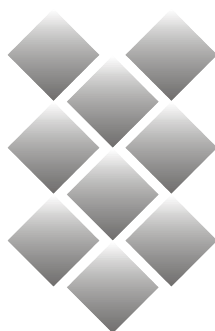


**ANNUAL REPORT  
2015-2016**



**Modern**  
**INSULATORS LIMITED**

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**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri S.B.L. Jain	– Independent Director
Shri R. Raniwala	– Independent Director
Shri P.K. Rao	– Independent Director
Shri D.B. Deshpande	– Executive Director
Shri H.L. Sharma	– Executive Director
Smt. Meenu Sacheti	– Non - Executive Director

**CHIEF FINANCIAL OFFICER**

Shri D.S. Singhvi

**COMPANY SECRETARY**

Shri Gaurav Goyal

**AUDITORS**

M/s B.L. Verma & Co.,  
Chartered Accountants,  
Jaipur - 302 001

**SECRETARIAL AUDITORS**

M/s JAKS & Associates,  
Practicing Company Secretaries,  
Jaipur - 302 005

**COST AUDITORS**

M/s Rajesh & Company,  
Cost Accountant  
Jaipur

**REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur - 302 004 (Rajasthan)  
Ph. : 07823040996  
E-mail : modernjaipuroffice@gmail.com

**CORPORATE HEAD QUARTER**

68/69, Godavari, Pochkhanwala Road,  
Worli, Mumbai - 400 030

**PLANTS****Insulators Division**

Abu Road - 307 026  
Distt. Sirohi (Rajasthan)

**Yarn Division**

Village : Nana Borsara - 394 125  
Distt. Surat (Gujarat)



## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Modern Insulators Limited will be held on Thursday the 22nd September 2016 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 receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company as at 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri H.L. Sharma (DIN:00352410), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To ratify the appointment of Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 139, 142 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the audit committee of the Board of Directors, and resolution passed by the members at the 29th Annual General Meeting of the Company held on 27th September, 2014, the re-appointment of B.L. Verma & Co. Chartered Accountants, Jaipur (Firm Registration No. 001064C), as auditors of the Company to hold office till the conclusion of 32nd Annual General Meeting, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with Auditors.”

### B. SPECIAL BUSINESS

- (4) **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri D.B. Deshpande (DIN:06463412) as an Executive Director of the Company for a period of one year with effect from 01.04.2016 to 31.03.2017 on the terms and conditions of remuneration as specified in the explanatory statement annexed thereto.”

- (5) **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company for already mortgaged/to be mortgaged and/or charged/to be charged present and/or future properties, which is situated at Abu Road, Rajasthan whether movable or immovable on first charge basis in favour of:

1. Central Bank of India for its working capital assistance of upto ₹ 7250 Lacs (Fund Based) & upto ₹ 3375 Lacs (Non-Fund Based) and forward exchange contract limit upto ₹ 1200 Lacs respectively.

2. Punjab National Bank for its working capital assistance of upto ₹ 2250 Lacs (Fund Based) & upto ₹ 1125 Lacs (Non-Fund Based) respectively.

In connection with the working capital facilities already 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 moneys payable by the Company in terms of letter of sanction(s)/memorandum of the terms and conditions entered into by the Company in respect of working capital facilities, such security, to rank as the case may be to 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.”

- (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 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Rajesh & Company, Cost Accountants (Firm Registration No. 000031), the Cost Auditors appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be paid the remuneration of ₹ 50,000/- and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved.”

- (7) **To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution**

**“RESOLVED THAT** pursuant to the provisions of Section 18 and other applicable provisions, if any, of Sick Industrial Companies (Special Provisions) Act, 1985 and Subject to the sanction of Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and/or any such concerned authority as may be constituted pursuant to SICA or the Companies Act, 2013 and sub- Clause 24 of III-B of the object clause of the Memorandum of Association of the Company or any amendments or its reconstitution thereof or any other statutory authority under the applicable law for the time being in force, approval be and is hereby accorded to the Draft Rehabilitation Scheme containing Scheme of Merger/Amalgamation of Modern Denim limited (MDL) with Modern Insulators Limited with effect from 01.04.2016 being 'Appointed Date’.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to accept such alterations and modifications in the said Scheme as may be stipulated or required by BIFR or any such authority or authorities or Operating Agency or State or Central Government authorities, if required in connection therewith, which the Board of Directors of the Company may deem fit and in the interest of the Company and to do such acts, deeds and things as may be necessary and/or expedient to give effect to the said Scheme of Merger/Amalgamation”.

By the Order of the Board

Place: Mumbai  
Date: 25th June, 2016

(Gaurav Goyal)  
Company Secretary

**Notes:**

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Special Business is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting
5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Share transfer books and Register of members shall remain closed from 19th September, 2016 to 22nd September, 2016 (both days inclusive).
7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
9. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
11. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").

The facility for voting through Ballot / Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.

The Board of Directors of the Company has appointed Shri Deepak Arora, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.

The Notice of the AGM of the Company inter alia indicating the process

and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

**Instructions for the voting through electronic means :-**

1. Company will send the pdf file to members on their registered email address which contains "User Id" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-  
Mr. Gaurav Goyal/Mr. Nadeem Zaki  
Phone: 07823040996/0141-4113645  
Email Id :- modernjaipurooffice@gmail.com
2. The members should log on the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
7. Select "EVENT" of "Modern Insulators Limited". Members can cast their vote from 18th September, 2016 (9:00 am) and ends on 21st September, 2016 (5:00 pm).
8. Now member are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer's e-mail [aroracs2@gmail.com](mailto:aroracs2@gmail.com) with a copy to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Other information**

- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members maintained by the Company as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

**ANNEXURE TO NOTICE  
EXPLANATORY STATEMENT  
(Pursuant to Section 102 of the Companies Act, 2013)**

**Item No. 4**

The Board of Directors in their meeting held on 19th March, 2016 had re-appointed Shri D.B. Deshpande as an Executive Director of the Company for a period of 1 year from 1st April, 2016 with remuneration. The terms and conditions of the re-appointment and payment of remuneration to Shri D.B. Deshpande as an Executive Director have also been approved by the Nomination & Remuneration Committee of Directors of the Company.

The terms and conditions of remuneration to Shri D.B. Deshpande are as under:-

- i) Basic Salary:-  
₹ 4,54,400/- per month and increase not exceeding ₹ 100000/- per month from 01.04.2016 for one year.
- ii) Perquisites and allowances:-  
a) 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, subject to an amount equivalent to 10% of basic salary deductible every month.

- b) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- c) Reimbursement of medical expenses and leave travel concession for self and family, the total cost of which to the company shall not exceed 3% of the basic salary.
- d) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act
- e) Free use of car with driver, for Company's business.
- f) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company.

g) Encashment of leaves as per Company's Rules.

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

The resolution seeks the approval of members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder for the re-appointment and payment of remuneration to Shri D.B. Deshpande as an Executive Director of the Company for a period of one year from 1st April, 2016.

No Director, Key Managerial Personnel or their relatives, except Shri D.B. Deshpande, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for approval of the members.

#### Details of Director Seeking Re-Appointment at the Forthcoming Annual General Meeting

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Director Identification Number (DIN)	Date of Birth	Qualifications	Expertise in Specific area	Date of first appointment on the Board of the Company	Shareholding in the Company	Directorship held in other companies stakeholders	Membership/ Chairmanship of Audit and relationship committees
06463412	11/11/1952	B.E Electricals	Insulator Industry	January 1, 2013	NIL	NIL	NIL

#### Item No. 5

Working capital bankers of the Company have sanctioned enhanced limits on the basis of creation of first charge on the fixed assets of the Insulator division of the Company.

As the mortgage or charge on properties to secure the working capital facilities on first charge basis may be regarded as disposal of the whole or substantially the whole of the Insulators division of the Company, it is considered necessary to seek members approval pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013.

No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 5 for approval of the members.

#### Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company across for the financial year ending March 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing of resolution for ratification of the remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2017.

No Director, Key Managerial Personnel or their relatives is concerned or interested in the resolution. The Board recommends the resolution set out at Item No. 6 for approval of the members.

#### Item No. 7

1. The Scheme of Amalgamation/Merger (hereinafter called "the Scheme") provides for the amalgamation of Modern Denim Limited, (hereinafter referred as Transferor Company) with Modern Insulators Limited (hereinafter called "the Transferee Company").

#### 2. Approval of the Board of Directors

The Scheme has been approved by the Board of Directors of the Company in their Meeting held on 25/06/2016.

3. The Scheme of Amalgamation will be operative from "Appointed Date", i.e. 01/04/2016 but shall take effect from the "Effective Date" as mentioned in the said Scheme.

4. a) The Transferor Company was originally incorporated in 1977 in the name of Modern Suitings Private Limited, which was later on changed to Modern Suitings Limited. The name of Modern Suitings Limited was thereafter changed to Modern Denim Limited.

- b) The Registered office of the Company is situated at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004.

- c) The authorised, issued, subscribed and Paid-up Share Capital of the Transferor Company is as follows:-

- i. The Authorised Share Capital of the Company is ₹ 60,00,00,000/- (Rupees Sixty Crores Only ) divided into 4,00,00,000 equity shares of ₹ 10/- each & 20,00,000 Preference Shares of ₹ 100/- each.

- ii. The Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 44,00,20,000 (Rupees Fourty Four Crores and Twenty Thousand Only) divided into 3,75,02,000 Equity Shares of ₹ 10/- each & 6,50,000 Preference Shares of ₹ 100/- each.

5. a) The Transferee Company was incorporated as Public Limited Company in 1982 under the provisions of the Companies Act, 1956 in the name of Modern Insulators Limited.

- b) The Registered Office of the Transferee Company is situated at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004.

- c) The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company is as follows:-

- i. The Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crores Only) divided into 2,50,00,000 Equity Shares of ₹ 10/- each and 5,00,000 Preference Shares of ₹ 100/- each.

- ii. The Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 21,74,35,000/- (Rupees Twenty One Crores Seventy four Lakh Thirty Five Thousand only) divided into 2,17,43,500 (Two Crores Seventeen lakh Forty three Thousand Five Hundred Only) Equity Shares of ₹ 10/- each.

#### 6. The Transferor Company's main object, inter-alia

To carry on the business of manufacturing, processing, spinning, doubling, combing, weaving, ginning, bailing, knitting, winning,



dyeing, bleaching, finishing calendaring, printing mercerising, chemical processing, selling, buying, importing, exporting, distributing, exchanging, bartering, shipping or otherwise dealing in cotton wool, silk, art-silk, rayon, terene, flax, hemp, polyester, synthetics, linen, jute, nylon and other fibrous materials, yarn fabrics, carpets and all other textile yarns and fibrous substances.

7. The Transferee Company's main objects, inter-alia

- a) To carry on all or any of the business of manufacturers, producers, processors, importers, exporters, buyers, seller, and dealers in all kind of high-tension or low-tension insulators made of Ceramics, Glass, Plastics, Epoxy resins or any other substance, which may be used for insulators and all kind of ceramic products, such as, industrial ceramics, high alumina ceramics, electronics ceramics, fuses, fuse carriers, cartridge, caps, gauges, bushings or other article in which clay is used as one of the main raw-materials.
  - b) To carry on business of preparing, combining, spinning, doubling, twisting, drawing, texturising, imparting, crimping, converting, calendaring, testing, sizing, weaving, knitting, bleaching, processing, dyeing, ginning, cutting, scouring, winding, mercerising, combing, printing, finishing, manufacturing, buying, selling, importing, exporting or otherwise dealing in industrial fabrics, synthetic chips, polyester oriented yarn, fully drawn yarn, textured yarn, synthetic yarn, acrylic yarn, rayon yarn, nylon yarn, nylon tyre yarn, nylon tyre cord, tyre fabrics, polyester, rayon and any other textile cellulosic or non cellulosic end products, polyester, acrylic, viscose, polypropylene cotton, linen, wool, silk, flex, hemp, jute, artificial silk, rayon, canvas and other fibres or textile products substances whether similar to the foregoing substances or not, and to treat, utilises and deal in any waste arising from any such operations and to manufacture, felted, knitted, looped and embroidered fabrics and readymade garments and apparels including all type of industrial and geo fabrics.
8. The amalgamation of the Transferor Company with the Transferee Company will be effected by a Scheme of Amalgamation.
9. The main object of the proposed Amalgamation/Merger is to carry on business of both the Companies more efficiently, economically, conveniently and advantageously as both the Companies are under the same management. The resources and funds of the Transferee Company on amalgamation can be pooled and productively utilized for the benefit of the Transferor Company. The management expertise of the transferee Company will enable the combined operation to grow in wider scope in the business activities of both the Companies. The merger will also help the Companies to achieve all round economies, savings in cost and reduction in day to day administrative, operational and other cost and overheads. There will also be savings in income tax outgo in accordance with the provisions of law.
10. Salient Features of the Scheme & Share exchange ratio
- a) "Appointed Date and /or "Transfer Date" means 01.04.2016.
  - b) "Sanction Date" means date of sanction of the Scheme by BIFR.
  - c) "Effective Date" means the date on which certified true copy of the Order of BIFR for sanction of the Scheme is filed with Registrar of Companies. This Scheme although effective from the Appointed Date, shall become operative from the Effective Date.
  - d) "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom Equity Shares of the Transferee Company will be allotted pursuant to this Scheme.
  - e) Upon the Scheme coming into effect from the Appointed Date, the undertaking of the Transferor Company with all assets and liabilities shall, without any further act or deed, be transferred to and vested in the Transferee Company including all the estates, assets, rights and interest of the Transferor Company therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.
  - f) Based on the valuation report and as stated in the Scheme, the Transferee Company shall issue and allot 2 Equity Shares of ₹ 10/- each as fully paid-up for every 3 Equity Shares of ₹ 10/- each held by the shareholders of Transferor Company subsequent to write down and allotment of fresh shares by the Transferor Company as per the Scheme.
  - g) Equity Shares so allotted by the Transferee Company to the members of the Transferor Company will in all respect rank pari-pasu with the existing Equity Shares of the Transferee Company for dividend and voting rights.
  - h) All members of the Transferor Company whose names appear in the register of members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their Shares Certificates in respect of the Equity Shares held in the Transferor Company and the Transferee Company shall issue to them certificates for Equity Shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such Shareholder of the Transferor Company shall all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new Equity Shares being issued and allotted by the Transferee Company to the members standing of the Register of Members of the Transferor Company on the aforesaid Record Date, Share Certificates in respect of the Shares held by them in the Transferor Company shall be deemed to stand cancelled.
  - i) Approval to the issue and allotment of the Equity Shares in the Transferee Company to Equity Shareholders of the Transferor Company shall be deemed to be approved pursuant to Section 62 of the Companies Act, 2013 on approval of this Scheme by a resolution of the Shareholders of the Transferee Company.
11. Under the proposed Scheme of Amalgamation, Modern Denim Limited (the Transferor Company) is to amalgamate with Modern Insulators Limited (the Transferee Company). Save and except as expressly provided in the Scheme, the existing rights of members or creditors of either the Transferor Company or the Transferee Company are not sought to be affected in any manner whatsoever.
12. The Scheme of Amalgamation is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
13. No investigation proceedings have been instituted or are pending under Section 206 to 229 of the Companies Act, 2013 in respect of the Transferor Company and the Transferee Company.
14. Upon this Scheme being sanctioned as aforesaid, the Transferor Company shall stand dissolved without winding up on such Effective Date.
- Note :**
- The following documents will be open for inspection of the members at the Registered Office of the Transferee Company on any working day prior to the date of Meeting during office hours:
- (a) Memorandum and Articles of Association of the Transferor Company and the Transferee Company.
  - (b) Audited Accounts of the Transferor Company and the Transferee Company for the period ended 31st March, 2016.
  - (c) Valuation Report of M/s Dheeraj Kochar & Co., Chartered Accountants, Mumbai regarding proposed share exchange ratio.
  - (d) Draft Rehabilitation Scheme containing Amalgamation/Merger.

## **DIRECTORS' REPORT**

The Members,

Your Directors are pleased to present the 31st Annual Report of the Company together with Audited Financial Statements for the year ended March 31, 2016.

### **FINANCIAL RESULTS**

	(₹ in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
Net Sales and Other Income	467.51	423.45
Profit before exceptional items & tax	27.07	13.96
Add: Exceptional Items	4.56	—
Profit before tax	31.63	13.96
Less: Tax expense (Deferred tax)	2.42	(2.68)
Profit for the year after tax	29.21	16.64
Balance Brought forward from previous year	213.82	197.18
Balance carried to Balance sheet	243.03	213.82

### **OPERATIONS**

The overall performance of the Company has been satisfactory inspite of challenging business environment.

The net turnover for the year has been ₹ 461.01 crores as against ₹ 417.93 crores in previous year and profit before interest & depreciation ₹ 48.10 crores as against ₹ 42.00 Crores previous showing growth of 10% & 15% respectively.

During the year under review, no amount from the profit was transferred to General Reserve. Keeping in view the need to conserve the Company's resources for meeting the enhanced working capital requirement and balancing the manufacturing equipments, your directors deemed it prudent not to recommend any dividend for the year.

#### **Insulators Division**

The division has achieved a net turnover of ₹ 322.47 crores during the year and profit before interest & depreciation of ₹ 41.42 crores as against ₹ 288.68 crores and ₹ 40.19 crores respectively of previous year. Various factors have contributed for sustained performance of the division interalia balancing of plant & machinery, continuous efforts for production of better quality product, manufacturing of higher value-added Insulators. Company's vision to broaden the scope of manufacturing of all kinds of extra high voltage insulators for electrical equipments has borne fruits, evident by the performance of the company during the year under review.

#### **Yarn Division**

The turnover of this division has been ₹ 138.54 crores as against ₹ 129.25 crores in previous year and profit before interest & depreciation has been ₹ 6.68 crores as against ₹ 1.81 crores in previous year.

### **EXPORTS**

The company is one of the major exporters of H.T. Porcelain Insulators from India. The Company has achieved export turnover of ₹ 84 crores during the year under review as compared to ₹ 55 crores in previous year showing an impressive growth of 52%. In spite of stiff competition from China and slowdown of global economy, export has increased because of sustained quality and by tapping & revival of potential customers. The milestone achievement of the company was approval from the FSK "The Russian utility" during the year. This will help to enhance business from Russian market. In addition, the company possesses the ability to cater to the diverse needs of global customers and is concentrating to strengthen its presence in all corners of global market. Your company is a regular supplier to all the major multinational OEMs for their world wide requirements of quality Porcelain Insulators.

### **FUTURE PROSPECTS**

Your Company continues to be a leader in the manufacture of Extra High Voltage Insulators in the country. Despite stiff competition buyers show interest in your company's product for its quality & timely delivery and hence your directors are confident of achieving better working results in the coming years. Your Company is having well equipped R & D laboratory recognized by Govt. of India, Ministry of Science & Technology which takes care of the stringent quality requirements of customers and ensures quality and reliability in each and every product manufactured. In-house R&D activities have a thrust on qualitative development to replace expensive input raw material & to bring consistency in quality of the products under manufacture. The future of the Insulator industry looks promising due to major thrust on power sector reforms and speedy implementation of new power projects. Major Railway electrical projects as well as dedicated freight corridor project will increase demand for Railway Insulators.

Your company has also put up the capacity of foundry to cater demand from various segments apart from fulfilling company's major captive requirement of SGI and aluminium castings. This will give further boost to the revenue of the Company in coming years.

### **AMALGAMATION OF MODERN TERRY TOWELS LIMITED WITH THE COMPANY**

The Draft Rehabilitation Scheme submitted by Modern Terry Towels Limited for its amalgamation with the Company has been circulated and pending for sanction by the Hon'ble BIFR.

### **AMALGAMATION OF MODERN DENIM LIMITED WITH THE COMPANY**

The Board of Directors of the Company has made a proposal to Modern Denim Limited for its amalgamation into your Company under the aegis of BIFR with an object to carry on business of both the companies more efficiently, economically, conveniently and advantageously as both the Companies are under the same management. The merger would result in consolidation of two companies which would facilitate savings in the administrative costs and would also be beneficial for the Company in terms of saving in Income Tax under the provisions of Section 72A of the Income Tax Act, 1961.

### **DEMERGER OF YARN DIVISION OF THE COMPANY**

As reported earlier, a scheme of Demerger under section 391 to 394 of the Companies Act, 1956 has been filed before the High Court of Rajasthan at Jaipur to demerge the Yarn Division of the Company and the same is under consideration for approval of Hon'ble High Court. The demerger would result in benefit to the shareholders, creditors, employees and general public.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the loans and investments made by Company are given in the notes to the Financial Statements.

### **CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, all related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Accordingly, information in Form AOC-2, is not required.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company for the year ended 31st March, 2016 are prepared in Compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (LODR) Regulations, 2015 and forms an integral part of this report.

### **SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company has one Subsidiary Company i.e. Motile Power Trade Pvt. Ltd. and does not have any Joint Ventures & Associate Companies during the year. The Statement containing salient features of the financial statement of its Subsidiary Company is attached with the Audited Financial Statements in Form AOC-1.

### **CORPORATE SOCIAL RESPONSIBILITY**

As required under section 135 of the Companies Act, 2013 the Company has formed a CSR Committee consisting of the following members.

Name of the Member	Designation
Shri Sachin Ranka	Chairman & Managing Director
Shri R. Raniwala	Independent Director
Shri H.L. Sharma	Executive Director

The Committee met 2 times during the financial year ended 31st March, 2016. All members of the Committee attended the meetings of the CSR Committee.

During the year, Company has undertaken various projects in the area of rural development, promoting health care and education etc. These projects are in accordance with schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure-A** to the Board's Report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, Smt. Meenu Sacheti who was appointed as an Additional Director by the Board of Directors in their meeting held on 20th March, 2015 has been subsequently appointed as Director liable to retire by rotation in the Annual General Meeting of the Company held on 22nd September, 2015.

During the year, Shri D.B. Deshpande, Executive Director of the Company whose term expires on 31st March, 2016 has been reappointed by the Board of Directors for a period of one year from 01.04.2016 with remuneration. Appropriate resolution for the re-appointment and payment of remuneration of Shri D.B. Deshpande is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri H.L. Sharma, Executive Director retires by rotation and being eligible offers himself for re-appointment.

The Company has received declarations from all the Independent directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

There was no change in the Key Managerial Personnel during the year.

### **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with rules made there under, the Board has constituted a Nomination & Remuneration Committee. The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy i.e. Nomination & Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

The Executive/whole time/Managing Director, Key managerial personnel and other employees shall be of requisite qualification, high integrity and have relevant expertise and experience.

In case of appointment of Independent Directors, the committee shall satisfy itself with regard to the independence of the Directors and also ensure that the candidate identified for appointment as an Independent Director is not disqualified for appointment under Section 149 and 164 of the Companies Act, 2013.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing

Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Standard parameters were prepared after taking into consideration various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Company, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and the Non Independent Directors of the Company was carried out by the Independent Directors who have expressed their satisfaction with the evaluation process.

### **NUMBER OF BOARD MEETINGS**

The Board meets regular intervals to discuss and decide on business strategies and policies and review the financial performance of the Company. The notice and detailed agenda alongwith other material information are sent in advance separately to each Directors.

In the Financial Year 2015-16, the Board met four times. The Meetings were held on 29th June, 2015, 22nd September, 2015, 28th December, 2015 and 19th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

### **AUDIT COMMITTEE**

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. Shri R. Raniwala, Non-Executive, Independent Director is the Chairperson of the Audit Committee. The other members of the Audit Committee include Shri S.B.L. Jain and Shri H.L. Sharma.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Company is also initiating action for strengthening the systems and procedures to ensure effective Internal Financial Controls in accordance with Section 134 (5) (e) of the Companies Act, 2013. An internal audit process is in place under the overall supervision of the Audit Committee of the Board. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of the internal financial controls.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions are being taken.

### **AUDITORS AND AUDITORS' REPORT**

#### **Statutory Auditors**

At the Annual General Meeting held on September 27, 2014, B.L. Verma & Co., Chartered Accountants (Firm Registration No. 001064C) were appointed as Statutory Auditors of the Company to hold office till the



conclusion of the 32nd Annual General Meeting to be held in the calendar year 2017, subject to ratification by members at every consequent Annual General Meeting. Accordingly appointment of B.L. Verma & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

#### **Secretarial Auditors**

JAKS & Associates, Company Secretaries, was appointed to conduct the secretarial audit of the Company for the Financial Year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report is annexed herewith as **Annexure-B** to the Board's Report.

The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the company will take necessary action on approval of amalgamation scheme of Modern Terry Towels Limited with the Company by Hon'ble BIFR and ensures that all the provisions will be complied with the fullest extent.

#### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has appointed Rajesh & Company, Cost Accountants, Jaipur (Firm Registration No. 000031) to undertake the Cost Audit of the Company.

As required under the Companies Act, 2013, a resolution seeking members Approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

#### **EXTRACT OF ANNUAL RETURN**

The extracts of the Annual Return in prescribed format (MGT-9) as per the provisions of sections 92 of the Companies Act, 2013 is annexed as **Annexure-C** to the Board's Report.

#### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed as Annexure-D to the Board Report.

#### **BUSINESS RISK MANAGEMENT**

The Company has formally adopted Risk Management Policy for framing, implementing and monitoring the risk management plan of the Company. The main objective of the policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management. In the challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are financial risk, human resource

risk, technology obsolescence, regulatory risk and strategic risk etc. As a matter of policy, these risks are assessed and appropriate steps are taken to mitigate the same.

#### **CODE OF CONDUCT**

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The Code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

#### **VIGIL MECHANISM**

The Company has formulated and implemented the Whistle Blower Policy/Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concern about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

#### **ENVIRONMENT AND SAFETY**

The Company is conscious for environmentally clean and safe operations to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the Financial Year 2015-16, the Company has not received any complaints of sexual harassment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (b) 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 and loss of the Company for that period;
- (c) 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;
- (d) The directors have prepared the annual accounts on a going concern basis;
- (e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

#### **GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under the Provisions of Companies Act, 2013.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
- No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

#### ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thanks its Members, Bankers, State Government, Local Bodies, Customers, and Suppliers for their continuous cooperation and assistance.

**ON BEHALF OF THE BOARD**

Place: Mumbai  
Date : 25th June, 2016

**(Sachin Ranka)**  
Chairman & Managing Director  
DIN 00335534

### Annexure A to Boards' Report

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

##### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.

Corporate Social Responsibility is Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. The Company through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates so as to promote sustained growth for the society and community with focus on the following:

- To take up programmes that benefit the communities where it operates in enhancing the quality of life and economic well-being of the local populace.
- To extend humanitarian services in the community to further enhance the quality of life like health facilities, education and basic infrastructure facilities for the society.
- Ensure the commitment at all levels in the organization to operate its business in an economically, socially & environmentally sustainable manner while recognizing the interests of all its stakeholders.

##### 2. The Composition of the CSR Committee:

S.No.	Name of Director	Designation	Category
1.	Shri Sachin Ranka	Chairman	Chairman & Managing Director
2.	Shri R. Raniwala	Member	Independent Director
3.	Shri H.L. Sharma	Member	Executive Director

##### 3. Average net profit of the Company for last three financial years:

Average Net Profit: Rs 16.82 Crores.

##### 4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The Company is required to spend Rs. 33.63 Lacs.

##### 5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year: Rs. 33.78 Lacs.

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs: (1) Local area or other. (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or programs wise (Rs. in Lacs)	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (Rs. in Lacs)	Cumulative expenditure up to the reporting period (Rs. in Lacs)	Amount Spent: Direct or through implanting agency (Rs. in Lacs)
1.	Medical relief including medical camps, general health care activities etc.	Health Care	Mumbai (Maharashtra) & Abu Road (Rajasthan)	23.82	23.82	50.14	Through H.S. Ranka Foundation & Modern Swastik seva sansthan
2.	Prevention, early diagnosis and early treatment of cancer patients	Health Care	Mumbai (Maharashtra)	6.00	6.00	17.00	Through JASCAP
3	Rural Development including Educational programs at rural areas, development of vocational skills, help of flood victims.	Rural Development	Danta (Rajasthan) & Udaipur (Rajasthan)	3.96	3.96	6.16	Through Acharya Nanesh Samta Vikas Trust & Implementing Agency
	<b>Total</b>			<b>33.78</b>	<b>33.78</b>	<b>73.30</b>	

- We hereby affirm that the CSR Policy as approved by the Board has been implemented and the CSR Committee as well as the Board monitors the implementation of the CSR activities/programs undertaken by the Company in compliance of CSR objectives and policy of the Company.

Date: 25th June, 2016  
Place: Mumbai

**(Sachin Ranka)**  
Chairman & Managing Director &  
Chairman of CSR Committee