

**ANNUAL REPORT  
2017-2018**



**Modern**  
**INSULATORS LIMITED**

**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri Shreyans Ranka	– Whole Time Director
Shri D.B. Deshpande	– Executive Director
Shri T.C. Chejara	– Non-Executive Director
Shri S.B.L. Jain	– Independent Director
Shri R. Raniwala	– Independent Director
Shri P.K. Rao	– Independent Director
Smt. Meenu Sacheti	– Independent Director

**CHIEF FINANCIAL OFFICER**

Shri D.S. Singhvi

**COMPANY SECRETARY**

Shri Gaurav Goyal

**AUDITORS**

M/s R.B. Verma & Associates  
Chartered Accountants,  
Jaipur - 302 001

**SECRETARIAL AUDITORS**

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

**REGISTRAR & SHARE TRANSFER AGENT**

Beetal Financial & Computer Services Pvt. Ltd.  
Beetal House, 3rd Floor, 99 Madangir  
New Delhi - 110 062

**REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur - 302 004 (Rajasthan)  
Ph. : 0141-4113645  
E-mail : modernjaipuroffice@gmail.com

**CORPORATE HEAD QUARTER**

68/69, Godavari, Pochkhanwala Road,  
Worli, Mumbai - 400 025

**PLANTS****Insulators Division**

Abu Road - 307 026  
Distt. Sirohi (Rajasthan)

**Terry Towels Division**

Village : Nidrad  
Taluka : Sanand - 382 110  
Ahmedabad (Gujarat)

## NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of Modern Insulators Limited will be held on Friday, the 28th September, 2018 at 4.00 P.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 of the Company for the year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri T.C. Chejara (DIN: 07619881), who retires by rotation and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS

#### (3) To appoint Shri Shreyans Sachin Ranka as Whole Time Director of the Company

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

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Shreyans Sachin Ranka (DIN 06470710) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from 1st April, 2018 by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."

**"RESOLVED FURTHER 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), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri Shreyans Sachin Ranka (DIN 06470710) as a Whole-Time

Director of the Company for a period of three years with effect from 01.04.2018 whose office shall be liable to retire by rotation, on the terms and conditions of his remuneration as specified in the explanatory statement annexed thereto."

#### (4) To re-appoint Shri D.B. Deshpande as an Executive Director of the Company

**To consider and if thought fit, to pass with or without modification(s), 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), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, 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 one year with effect from 01.04.2018 to 31.03.2019 on the terms and conditions of his remuneration as specified in explanatory statement annexed thereto."

#### (5) To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2019

**To consider and if thought fit, to pass with or without modification(s), 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, 2019, be paid the remuneration of ₹ 50,000/- and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved."

By the Order of the Board

Place : Abu Road  
Date : 29th May, 2018

(Gaurav Goyal)  
Company Secretary

### Notes:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of Item No. 3 to 5 set out in the Notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/re-appointment as Director at the Annual General Meeting, 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. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
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. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
  7. Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
  8. The Share transfer books and Register of members shall remain closed from 25th September, 2018 to 28th September, 2018 (both days inclusive) in connection with the Annual General Meeting.
  9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH - 13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to Beetal in case the shares are held by them in physical form.
  10. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE219W01012 of the Company for dematerialization of the shares.
  11. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
  12. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
  13. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
  14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
  15. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
  16. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
    - a. The change in the residential status on return to India for permanent settlement.
    - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
  17. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [compliance@moderninsulators.com](mailto:compliance@moderninsulators.com) mentioning your Folio/DP ID & Client ID. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 2018 will also be available on the Company's website [www.moderninsulators.com](http://www.moderninsulators.com).
  18. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
  19. Members are requested to send all communications relating to shares and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:  
Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062
  20. 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.
  21. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
- 22. Voting**
- All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 21st September, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.
- (I) Voting through Electronic means**
1. 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").
  2. 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.
  3. The members who have cast their vote by remote e-voting prior

to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. The remote e-voting period commences on Tuesday, 25th September, 2018 (9:00 am) and ends on Thursday, 27th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 21st September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
5. 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.
6. The results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.moderninsulators.com](http://www.moderninsulators.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and the same shall also be communicated to BSE Limited.
7. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 21st September, 2018 may obtain the User ID and password in the manner as mentioned below.

**Instructions to members for voting electronically are as under:-**

1. Open the attached PDF file "MIL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://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. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of "Modern Insulators Limited". Members can cast their vote online 25th September, 2018 (9:00 am) and ends on 27th September, 2018 (5:00 pm).  
Note: e-Voting shall not be allowed beyond the said time.
8. Now you 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. 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: 0141-4113645  
Email Id: - [modernjaipuroffice@gmail.com](mailto:modernjaipuroffice@gmail.com)
11. 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).
12. 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.

## EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 3**

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 14th February, 2018, appointed Shri Shreyans Sachin Ranka (DIN 06470710), as an Additional Director of the Company, w.e.f. 1st April, 2018.

As an Additional Director, Shri Shreyans Sachin Ranka holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing along with the deposit of requisite amount from Shri Shreyans Sachin Ranka, signifying his candidature for the office of the Whole Time Director of the Company.

Shri Shreyans Sachin Ranka is Bachelor in Industrial Engineering from University of Illinois at Urbana-Champaign, USA & Masters in Management at Imperial Business School, London. He has more than 6 years experience in the field of management and has consented to act as a Whole Time Director of the Company.

The term and conditions of remuneration to Shri Shreyans Sachin are as under:-

i) Basic Salary:-

₹ 1,57,500/- per month from 01.04.2018 with such increments as

the Board may decide from time to time.

ii) Perquisites and allowances:-

- a) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- b) Company's contribution towards National Pension System (NPS) as per Company's rules but not exceeding 10% of the basic salary.
- c) Free use of car with driver, for Company's business.
- d) Free Telephone facility at residence. All personal long distance calls shall be billed by the Company
- e) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.

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

iv) Shri Shreyans Ranka shall be subject to retire by rotation during his tenure as the Whole Time Director of the Company.

The disclosure relating to Shri Shreyans Sachin Ranka, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the Special Resolutions set out at Item No. 3



of this Notice for the approval by the Members.

Except Shri Sachin Ranka, Chairman & Managing Director of the Company and Shri Shreyans Sachin Ranka, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

#### Item No. 4

The Board of Directors in their meeting held on 14th February, 2018 had re-appointed Shri D.B. Deshpande as an Executive Director of the Company for 1 year from 1st April, 2018 with remuneration subject to approval of shareholders in the Annual General Meeting. 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 term and conditions of remuneration to Shri D.B. Deshpande are as under:-

- i) Basic Salary:-  
₹ 5,31,300/- per month and increase not exceeding ₹ 100000/- per month from 01.04.2018.
- ii) Perquisites and allowances:-
  - a) House Rent Allowance of ₹ 75,000/- per 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 disclosure relating to Shri D.B. Deshpande, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

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, 2018.

Except Shri D.B. Deshpande, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

#### Item No. 5

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, 2019.

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, 2019.

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. 5 for approval of the members.

### ANNEXURE TO THE NOTICE

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

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

Name	Shri Shreyans Sachin Ranka	Shri D.B. Deshpande	Shri T.C. Chejara
DIN	06470710	06463412	07619881
Date of Birth	21/02/1988	11/11/1952	10/09/1953
Qualifications	Bachelor in Industrial Engineering from University of Illinois at Urbana-Champaign, USA & Masters in Management at Imperial Business School, London	B.E Electricals	Chartered Accountant
Expertise in Specific area	Finance & Corporate Management	Electric Engineering and Corporate Management	Finance and Accounts
Date of First appointment on the Board of the Company	01/04/2018	01/01/2013	01/10/2016
Relationship with other Director	Son of Chairman & Managing Director	None	None
Shareholding in the Company	500	Nil	150
Directorship held in other Public companies	NIL	Nil	Modern Denim Limited
Chairman/ Member in the Committees of the Boards of companies in which he is Director	NIL	Nil	Chairman of the Audit Committee and Stakeholders Relationship Committee of Modern Denim Limited

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

### The Members

Your Directors are pleased to present the 33rd Annual Report on the business and operations of the Company alongwith the Audited Financial Statements for the year ended 31st March, 2018.

### FINANCIAL PERFORMANCE

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations (Net of excise duty)	403.19	386.14
Other Income	7.05	3.67
<b>Total revenue</b>	<b>410.24</b>	<b>389.81</b>
Profit before finance cost and depreciation	39.61	39.46
Finance cost	11.77	12.34
Depreciation	10.01	9.64
<b>Profit before exceptional items &amp; tax</b>	<b>17.83</b>	<b>17.48</b>
Exceptional Items	–	5.03
<b>Profit before tax</b>	<b>17.83</b>	<b>22.51</b>
Tax expense	1.20	7.15
<b>Profit after tax</b>	<b>16.63</b>	<b>15.36</b>
Other comprehensive income (Net of tax)	0.22	(0.67)
<b>Total comprehensive income</b>	<b>16.85</b>	<b>14.69</b>
Retained earnings at the beginning of the year	152.30	137.61
Retained earning at the end of the year	169.15	152.30

The financial statements have been prepared in accordance with Ind AS, notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ('the Act'), and guidelines issued by the Securities and Exchange Board of India ('SEBI'). The date of transition to Ind AS is 1st April 2016.

### OPERATIONS

During the year under review the performance of the Company has been satisfactory looking to the overall global scenario of the Industry. During the year, despite challenging environment; the company has registered a growth of 4.42%. The revenue from operations (net of excise duty) for the year has been ₹ 403.19 crores as against Rs. 386.14 crores and profit before finance cost and depreciation of ₹ 39.61 crores as against ₹ 39.46 crores of previous year.

During the year under review, no amount from the profit is transferred to General Reserve.

Keeping in view the need to conserve the Company's resources for meeting the enhanced working capital and further business requirement, your directors deemed it prudent not to recommend any dividend for the year.

#### Insulators Division

During the year under review, the division has achieved revenue from operations (net of excise duty) of ₹ 359.66 crores as against ₹ 342.31 crores and profit before finance cost & depreciation of ₹ 47.05 crores as against ₹ 47.72 crores of previous year.

#### Terry Towels Division

Revenue from operations (net of excise duty) of this division has been ₹ 43.53 crores as against ₹ 43.83 crores and loss before interest & depreciation has been ₹ 7.44 crores as against 8.26 crores of previous year. Lower profitability is mainly due to low capacity utilization because of shortage of working capital etc.

### EXPORTS

The company is one of the major exporters of H.T. Porcelain Insulators from India. The Company has achieved export turnover of ₹ 92 crores during the year as compared to ₹ 101 crores in previous year. The export has been impacted mainly because of stiff competition from China and slowdown of global economy. However, during the year company has been able to sustain exports at satisfactory level because of good quality and timely delivery. In addition we also tapped & revived potential customers especially from Europe, USA, Turkey and Russia. Your company has concluded yearly contract with Siemens to cater their worldwide requirement for units in Germany, Brazil and Mexico. In order to increase exports, the company is developing products which can fetch higher prices and margins, entering new markets where investments in transmissions and distribution projects are on rise and seeking approval from various utilities to improve acceptance world wide. This would help the company to strengthen the ability to cater the diverse needs of global customers and strengthen its presence in all corners of global market. The company is also continuously focusing on economize the manufacturing by way of R&D activities, better process control and getting optimum utilization of its productive resources so that products of the insulator division remain competitive in terms of quality and price in the international market. These steps will help export turnover to increase substantially in future.

Your company is a regular supplier to all the major multinational OEMs for their world wide requirements of quality Porcelain Insulators.

### ANALYSIS AND REVIEW

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 the 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 as insulator demand is expected to improve in medium term with Central Electrical authority targeting to upgrade the distribution lines and adding new substations. Railway electrification in the country is in full swing which shall further boost demand of railway insulators. We are putting our efforts to promote LRI to all potential SEBs and increase our share in domestic market.

Your company has established fully equipped SGI and Aluminium foundries to cater demand from various segments apart from fulfilling company's major captive requirement of SGI and aluminium castings in time. This will give further boost to the revenue of the Company in coming years.

### Industry Overview

The power generation, transmission and distribution sector is the key growth driver for the Insulators industry. The Government of India is putting emphasis on power sector reforms to overcome impediments; it will however take some time before on-ground demand improvement is visible. Over the past few years, demand in domestic insulators market has been sluggish, primarily due to poor financial health of state utilities, which has impacted new projects and delay in the execution of on-going projects.

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue. The industry is taking all steps to promote textile exports, which is the need of the hour. Costs are increasing due to rising input costs, including labour and power. Focus on new product development and value added products is continuing in this segment.

### Opportunities & Challenges

Your Company is engaged in the manufacturing of High Quality Solid core post insulators for Disconnectors and sub-station requirements, Hollow insulators for Circuit Breakers, Lightning Arrestors and Instruments Transformers, CT, CVT & PT, Long rod Insulators for Overhead

Transmission Lines, Railway Insulators, line Post Insulators for Distribution Segment. Your Company makes sustainable efforts to provide varieties of Insulators to the whole world and in the process nurtures long-term relations with customers.

The market share of China in the international trade has been steadily increasing in recent years. Additionally, increased acceptance of alternate technologies has further impacted the domestic insulators industry.

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption. India has the potential to double its market size in the long run as China is losing its competitive advantage in textiles mainly on account of increasing labour & power costs and focus on the domestic market with high value products. The shift from China to India is expected to happen in the long run, to make India a dependable source of supply for the World. However, there are several challenges ahead for the Textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws, poor infrastructure, competition from low cost neighbouring countries which will have to be addressed to sustain the growth momentum of the industry.

#### **Risks & Challenges**

The current economic environment, in combination with significant growth ambitions of the Company, carries with it an evolving set of risks. Your Company recognizes that these risks need to be managed to protect customers, employees, shareholders and other stakeholders to achieve our business objectives. In line with this, your Company has put in place a detailed Risk Management Policy which identifies the various types of risks at all levels of the Company. Early risk identification along with appropriate measures has enabled the Company to mitigate all threats which may arise from time to time. Also, the possibility of occurrence of the risk event and the magnitude of their consequences on the organization is determined and used to prioritize risk management.

#### **Outlook**

Government initiatives are expected to catalyse demand improvement in near future. With Government's focus on 'Power for All' by 2019 the medium to long term fundamentals look encouraging. The company is alert and in touch with the ground realities of the changing business environment and is confident of increasing the Indian share in the world market.

As, market opportunities are shifting towards developing countries i.e. Asia, Africa & South America, the company is exploring these markets to enhance the export business.

The overall business outlook for the company is promising with improvement in overall economic environment. The company continues to examine the possibilities of expansion and shall make the necessary investments when attractive opportunities arise.

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

During the year the Scheme of arrangement between Modern Insulators Limited ("Demerged Company" or "MIL") and Modern Polytex Limited ("Resulting Company" or "MPL") and their respective shareholders and creditors under sections 391 and 394 of the Companies Act, 1956 (Presently sections 230 to 232 of the Companies Act, 2013) for demerger of the Yarn division of the Company into MPL, was approved by the Hon'ble National Company Law Tribunal, Principal Bench at New Delhi vide its order dated December 12, 2017 and scheme of arrangement has been made effective from appointed date as provided in the scheme i.e. 01.04.2011. Hence, balance sheet of 1st April, 2016 has been prepared as if the demerger was effective from that date.

Pursuant to the Scheme, yarn division of MIL has been transferred to and vested in MPL who shall issue one equity shares of MPL for every two equity shares to the shareholders of MIL i.e. 1,08,71,750 equity shares of Rs. 10 each as fully paid up. Your Company and MPL are in the process of completing the formalities relating to allotment of shares of MPL to the eligible shareholders and listing the same.

#### **STRATEGIC INITIATIVES**

In June 2016, the Board of Directors of your Company approved the merger/amalgamation of Modern Denim Limited with the Company under the ambit of Board for Industrial & Financial Reconstruction (BIFR). Modern Denim

Limited was a sick Company and the same was registered with BIFR under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). However, SICA stood repealed and BIFR stand dissolved in terms of Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In view of repeal of SICA the Company is in process of filing reference to NCLT under the provisions of section 230-232 of the Companies Act, 2013 for its revival. The consolidation of two companies will facilitate savings in the administrative cost and also beneficial in terms of saving of Income Tax under the provisions of Section 72A of the Income Tax Act, 1961.

#### **SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES**

The Company does not have any Subsidiary, Joint Ventures & Associate Companies during the year.

#### **SHARE CAPITAL**

The paid up Equity Share Capital as at March 31, 2018 stood at ₹ 47.14 crore. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

#### **PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT**

Pursuant to the provisions of Section 186 of the Companies Act, 2013 and schedule V of SEBI (LODR) Regulations, 2015, disclosures on particulars relating to loans, advances and investments are provided as part of the financial statements. There are no guarantees issued or securities provided by your Company in terms of Section 186 of the Act, read with the rules issued thereunder.

#### **DEPOSITS**

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Act is not applicable.

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

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions formulated by the Company.

There were no materially significant related party transactions that may have potential conflict with interest of the Company at large.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2018, are given in Note No. 39 to the Financial Statements forming part of this Annual Report.

Form AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure 'A'** to the Report.

The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

#### **CORPORATE GOVERNANCE**

Your Directors are committed to best practices of Corporate Governance. Corporate Governance principles form an integral part of the core values of your Company. In terms of Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance, along with a certificate from the Practicing Company Secretaries on its compliance, forms an integral part of this Annual Report.

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

Subject to the approval of the shareholders, the Board has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri Shreyans Ranka (DIN: 06470710) as an Additional Director under the category Whole Time Director of the Company w.e.f. 1st April, 2018. As an Additional Director, Shri Shreyans Ranka holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received a notice from Shri Shreyans Ranka, along with the requisite deposit, signifying his candidature for



appointment as a Whole Time Director at the ensuing AGM. The resolution seeking the appointment of Shri Shreyans Ranka as Whole Time Director w.e.f. 1st April, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

During the year, Shri D.B. Deshpande (DIN: 06463412), Executive Director of the Company whose term expires on 31st March, 2018 has been reappointed by the Board of Directors for a period of one year from 01.04.2018 with remuneration. The resolution seeking the re-appointment of Shri D.B. Deshpande as Executive Director w.e.f. 1st April, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri T.C. Chejara (DIN: 00352410), Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. Resolutions seeking their appointment have been included in the Notice of the AGM. Your Directors recommend the Resolutions for your approval.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri D.B. Deshpande, Executive Director, Shri Shreyans Ranka, Whole Time Director, Shri D.S. Singhvi, Chief Financial Officer and Shri Gaurav Goyal, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

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.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured criteria and framework adopted by the Board after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

#### **FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected to perform as a Director of the Company. The Director is also explained in detail the compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis presentations are regularly made to the Independent Directors on various matters inter alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

The details of the programme for familiarisation of the Independent Directors of your Company are available on the Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

#### **MEETING OF THE BOARD**

During the year 2017-18, four Board Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018. Further details on the Board Meetings are provided in the Corporate Governance Report, forming part of this Annual Report.

#### **COMMITTEES OF THE BOARD**

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

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

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value, the provisions of the Act (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. Effective 1st April, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance.

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) read with section 134 (5) of the Companies Act, 2013:

- (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.

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

##### **Statutory Auditors**

At the Annual General Meeting held on September 27, 2017, R. B. Verma & Associates, Chartered Accountants, Jaipur (ICAI Firm Registration No. 012650C) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 37th Annual General Meeting to be held in the calendar year 2022.

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 Auditor**

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s ATCS & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit Report, issued by M/s ATCS & Associates, Company Secretaries for the financial year 2017-18, forms part of this Report, and is set out in **Annexure 'B'** to this Report. The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the company has started all the compliances related to stock exchange and are in process of revocation of its suspension from the Bombay Stock Exchange.

### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board at its meeting held on 29th May, 2018, has appointed M/s Rajesh & Company, Cost Accountants, Jaipur (Firm Registration No. 000031), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2018-19. As required under the Companies Act, 2013 a resolution seeking Members approval for remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for ratification.

### **Internal Auditors**

M/s S. Garg & Co., Chartered Accountants are the Internal Auditors of the Company. Internal Audit Report, their significant findings and follow up actions taken by the management is reviewed by the Audit Committee on a quarterly basis.

### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return of the Company as on 31st March, 2018 in Form MGT - 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the **Annexure 'C'** to this report.

### **REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy have been posted on the website of the Company viz. [www.moderninsulators.com](http://www.moderninsulators.com)

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI (LODR), Regulations, 2015. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report and the Whistle Blower Policy has been uploaded on the website of the Company, [www.moderninsulators.com](http://www.moderninsulators.com).

### **RISK MANAGEMENT**

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

The Company has framed and implemented a Risk Management Policy to identify the various business risks. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The risk management policy defines the risk management approach across the enterprise at various levels including documentation and reporting.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organization structure, authority levels, internal rules and guidelines for conducting the business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal Audit is carried out as per risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In terms of the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility (CSR) Committee, which is chaired by Shri Sachin Ranka. The Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board, and the same is available on the Company's website, [www.moderninsulators.com](http://www.moderninsulators.com).

The Company is a caring corporate citizen and lays significant emphasis on development of the host communities around which it operates. The Company, with this intent, has identified several projects relating to Social Empowerment and Welfare, Environment Sustainability, Health Care and Education during the year, and initiated various activities in and around its plant location. The work on several initiatives has picked up momentum during the year, resulting in a spend of ₹ 38.32 Lacs. The Annual Report on CSR activities is given in **Annexure 'D'** to this Report.

### **PARTICULAR OF EMPLOYEES**

In accordance with the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits, set off in the aforesaid Rules, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, are to be set out in the Board's Report, as an annexure thereto. In line with the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company. The aforesaid addendum is also available for inspection by the members at the Registered Office of the Company from 21 days before the AGM till the date of the ensuing AGM, during business hours on working days. Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in **Annexure 'E'** to this Report.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

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

Information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as stipulated under Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014, is given in **Annexure 'F'** to this Report.

### **MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY**

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.