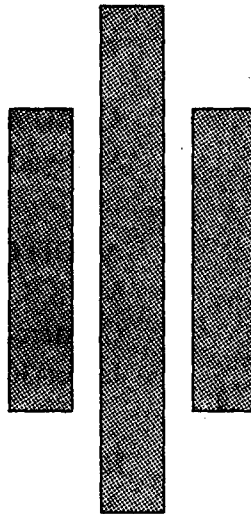


ANNUAL REPORT
2007-2008



Modern
Insulators Limited

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri Nikhil Saxena

AUDITORS

M/s S.S. Kothari & Co.,
Chartered Accountants
Jaipur-302 001

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur-302 004
(Rajasthan)

CORPORATE HEADQUARTER

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

PLANT

Abu Road-307 026
Distt. Sirohi
(Rajasthan)

NOTICE

Notice is hereby given that the 24th Annual General Meeting of **Modern Insulators Limited** will be held on Tuesday the 30th September, 2008 at 11.00 A.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur – 302 004 to transact the following business :

A. ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To re-appoint Shri S.S Karnavat as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To re-appoint Shri R.R Maheshwari as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To re-appoint Shri R.K Ladia as Director who retires by rotation and being eligible, offers himself for re-appointment.
- (5) To appoint Auditors and to fix their remuneration and in connection therewith to pass the following resolution with or without modifications, as an Ordinary Resolution :

“RESOLVED THAT M/s. S.S Kothari & Co., Chartered Accountants, Jaipur be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company.”

B. SPECIAL BUSINESS :

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

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

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

By Order of the Board

Place : Mumbai
 Date : 30th June, 2008

(NIKHIL SAXENA)
 Company Secretary

NOTES :

1. The relative Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item number 6 of the notice is annexed hereto.
2. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. The proxy should be deposited at the Registered Office of the Company not less than FORTYEIGHT hours before the commencement of the meeting.
4. The Share transfer books and Register of members shall remain closed from 27.09.2008 to 30.09.2008 (both days inclusive).

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

Item No.6

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

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

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

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

DIRECTORS' REPORT

The Members,

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

1. FINANCIAL RESULTS

(Rs In Crores)

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

2. OPERATIONS

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

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

3. EXPORTS

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

4. FUTURE PROSPECTS

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

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

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

5. DIRECTORS

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

6. AUDITORS

M/s.S.S. Kothari & Co, Chartered Accountants, Jaipur retire at the forthcoming Annual General Meeting. Your Directors recommend their reappointment as Auditors of the Company for the year 2008 - 2009. The observations made by Auditors are self explanatory and have been dealt with in the notes vide Schedule No 14 forming part of the accounts and hence need no further clarifications.

7. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

The Board appreciate commitment, co-operation and willingness shown by the workers, staff and officers. The Company has enjoyed healthy & cordial relations throughout the year. There is no employee getting remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

8. DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- the Directors have selected such accounting polices and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and ;
- the Directors have prepared the annual accounts on a going concern basis.

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

The statement of particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2(A), 2(B) and 2(C) of the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

10. CONSTITUTION OF AUDIT COMMITTEE

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

Shri S.S. Karnavat, Chairman

Shri S.B.L. Jain

Shri H.L. Sharma

11. ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

Place: Mumbai
 Date: 30th June, 2008

(H.S. Ranka)
 Chairman

ANNEXURE TO DIRECTORS' REPORT

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

A. TECHNOLOGY ABSORPTION:

1. Research and Development (R&D):

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

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

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

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

c) Future plan of action:

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

d) Expenditure on R & D:

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

2. Technology Absorption, Adoption and Innovation:

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

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

b) Benefits derived as a result of above efforts:

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

B. FOREIGN EXCHANGE EARNING & OUTGO:

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

AUDITORS' REPORT

To the Members,

1. We have audited the attached Balance Sheet of MODERN INSULATORS LIMITED as at 31st March 2008, the Profit & Loss Account and cash flow statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
 4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) (a) Balances of debtors and creditors are subject to reconciliations/confirmations (Note No.4 of Schedule 14).
 (b) In view of insufficient information from the suppliers regarding their status as SSI units, amount overdue to such undertakings could not be ascertained. (Note No.10 of Schedule 14).
 - (vi) Some of the existing directors of the company are not eligible from being reappointed as Director under the provision to section 274 (i) (g) of the Company Act, 1956. The Company has obtained an opinion according to which such directors of the Company can continue to be in office during their tenure and they can also be re-appointed as directors on the expiry of their tenure. We have been further informed that the Company has made representation to the Central Government (Department of Company Affairs) seeking appropriate exemption from the applicability of the said section.
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comments in para (v) above and read with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008,
 - (b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.S. KOTHARI & CO.
 Chartered Accountants

(B.L. VERMA)

Partner

Place : Jaipur

Date : 30th June, 2008

Membership No. 10900

ANNEXURE FORMING PART OF THE AUDITORS' REPORT

Referred to in the report of even date of the Auditors to members of MODERN INSULATORS LIMITED.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except furniture & fixtures for which detailed records are not maintained.
- (b) As per information and explanations given to us, most of the fixed assets have been physically verified during the year by management in accordance with a phased programme of verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) According to the information and explanations given to us,

the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to/from the Companies, Firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and therefore clause 4(iii) of the order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- (v) a) Based on audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding Rupees Five lakhs in respect of any party during the year.
- (vi) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58 AA and any other relevant provisions of the Act and the rules framed thereunder are applicable.
- (vii) In our opinion, the internal audit carried out during the year by a firm of Chartered Accountants appointed by the company commensurates with the size of the company and the nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for the product manufactured by the Company.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, service tax, sales-tax, custom duty, excise duty and other statutory dues applicable to it and no undisputed statutory dues as noted above is outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and as per the records examined by us, the following disputed dues have not been deposited with the authorities as at 31st March-08.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	29.42	Asstt. Year 2004-05	Income-Tax Appellate Tribunal, Jaipur
Income Tax Act, 1961	Income Tax	7.41	Asstt. Year 2005-06	Commissioner of Income-Tax (II), Jaipur

- (x) The Company does not have accumulated losses as at the end of the year and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit and as per information and explanations given by the management, there has been no default in repayment of dues to any financial institution or bank or debenture holders during the year.
- (xii) Based on our examination of books of account and information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statutes applicable to chit fund, nidhi or mutual benefit fund/society are not applicable to the company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments and hence requirement of para 4(xiv) is not applicable.
- (xv) As per information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, no fresh term loans were obtained by the company during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) No allotment of shares has been made by the company during the year.
- (xix) During the period covered by our audit report, the Company has not issued debentures.
- (xx) During the year the company has not raised any money by way of public issue.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.

For S.S. KOTHARI & CO.
Chartered Accountants

(B.L. VERMA)

Partner

Place : Jaipur

Date : 30th June, 2008

Membership No.10900

**BALANCE SHEET
AS AT 31ST MARCH, 2008**

(Rs. in lacs)

	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	2174.35	2174.35
Reserves & Surplus	2	<u>6020.85</u>	<u>4317.26</u>
		<u>8195.20</u>	<u>6491.61</u>
LOAN FUNDS			
Secured Loans	3	2041.97	1429.94
Unsecured Loans	4	<u>1450.00</u>	<u>500.00</u>
		<u>3491.97</u>	<u>1929.94</u>
Deferred Tax Liability (Refer Note No. 18 of Schedule 14)		<u>847.08</u>	<u>797.01</u>
TOTAL		<u>12534.25</u>	<u>9218.56</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		11646.18	10705.75
Less : Depreciation		<u>5991.37</u>	<u>5618.55</u>
Net Block		<u>5654.81</u>	<u>5087.20</u>
Capital work in Progress		<u>2598.00</u>	<u>158.34</u>
		<u>8252.81</u>	<u>5245.54</u>
INVESTMENTS	6	0.01	0.01
CURRENT ASSETS, LOANS AND ADVANCES			
	7		
Inventories		2796.99	2225.11
Sundry Debtors		4181.32	2793.91
Cash and Bank Balances		390.58	1438.40
Loans and Advances		<u>953.43</u>	<u>748.86</u>
		<u>8322.32</u>	<u>7206.28</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
	8		
Current Liabilities		3107.47	2541.28
Provisions		<u>933.42</u>	<u>691.99</u>
		<u>4040.89</u>	<u>3233.27</u>
Net Current Assets		<u>4281.43</u>	<u>3973.01</u>
TOTAL		<u>12534.25</u>	<u>9218.56</u>
Notes on Accounts	14		

As per our report of even date attached

For and on behalf of the Board

For S.S. KOTHARI & CO.
Chartered Accountants

(B.L. VERMA)
Partner
(Membership No. 10900)

Place : Jaipur
Date : 30th June, 2008

H.S. Ranka – Chairman
Sachin Ranka
S.S. Karnavat
R.N. Goyal } Directors
R.R. Maheshwari
H.L. Sharma
Nikhil Saxena – Company Secretary
Place : Mumbai
Date : 30th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in Lacs)

	Schedule	2007-2008	2006-2007
INCOME			
Sales		23721.47	21169.01
Less : Excise Duty		1815.94	1175.90
Net Sales		21905.53	19993.11
Other Income	9	129.55	112.02
Increase/(Decrease) in Stock	10	517.87	(188.60)
		<u>22552.95</u>	<u>19916.53</u>
EXPENDITURE			
Materials Cost	11	6182.61	4637.53
Employees Cost	12	1239.48	974.55
Operational & Other expenses	13	12027.27	11692.03
Depreciation		394.27	347.57
		<u>19843.63</u>	<u>17651.68</u>
Profit before Tax		2709.32	2264.85
Less : Provision for Taxation			
Current tax		927.28	701.13
Deferred tax		50.07	88.94
Fringe Benefit Tax		9.25	9.18
Profit after Tax		1722.72	1465.60
Less : Taxes in respect of earlier year		19.13	7.88
Add: Balance brought forward		4292.26	2834.54
Balance Carried to Balance Sheet		5995.85	4292.26
Basic / Diluted Earning Per Share (Rs.)		7.92	6.74
(Refer Note No. 17 of Schedule 14)			
Notes on Accounts	14		

As per our report of even date attached

For and on behalf of the Board

For S.S. KOTHARI & CO.
Chartered Accountants

(B.L. VERMA)
Partner
(Membership No. 10900)

Place : Jaipur
Date : 30th June, 2008

H.S. Ranka – Chairman
Sachin Ranka
S.S. Karnavat
R.N. Goyal
R.R. Maheshwari
H.L. Sharma
Nikhil Saxena – Company Secretary
Place : Mumbai
Date : 30th June, 2008

SCHEDULE 1 : SHARE CAPITAL

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
AUTHORISED		
2,50,00,000 Equity shares of Rs. 10/- each	2500.00	2500.00
5,00,000 Preference shares of Rs. 100/- each	500.00	500.00
	<u>3000.00</u>	<u>3000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
2,17,43,500 Equity shares of Rs. 10/- each fully paid-up	<u>2174.35</u>	<u>2174.35</u>

SCHEDULE 2 : RESERVES AND SURPLUS

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Capital Subsidy	25.00	25.00
Profit & Loss Account	5995.85	4292.26
	<u>6020.85</u>	<u>4317.26</u>

SCHEDULE 3 : SECURED LOANS

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Bank Borrowings for Working Capital	<u>2041.97</u>	<u>1429.94</u>

Borrowings for working capital are secured by hypothecation of stocks, book debts and first charge on fixed assets and are personally guaranteed by some of the directors.

SCHEDULE 4 : UNSECURED LOANS

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
Deferred Sales Tax	300.00	500.00
(Under Rajasthan Government's Sales Tax Deferment Scheme for Industries, 1987)		
Others	1150.00	-
	<u>1450.00</u>	<u>500.00</u>

SCHEDULE 5 : FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2007	Additions	Deduct- ions	As at 31.03.2008	upto 31.03.2007	for the year	Deduct ions	upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Leasehold land	246.09	-	-	246.09	-	-	-	-	246.09	246.09
Freehold land	-	159.19	-	159.19	-	-	-	-	159.19	-
Buildings	1916.44	187.58	159.08	1944.94	454.84	54.14	14.65	494.33	1450.61	1461.60
Plant & Machinery	8126.24	685.14	-	8811.38	4971.76	288.64	-	5260.40	3550.98	3154.48
Furniture & Fixtures, Computers & Other Office Equipments	273.48	74.23	2.89	344.82	161.20	37.87	1.04	198.03	146.79	112.28
Vehicles	143.50	19.52	23.26	139.76	30.75	13.77	5.91	38.61	101.15	112.75
Total	10705.75	1125.66	185.23	11646.18	5618.55	394.42	21.60	5991.37	5654.81	5087.20
Previous Year	9928.02	788.27	10.54	10705.75	5276.26	347.57	5.28	5618.55	5087.20	

Depreciation for the year includes Rs. 0.15 lacs towards pre-operative expenses (Previous year Nil)

SCHEDULE 6 : INVESTMENTS

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
LONG TERM: Unquoted, at Cost		
National Saving Certificates	0.01	0.01

SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
A: CURRENT ASSETS		
INVENTORIES		
(As taken, Valued and Certified by the Management)		
Raw Materials	709.37	678.99
Materials in Process	664.49	535.45
Finished Stock	1084.15	566.28
Stores & Spares	338.98	444.39
	<u>2796.99</u>	<u>2225.11</u>
SUNDRY DEBTORS (Unsecured)		
Outstanding for a period exceeding six months		
Considered good	82.92	75.45
Considered doubtful	25.93	22.18
	<u>108.85</u>	<u>97.63</u>
Less : Provision for doubtful debts	25.93	22.18
	<u>82.92</u>	<u>75.45</u>
Others (Considered Good)	4098.40	2718.46
	<u>4181.32</u>	<u>2793.91</u>
CASH AND BANK BALANCES		
Cash in Hand	3.11	2.36
Balances with Scheduled Banks :		
In Current Accounts	125.39	3.75
In Fixed Deposits (Including against margin Rs. 161.58 lacs; previous year Rs. 104.55 lacs)	262.08	1432.29
	<u>390.58</u>	<u>1438.40</u>
	<u>7368.89</u>	<u>6457.42</u>
B: LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	132.24	200.53
Sundry Deposits	151.86	94.97
Prepaid Expenses	53.60	22.44
Claims and Other Receivables	615.73	430.92
	<u>953.43</u>	<u>748.86</u>
	<u>8322.32</u>	<u>7206.28</u>

SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS

(Rs. in lacs)

	As at 31.03.2008	As at 31.03.2007
CURRENT LIABILITIES		
Sundry Creditors and other liabilities	3025.16	2490.42
Sundry Deposits	82.31	50.86
	<u>3107.47</u>	<u>2541.28</u>
PROVISIONS		
For Gratuity & leave encashment	335.14	263.49
For Taxation (Net of advance tax)	596.53	426.82
For Fringe Benefit Tax (Net of advance)	1.75	1.68
	<u>933.42</u>	<u>691.99</u>
	<u>4040.89</u>	<u>3233.27</u>

SCHEDULE 9 : OTHER INCOME

	<i>(Rs. in lacs)</i>	
	2007-2008	2006-2007
Scrap Sale	81.18	85.96
Liabilities & sundry balances written back (Net)	27.82	19.25
Miscellaneous receipts	4.77	5.54
Profit on Fixed Assets sold (Net)	15.78	1.27
	<u>129.55</u>	<u>112.02</u>

SCHEDULE 10 : INCREASE/(DECREASE) IN STOCK

	<i>(Rs. in lacs)</i>	
	2007-2008	2006-2007
Closing Stock of Finished Goods	1084.15	566.28
Less : Opening Stock of Finished Goods	<u>566.28</u>	<u>754.88</u>
	<u>517.87</u>	<u>(188.60)</u>

SCHEDULE 11 : MATERIALS COST

	<i>(Rs. in lacs)</i>	
	2007-2008	2006-2007
STOCK AT COMMENCEMENT		
Raw Materials	678.99	595.90
In Process	<u>535.45</u>	<u>485.53</u>
	1214.44	1081.43
ADD : Purchases	<u>6342.03</u>	<u>4770.54</u>
	7556.47	5851.97
LESS : STOCK AT CLOSE		
Raw Materials	709.37	678.99
In Process	<u>664.49</u>	<u>535.45</u>
	1373.86	1214.44
	<u>6182.61</u>	<u>4637.53</u>

SCHEDULE 12 : EMPLOYEES COST

	<i>(Rs. in lacs)</i>	
	2007-2008	2006-2007
Salaries, Wages, Bonus and other allowances	1020.94	807.13
Staff & Labour Welfare	29.42	25.56
Contribution to Provident & other Funds	101.39	79.91
Gratuity & Leave encashment	87.73	61.95
	<u>1239.48</u>	<u>974.55</u>

SCHEDULE 13 : OPERATIONAL AND OTHER EXPENSES
(Rs. in lacs)

	2007-2008	2006-2007
MANUFACTURING EXPENSES		
Power & Fuel	4757.63	4459.57
Stores & Spares	2165.26	1897.24
Packing	1420.04	1478.94
Excise duty on increase/decrease in Finished Stock	1.95	0.63
Repairs to :		
Plant & Machinery	693.53	639.92
Buildings	505.09	752.57
Others	20.21	16.89
Other expenses	143.89	124.84
	<u>9707.60</u>	<u>9370.60</u>
ADMINISTRATIVE EXPENSES		
Rent	5.39	2.93
Insurance (Net)	27.18	29.91
Rates & Taxes	4.26	4.70
Travelling & Conveyance	74.46	83.11
Telecommunication Expenses	15.09	16.12
Directors fees and Expenses	0.16	0.24
Payment to Auditors :		
for Audit fee	1.50	1.35
for Tax Audit fee	0.50	0.45
for Expenses	1.26	0.90
Other Expenses	192.17	144.99
	<u>321.97</u>	<u>284.70</u>
FINANCIAL EXPENSES		
Interest		
On Bank Borrowings	262.27	217.89
Less : Interest received (Tax deducted at source Rs. 23.07 Lacs; previous year Rs. 9.39 Lacs)	<u>94.44</u>	<u>49.99</u>
Other Expenses	143.94	129.07
	<u>311.77</u>	<u>296.97</u>
SELLING EXPENSES		
Commission, rebate etc.	1005.62	997.75
Carriage Outward (Net)	611.07	621.45
Bad debts written off	1.37	27.09
Less : Provision for doubtful debts	-	<u>0.83</u>
Provision for doubtful debts	3.75	10.87
Sales Promotion & Advertisement	13.79	25.33
Other expenses	50.30	58.07
	<u>1685.90</u>	<u>1739.73</u>
OTHER EXPENSES		
Lease rent on land	0.03	0.03
	<u>0.03</u>	<u>0.03</u>
	<u>12027.27</u>	<u>11692.03</u>

SCHEDULE 14: NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- i) **Basis of preparation of financial statements**
- The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles in India, the applicable accounting standards and as per provisions of the Companies Act, 1956.
 - Income & expenditure are recognised and accounted for on accrual basis.
- ii) **Fixed Assets**
- Fixed Assets are stated at cost including addition in value due to revaluation less depreciation.
 - Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are being capitalised to the respective assets.
 - CENVAT credit on capital goods is accounted for by reducing the cost of capital goods.
- iii) **Depreciation**
 Depreciation on fixed assets including revaluation is provided as follows:
- On straight line method at the revised rates and in the manner specified in schedule XIV of the Companies Act, 1956 as amended vide notification No. GSR-756 (E) dated 16th December 1993 issued by the Department of Company Affairs. Depreciation has been calculated on Plant and Machinery as continuous process plant based on expert's opinion.
 - Assets costing less than Rs. 5000/- acquired prior to 31.10.1992 are depreciated at old rates whereas such assets after that date have been fully depreciated.
 - No amount has been written off from leasehold land. The same will be charged to the Profit & Loss Account only in the year in which the respective lease period expires.
- iv) **Investments**
 Long Term Investments are stated at cost.
- v) **Inventories**
- Raw materials, Stores & spares and materials in process are valued at cost.
 - Finished Stock is valued at lower of cost or estimated net realisable value.
 - Waste is valued at estimated net realisable value.
- Cost is computed on weighted average basis. Finished goods and materials in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value of leftover stock out of the products manufactured as per customers' specifications are estimated at nominal value.
- vi) **Revenue Recognition**
- Sale of goods is recognised on the basis of despatch. Sales is shown inclusive of excise duty, export benefits and exchange fluctuations.
 - Export entitlements under the Duty Entitlement Pass Book (DEPB) Scheme are recognised in the Profit & Loss Account when the right to receive credit as per the terms of the scheme is established in respect of the exports made.
 - Claims of customers & others are accounted for as and when settled.
- vii) **Excise Duty/Cenvat**
- Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision made for goods lying in bonded warehouse.
 - The Cenvat credit in respect of excise duty is utilised for payment of excise duty on goods despatched. The unutilised Cenvat credit is carried forward in the books.
- viii) **Borrowing cost**
 Borrowing costs which are attributable to acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- ix) **Employee Benefits:**
- Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
 - Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- x) **Foreign Currency Transactions**
 Transactions in foreign currency are recorded on the basis of exchange rates prevailing on the date of their occurrence. Foreign currency assets and liabilities are converted into rupee equivalent at the exchange rates prevailing on the Balance Sheet date and exchange difference arising there from is charged to the revenue.
- xi) **Prior year adjustments**
 Income and expenditure pertaining to prior period are accounted for under respective heads of accounts in profit and loss account. Effect of such amount is disclosed in notes on accounts.
- xii) **Research and Development**
 Research and Development cost (other than costs of fixed assets acquired) are charged as expenses in the year in which they are incurred.
- xiii) **Taxation**
 Provision is made for Income tax annually based on the tax liability computed after considering tax allowances and exemptions. Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
- xiv) **Impairment of Assets**
 Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.
- xv) **Provisions, Contingent Liabilities and Contingent Assets**
 Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes to the accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.
2. Estimated amount of contracts remaining to be executed on capital account, not provided for, net of advances Rs.1525.40 lacs (Previous year Rs.195.78 lacs).
3. Contingent liabilities not provided for: -
- Guarantees given by bankers on behalf of the Company Rs.601.16 lacs (Previous year Rs.578.88 lacs).
 - Outstanding Letters of Credit Rs.135.72 lacs (Previous year Rs.105.00 lacs).
 - Pending Sales Tax Assessment for 2006-2007 & onwards; amount unascertainable.
 - Claims against the company, not acknowledged as debts Rs.26.46 lacs (Previous year Rs.26.46 lacs).
 - Disputed Income tax demand Rs.103.69 lacs (Previous year Rs.98.33 lacs) against which amount paid Rs.66.86 lacs (Previous year Rs.10 lacs); pending appeal.
 - Disputed Land Tax demand Rs.6.12 lacs which has been deposited under protest (Previous year Rs. Nil).
4. Balances of debtors and creditors are subject to reconciliations/confirmations.
5. Profit for the year has been arrived at after adjusting prior year debits Rs.0.99 lac (Previous year Rs. 0.43 lacs) and prior year credits Rs.0.90 lac (Previous year Rs.0.15 lac). Expenses/Income arisen/settled during the year have been charged to revenue.
6. In the opinion of the Board of Directors, Current Assets, Loans and Advances (including capital advances) have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in Balance sheet. Adequate provisions have been made in accounts for all known liabilities.
7. Inventories include goods in transit.
8. Sundry debtors include Rs.1.30 lacs (Previous year Rs.1.30 lacs) under litigation for which adequate provision has been made.
9. Unsecured loan in respect of Deferred Sales Tax represents Sales Tax deferment loan, recognizing the company as "Prestigious new Industrial Unit" under Rajasthan Government Sales Tax Deferment Scheme for Industries, 1987 as per order of Director of Industries, Jaipur and as per notification No. F 4(68)FD/Tax-Div/99-90 dated 13.09.2001 & No. F4(10)FD/Tax-Div/02-182 dated 13.2.2003. As per said scheme, this loan is payable in 10 half yearly equal instalments and accordingly payment has been started from Nov-2004.
10. In view of insufficient information from the suppliers regarding their status as SSI units, amount overdue to such undertakings could not be ascertained.
11. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.
12. Payment to Executive Directors:

	2007-08	2006-07
Salaries	23.40	10.65
Contribution to PF	2.81	1.28
Perquisites	1.56	1.32
	<u>27.77</u>	<u>13.25</u>

(Rs. in lacs)

13 Capital work in progress includes pre-operative expenses (pending allocation) as per details given below:-

Particulars	(Rs. in lacs)	
	As at 31.03.2008	As at 31.03.2007
Salaries, Wages and other Allowances	31.36	-
Rent, Rates and Taxes	3.80	-
Travelling & Conveyance	7.11	-
Insurance	0.37	-
Depreciation	0.15	-
Other expenses	17.73	-
	<u>60.52</u>	<u>-</u>
Less: Interest Income (Net)	<u>56.15</u>	<u>-</u>
	<u>4.37</u>	<u>-</u>

14. Disclosure in respect of employee benefits as per Accounting Standard 15 is given below:-

Assumptions	(Rs. in lacs)	
	Gratuity Unfunded	Leave Encashment Unfunded
- Discount rate	8%	-
- Expected rate of return on assets	-	-
- Expected rate of future salary increase	5.5%	-
Change in present value of obligations		
- Present value of obligations as at 01.04.2007	214.76	48.73
- Interest cost	17.18	3.90
- Current service cost	19.93	9.09
- Benefits paid	(7.77)	(9.16)
- Actuarial loss on Obligations	22.01	16.47
- Present value of obligations as at 31.03.2008	<u>266.11</u>	<u>69.03</u>
Change in fair value of plan assets	Not applicable	Not applicable
Liability recognized in the Balance Sheet		
- Present value of obligations as at 31.03.2008	266.11	69.03
- Fair value of plan assets as at the end of the year	-	-
- Unfunded status	266.11	69.03
- Unrecognized Actuarial (Gain)/Loss	-	-
- Net (Assets)/Liability recognized in Balance Sheet	<u>266.11</u>	<u>69.03</u>
Expenses recognized in Profit and Loss Account		
- Current service cost	19.93	9.09
- Past service cost	-	-
- Interest cost	17.18	3.90
- Expected return on plan assets-	-	-
- Net Actuarial (Gain)/Loss recognized during the year	<u>22.01</u>	<u>16.47</u>
	<u>59.12</u>	<u>29.46</u>
Less: Considered as pre-operative expenses	<u>0.30</u>	<u>0.55</u>
- Total Expense recognized in Profit and Loss Account	<u>58.82</u>	<u>28.91</u>

The above disclosures are based on information certified by the independent actuary.

15. As the company has only one business segment, segment reporting as per Accounting Standard 17 is not applicable.

16 Related party Disclosures as per Accounting Standard 18:

i) Related Party Relationships :

- a) Where control exists
 - Modern Denim Ltd.
 - Modern Terry Towels Ltd.
 - Modern Threads (I) Ltd.
- b) Key Management Personnel :
 - Shri Sachin Ranka (Director)
 - Shri H.L.Sharma (Executive Director)
 - Shri R.K. Ladia (Executive Director)
- c) Relatives of key Management Personnel and their enterprises where transactions have taken place:
 - Smt. Meena Ranka
 - Shubham Corporate Advisory Services Pvt. Ltd.

ii) Transactions with related parties and outstanding at the end of the year:

(Rs. in lacs)

Type of related Parties	Description of the nature of the transactions	Name	Volume of transactions		Outstanding as on 31.03.08	Outstanding as on 31.03.07	
			2007-08	2006-07			
Where Control exists	Purchase of goods and material	Modern Terry Towels Ltd.	0.86	0.18	-	-	
		Modern Denim Ltd.	0.54	-	-	-	
	Others	Modern Denim Ltd.	1.05	-	-	-	
Key Managerial Personnel	Remuneration etc.	Refer Note No. 12					
Relatives of Key Managerial Personnel and their enterprises	Rent paid	Meena Ranka	1.20	0.60	-	-	
		Shubham Corporate Advisory Services Pvt. Ltd.	2.16	-	-	-	

17. Earning per Share as per Accounting Standard 20

	2007-2008	2006-2007
i) Net profit after tax available for equity Shareholders (Rs. in lacs)	1722.72	1465.60
ii) Number of Equity Shares of Rs.10/- each	21743500	21743500
iii) Basic & Diluted earning per share (Rs.)	7.92	6.74

18. Deferred Tax

- i) Deferred tax has been provided in accordance with "Accounting Standard 22 - Accounting for taxes on income" issued by The Institute of Chartered Accountants of India. The additional net deferred tax liability amounting to Rs.50.07 lacs has been adjusted in Profit & Loss Account.
- ii) Breakup of net deferred tax liability.

	As at 31.03.2008	As at 31.03.2007
(a) <u>Liability</u>		
Depreciation	<u>1011.67</u>	<u>897.31</u>
(b) <u>Assets</u>		
- Expenses allowable for Tax purpose on payment basis	155.78	92.83
- Others (Provision for doubtful debts)	8.81	7.47
	<u>164.59</u>	<u>100.30</u>
Net deferred Tax liability	<u>847.08</u>	<u>797.01</u>

19. Figures for the previous year have been regrouped and rearranged wherever considered necessary.

20. Additional information pursuant to the provisions of paragraph 3 and 4 of Part-II of Schedule VI of the Companies Act, 1956.

	<u>2007-2008</u> (MT)	<u>2006-2007</u> (MT)
i) Licensed & Installed Capacity :		
High tension and other insulators and bushings		
(a) Licensed capacity (per annum)	Not applicable	Not applicable
(b) Installed capacity (per annum)	16500*	14820**
(As certified by the management)		

* Capacity enhanced w.e.f. 21.08.2007

**Capacity enhanced 1680 MT w.e.f. 12.10.2006 and 1680 MT w.e.f. 08.03.2007.

ii) Production, Sales and stock of Insulators:

	<u>2007-2008</u> (MT)	<u>2006-2007</u> (MT)
Opening Stock	1304	1856
Production	14829	13051
Sales *	14130	13603
Closing Stock	2003	1304

* Includes free samples 57 MT (Previous year 63 MT)

iii) Raw materials consumed

	<u>2007-2008</u>		<u>2006-2007</u>	
	Qty. (MT)	Value (Rs. in lacs)	Qty. (MT)	Value (Rs. in lacs)
Clays	11397	838.97	9323	661.32
Calcined Alumina	9781	2857.88	6734	1723.63
Metal Fittings	2523	2312.92	2131	2105.19
Others	172.84	6182.61	147.39	4637.53

iv) Value of imports Calculated on CIF Basis:

	<u>2007-08</u>	<u>2006-07</u>
	(Rs. in lacs)	(Rs. in lacs)
Raw Materials	363.10	268.21
Stores & Spares	97.55	244.73
v) Earnings in foreign exchange:		
Export of goods calculated on FOB basis	9563.91	12146.41
vi) Expenditure in foreign currency:		
Selling Commission	423.87	609.54
Advance Payments for capital goods	419.47	-
Technical Consultancy	50.32	-
Foreign Travelling Expenses	6.45	15.67
Others	9.70	30.06

vii) Value of Raw materials, stores, spare parts and components consumed:

	<u>2007-2008</u>		<u>2006-2007</u>	
	Rs. in lacs	(%)	Rs. in lacs	(%)
(a) Raw materials :				
Imported	427.78	6.92	350.70	7.56
Indigenous	8754.83	93.08	4286.83	92.44
	<u>6182.61</u>	<u>100.00</u>	<u>4637.53</u>	<u>100.00</u>
(b) Stores and Spares:				
Imported	28.13	1.30	68.81	3.63
Indigenous	2137.12	98.70	1828.43	96.37
	<u>2165.26</u>	<u>100.00</u>	<u>1897.24</u>	<u>100.00</u>

21. Balance sheet abstract and Company's General Business Profile as per Part IV of Schedule VI of Companies Act, 1956:

i) Registration Details :			
Registration No. :	2460		
State Code :	17		
Balance Sheet Date :	31.03.2008		
ii) Capital raised during the year (Rs. in thousands)			
Public Issue :	Nil	Right Issue :	Nil
Bonus Issue :	Nil	Private Placement :	Nil
iii) Position of Mobilisation and Deployment of Funds (Rs. in thousands)			
Total Liabilities :	1253425	Total Assets :	1253425
Sources of Funds		Reserves & Surplus :	602085
Paid-up Capital :	217435	Unsecured Loans :	145000
Secured Loans :	204197		
Deferred Tax Liability :	84708	Investments :	1
Application of Funds		Misc. Expenditure :	Nil
Net Fixed Assets (Includes Capital work in progress) :	825281	Total Expenditure :	1932576
Net Current Assets :	428143	Profit After Tax :	172272
iv) Performance of Company (Rs. in thousands)		Dividend Rate (%) :	Nil
Turnover (Including other income) :	2203508		
Profit Before Tax :	270932		
Earning per Share (in Rs.) :	7.92		
v) Generic Names of Principal Products of the Company :			
(as per monetary terms)			
Item Code No. (ITC Code)	Product Description		
854620.14	Porcelain post insulators 66 KV to 132 KV		
854620.15	Porcelain post insulators above 132 KV		
854620.31	Porcelain solidcore insulators (H.T.)		

As per our report of even date attached

For S.S. KOTHARI & CO.

Chartered Accountants

(B.L. VERMA)

Partner

(Membership No. 10900)

Place : Jaipur

Date : 30th June, 2008

For and on behalf of the Board

H.S. Ranka - Chairman

Sachin Ranka
S.S. Karnavat
R.N. Goyal
R.R. Maheshwari
H.L. Sharma

Directors

Nikhil Saxena - Company Secretary

Place : Mumbai

Date : 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in lacs)

Particulars	2007-2008	2006-2007
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2709.32	2264.85
ADJUSTMENTS FOR		
– Depreciation	394.27	347.57
– Foreign Exchange	35.93	2.20
– Interest and Bank Charges	311.77	296.97
– Loss/(Profit) on Sale of Fixed Assets	(15.78)	(1.27)
– Provision for doubtful debts	3.75	10.87
– Bad Debts written off	1.37	26.26
	<u>731.31</u>	<u>682.60</u>
Operating Profit before working capital changes	3440.63	2947.45
ADJUSTMENTS FOR		
– Trade and other receivables	(1633.03)	(594.93)
– Inventories	(571.88)	(60.41)
– Trade and other payable	637.84	653.47
	<u>(1567.07)</u>	<u>(1.87)</u>
Cash generation from operations	1873.56	2945.58
Interest and bank charges paid	(311.77)	(296.97)
Income Tax Paid	(776.70)	(365.80)
Fringe Benefit Tax Paid	(9.18)	(11.35)
Net Cash from operating Activities	<u>775.91</u>	<u>2271.46</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
– Purchase of Fixed Assets (Including Capital Work in Progress)	(3565.17)	(840.94)
– Sale of Fixed Assets	179.41	6.53
Net cash used in investing activities	<u>(3385.76)</u>	<u>(834.41)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
– Proceeds from Borrowings		
Banks	612.03	112.55
Unsecured Loan	950.00	(200.00)
Net cash from financing activities	<u>1562.03</u>	<u>(87.45)</u>
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	<u>(1047.82)</u>	<u>1349.60</u>
Cash & Cash Equivalents - Opening Balance	1438.40	88.80
Cash & Cash Equivalents - Closing Balance	390.58	1438.40

As per our report of even date attached

For and on behalf of the Board

FOR S.S. KOTHARI & CO.
Chartered Accountants

(B.L. VERMA)
Partner
(Membership No. 10900)

Place : Jaipur
Date : 30th June, 2008

H.S. Ranka	– Chairman
Sachin Ranka	} Directors
S.S. Karnavat	
R.N. Goyal	
R.R. Maheshwari	
H.L. Sharma	
Nikhil Saxena	– Company Secretary
Place : Mumbai	
Date : 30th June, 2008	



Modern
INSULATORS LIMITED

MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

PROXY FORM

Reg. Folio No.

No. of Shares held

I/We

of

being a Member/Members of MODERN INSULATORS LIMITED here by appoint

..... of

or failing him of

as my/our proxy to vote for me/us on my/our behalf at the TWENTYFOURTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday the 30th September, 2008 at 11.00 A.M. and at any adjournment thereof.

Signed this day of 2008

Signature

Affix
Re 1/-
Revenue
Stamp

Note : This form duly completed and signed must be deposited at the Registered Office of the Company not less than FORTYEIGHT hours before the commencement of the Meeting.

MODERN INSULATORS LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

24th Annual General Meeting-30h September, 2008

I hereby record my presence at the TWENTYFOURTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Tuesday the 30th September, 2008 at 11.00 A.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No.

No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

NOTE : ADMISSION WILL BE STRICTLY PERMITTED FOR SHAREHOLDERS/VALID PROXY HOLDERS ONLY.

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