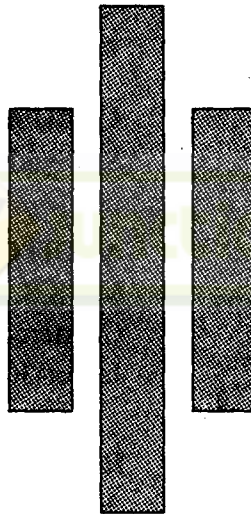


# **ANNUAL REPORT**

## **2007-2008**



**Modern**  
**Insulators Limited**



## BOARD OF DIRECTORS

|                      |                      |
|----------------------|----------------------|
| Shri H.S. Ranka      | - Chairman           |
| Shri Sachin Ranka    | - Director           |
| Shri S.S. Karnavat   | - Director           |
| Shri S.B. L. Jain    | - Director           |
| Shri R.N. Goyal      | - Director           |
| Shri R.R. Maheshwari | - Director           |
| Shri H.L. Sharma     | - Executive Director |
| Shri R.K. Ladia      | - Executive Director |

### COMPANY SECRETARY

Shri Nikhil Saxena

### AUDITORS

M/s 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,  
Poonchkhawala Road,  
Worli,  
Mumbai-400 030

### PLANT

Abu Road-307 026  
Distt. Sirohi  
(Rajasthan)

## NOTICE

Notice is hereby given that the 24th Annual General Meeting of **Modern Insulators Limited** will be held on Tuesday the 30th September, 2008 at 11.00 A.M. 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 31<sup>st</sup> March, 2008 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 re-appoint Shri S.S Karnavat as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To re-appoint Shri R.R Maheshwari as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To re-appoint Shri R.K Ladia as Director 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 M/s. S.S Kothari & Co., Chartered Accountants, Jaipur be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting untill 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 a Special Resolution :

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, Securities Contract (Regulation) Act, 1956 and rules framed there under, Listing Agreements, SEBI (Delisting of Securities) Guidelines 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permission and sanction, which may be agreed to, by the Board of Directors of the Company, (hereinafter referred to as "the Board") approval of the members of the Company be and is hereby accorded to the Board for voluntary delisting of the Equity Shares of the Company listed on the Stock Exchange(s) at Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited, Madras Stock Exchange Ltd., The Calcutta Stock Exchange Association Limited & Ahmedabad Stock Exchange Limited."

"RESOLVED FURTHER THAT Shri R.R. Maheshwari, Director of the Company, and Shri R.D. Agarwal or Shri B. L. Saini, authorised person of the Company be and are hereby authorised to take all necessary steps in this regard and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to voluntary delisting of Equity shares from the aforesaid Stock Exchange(s) and to execute all such deeds, documents, writing as may be necessary, expedient or desirable as it may deem fit."

By Order of the Board

Place : Mumbai  
 Date : 30th June, 2008

(NIKHIL SAXENA)  
 Company Secretary

## 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. 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 27.09.2008 to 30.09.2008 (both days inclusive).

### ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

#### Item No.6

It was noticed that the shares of the company are not traded at all on the stock exchange namely Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited, Madras Stock Exchange Ltd., The Calcutta Stock Exchange Association Limited & Ahmedabad Stock Exchange Limited. Your Directors have taken a note of it and have recommended the delisting of the Company's shares from the aforesaid five stock exchanges.

The benefits accruing to the investors by keeping the Equity Shares of the Company listed on other Stock Exchanges are not commensurate with the costs incurred by the Company for the continued listing on these Stock Exchanges.

Further with the extensive networking of Bombay Stock Exchange Limited, Mumbai (BSE) and the extension of their terminals to other cities as well, investors have access to online dealings across the country. The Company's Equity Shares will continue to be listed on Bombay Stock Exchange Limited, Mumbai and therefore the shareholders will not have any problem in liquidating their shares.

Yours Directors recommend the resolution for the approval of the members. None of the Directors of the Company are in any way, concerned or interested in this resolution.

## DIRECTORS' REPORT

The Members,

Your Directors present the Annual Report and audited statement of the accounts for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS

(Rs In Crores)

|                                            | 2007-2008 | 2006-2007 |
|--------------------------------------------|-----------|-----------|
| Net Profit after Tax                       | 17.04     | 14.57     |
| Add Balance brought forward from Last Year | 42.92     | 28.35     |
| Balance carried to Balance Sheet           | 59.96     | 42.92     |

### 2. OPERATIONS

During the year under review the Company has registered a turnover of Rs. 237 crores. The operations of the Company has resulted in a profit before tax of Rs 27 crores, inspite of unprecedented price rise experienced in fuel and key raw materials. Company's vision to broaden the scope of manufacturing of all kinds of extra high voltage insulators for electrical equipments has borne the fruits witnessed by the performance of the company during the year under review.

However, to consolidate the long term resources for enhanced working capital and further balancing the plant and machineries to maintain the growth in productivity, profitability and turnover, the Directors of your Company are constrained not to recommend any dividend for the year under review.

### 3. EXPORTS

The Company is the largest exporter of insulators from India. The Company has received the Highest Export Award for last three consecutive years. Company's exports stood at Rs.96 crores for the year as against Rs.121 crores in the previous year on account of the weak dollar. Repeated orders from global electrical equipments manufacturers and efforts to entry in many new countries would further increase the Company's presence in the export market. Your Company possesses ability to cater the diverse needs of global customers and concentrating on strengthening its presence in all corners of global markets for the optimum utilization of its productive resources. The Company also continue to have Export house status.

### 4. FUTURE PROSPECTS

Both in domestic as well as export market, Company's products are rated high due to their excellent quality, reliability in performance and good services to the customers. Your 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 the Company are having edge over its competitors and the quality is at par with products of other international reputed manufacturers of Insulators. Recently Company had participated in IEEE exhibition at Chicago looking to the potential of US market and the response was very encouraging from the U.S. power companies.

The Company carries sufficient orders in hand and has long term understanding with multinational OEMS for supply of insulators for their world wide requirement. Company is putting all efforts to further strengthen its leadership both in domestic as well as global markets.

As the power sector is on a roll with huge investments lined up in the transmission and distribution segment, the outlook for Insulator business is positive.

### 5. DIRECTORS

During the year under review Shri R.K. Ladia has been appointed as an Executive Director of the company for a period of three years. Shri S.S Karnavat, Shri R.R.Maheshwari and Shri R.K Ladia are liable to retire by rotation and being eligible, offer themselves for reappointment.

### 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 2008 - 2009. The observations made by Auditors are self explanatory and have been dealt with in the notes vide Schedule No 14 forming part of the accounts and hence need no further clarifications.

### 7. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

The Board appreciate commitment, co-operation and willingness shown by the workers, staff and officers. 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 along with proper explanation relating to material departures ;
- the Directors have selected such accounting policies and applied them consistently and made judgments 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 for 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and ;
- 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 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. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies act, 1956. The present Audit Committee consists of Member directors as under :-

Shri S.S. Karnavat, Chairman

Shri S.B.L. Jain

Shri H.L. Sharma

### 11. ACKNOWLEDGEMENT

The Board places on record its sincere, thanks and gratitude for the assistance and continued co-operation that the Company has been receiving from the Bankers of the company and Central as well as State Government. Your Directors also wish to appreciate the dedications and efforts of executives, staff and workers of the Company.

ON BEHALF OF THE BOARD

Place: Mumbai

Date: 30th June, 2008

(H.S. Ranka)  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

### **A. TECHNOLOGY ABSORPTION:**

#### **1. Research and Development (R&D):**

##### **a) Specific area in which R & D carried out by the Company:**

- Exploring imported & special grade of raw materials for a better electrical value.
- Body composition under various trials for improving drying characteristics.
- Improvement in product appearance by introduction of new composition for glaze and better quality raw materials.
- Development of extra high strength products for overseas market.

##### **b) Benefits as a result of the above R & D:**

- Improvement in efficiency.
- Improvement in quality.
- Wider customer base.

##### **c) Future plan of action:**

- Automation of raw material charging system.
- Automation in material handling.
- Introduction of lead alloy for assembly in place of Portland Cement for Long Rod Insulators.

##### **d) Expenditure on R & D:**

|                                                       |                |
|-------------------------------------------------------|----------------|
| - Capital                                             | Rs. Nil        |
| - Recurring                                           | Rs. 38.64 lacs |
| - Total                                               | Rs. 38.64 lacs |
| - Total R & D expenditure,<br>as % of total turnover. | 0.16 %         |

#### **2. Technology Absorption, Adoption and Innovation:**

##### **a) Efforts, in brief made towards technology absorption, adoption and innovation:-**

- Modification of process and product designs to cater market requirements and to improve operational efficiency.

##### **b) Benefits derived as a result of above efforts:**

- Improvement in efficiency and productivity.
- Development of new products.

### **B. FOREIGN EXCHANGE EARNING & OUTGO:**

The company has earned during the period foreign exchange of Rs. 9563.91 lacs at F.O.B. price against an outgo of Rs. 1370.46 lacs.