of car with driver, for Company's business.
- (vi) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.
- (vii) 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

DIRECTORS' REPORT

The Members,

Your Directors present the 19th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS

(Rs. in Crores)

	2002-2003	2001-2002
Profit before tax	7.75	1.80
Less : Provision for Taxation	2.06	0.09
Profit after Tax	5.69	1.71
Less : Taxation in respect of earlier years	—	2.31
Add : Balance brought forward from last year	(0.35)	0.25
Surplus available for appropriation	5.34	(0.35)
Less : Debentures Redemption Reserve	2.40	—
Balance carried to Balance Sheet	2.94	(0.35)

2. OPERATIONS

The Company achieved an impressive growth in terms of turnover as well as profitability. During the year under review the Company has registered a turnover of Rs. 88 crores against the turnover of Rs. 75 crores in the previous year. The operations of the Company have resulted in a profit of about Rs. 8 crores against about Rs. 2 crores in previous year. To consolidate the long term resources for working capital and to maintain the growth in productivity, turnover and profitability, the Directors of your company are constrained not to recommend any dividend for the year.

Various factors have contributed for improved performance of your company interalia includes balancing of plant and machinery and the installation of new Kiln having dual firing facility to produce flawless insulators for optimum utilization of the production capacity and to reduce the cost of production. Continues efforts for production of better quality has further reinforced an edge over the competitors from India and abroad. During the year under review, your company has strengthened its manufacturing ability to produce extra high tech products to meet the growing demand by the customers.

Aforesaid efforts have not only established the presence of your company's products in the world market but has also created a confidence in customers world wide which helped the company to develop a new customers base globally. Plans have also been made for further process improvements and the company is now in process of achieving the quality standards of international bench mark at economical cost.

3. EXPORTS

During the year, company has achieved an export turnover of Rs. 43 crores against Rs. 34 crores during previous year and registered a growth of 25% over previous year. Continues growth in export has bagged Special Export Award from the Government of India in tendum. China has emerged as one of the major buyer for high voltage porcelain insulators and for the first time ABB China which is regarded as one of the high quality conscious importer with stringent quality parameters, has purchased good quantity of insulators. Your company has continuously focused the entire world as a potential buyer of its products and established the markets in Europe, Latin American countries and now looking for new markets. The company has plans to further consolidate its exports by strategic marketing tieups.

4. FUTURE PROSPECTS

Over a period of last 3 years, Insulator industry has made steady progress with the priority given to the power sector by the Government of India and promising plans of power grids for transmission of electricity at the remote areas of the country. Your Company foresee all round growth in the insulator industry in years to come. The demand of quality products including Hi-tech insulators are increasing in world market. The company is now well poised to optimise its resources and skills in manufacture high value added,

high tech products. Efforts made by the company to improve productivity, minimise costs and maintaining quality, is expected to enable the company to capture a larger market share with higher profitability, in future.

5. DIRECTORS

Shri S.S. Karnavat, Shri R.R. Maheshwari and Shri H.L. Sharma are liable to retire by rotation and being eligible, offer themselves for reappointment. The IFCI Ltd. has withdrawn the nomination of Smt. Nirmala Parab as Director of the company and nominated Shri M.K. Mittal as Director of the Company. Board welcomes Shri M.K. Mittal and places on record its appreciation for the valuable contribution given by Smt. Nirmala Parab during her teneure as Director of the Company.

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 2003-2004. 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 & PARTICULARS OF EMPLOYEES

Your Directors sincerely appreciate the workers, staff and officers for putting their best efforts. The Company has enjoyed healthy & cordial relations throughout the year. 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.

8. 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 judgement 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 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 irregularitis;
- the Directors have prepared the annual accounts on a going concern basis.

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

The statement of particulars relating to eneregy 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. CONSTITUTION OF AUDIT COMMITTEE

As required under section 292A of the Companies Act, 1956 an existing Audit Committee has been reconstituted. The present members of the Audit Committee are Shri B.L. Panagriya, Shri S.S. Karnavat, Shri M.K. Mittal & Shri H.L. Sharma.

11. CORPORATE GOVERNANCE

The Company is making efforts for complying the provisions relating to Corporate Governance pursuant to clause 49 of the Listing Agreement with Stock Exchanges.

12. ACKNOWLEDGEMENTS

The Board place on record its sincere thanks and gratitude for the assistance and continued co-operation that the Company has been receiving from the financial Institutions, working capital bankers and Central as well as State Government and RIICO.

ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 30th May, 2003

H.S. Ranka
Chairman