

THE SILVER PEOPLE

MODISON

MODISON
METALS LIMITED
ANNUAL REPORT 1997/98

REFINED
FILED NO
999
BUSINESS

MODISON

Profile

MODISON METALS LIMITED was established in the year 1983 to produce Electrical Contact Material for Low Tension and High Tension switchgear industry. In the same year **MODISON METALS LTD.** had signed a Technical Collaboration Agreement with DODUCO, Germany who are world renowned for electrical contact material. Confidently this technology was absorbed fully by **Modison Metals Ltd**, until the expiry of this agreement.

Today, we are producing Contact Material for Low Voltage and High Voltage application from 220V upto 800KV switchgear. We have total in-house manufacturing facility right from raw material stage to the finished product which includes : Melting, Casting, Extrusion, Machining, Electron Beam Welding (EBW) and Silver Plating, all under one roof. We are the only one in the world to have complete manufacturing facility for production of Contacts for High Voltage Switchgear under one roof.

These High-tech Products until yesterday country use to import, today we are catering to local and global market and supplying to all the leading Electrical companies in the country and globally to countries like - UK, Russia, Austria, Japan, Czech Republic, to name a few.

Being a very High Tech component, our Contact Material has a critical application in High Voltage switchgear assembly and has to pass rigorous Tests for couple of months. We are proud that our contacts have been type tested and approved by Testing Authorities like KEMA Labs - Holland, CESI - Italy and CPRI, India.

As of today, we are constantly improving our products and processes and above all living up to the reputation earned from our most valued customers by supplying quality products at competitive prices and timely delivery.

We grow with power generation and the country needs substantial Power, as you can see the future.

Just 30% households in the country have electricity; frequent, harsh power cuts; wide gap of 11.7% between the demand and power supply !!

To ensure 'adequate', 'quality' and 'competitively priced' power supply to the countrymen, additional 40,000 MW of power, a huge gride system and modern distribution system is required at a cost of Rs. 2,80,000 crores.

MINISTRY OF POWER, GOVERNMENT OF INDIA

ANNUAL REPORT 1997-98

MODISON

METALS LIMITED

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

BOARD OF DIRECTORS

G. L. Modi

Managing Director

S. M. Mody

Suresh Mody

P. C. Modi

R. K. Modi

R. Dasgupta

P. R. Mehta

Nominee of GIIC

A. P. Bhartia

S. K. Mishra

R. Kothari

M. P. Bajaj

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AUDITORS

M/s. M. L. BHUWANIA & CO.

480, Kalbadevi Road, Mumbai - 400 002.

BANKERS

BANK OF INDIA

REGISTERED & HEAD OFFICE

33, Nariman Bhavan,

227, Nariman Point,

Mumbai - 400 021.



DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS

	Rupees in Lakhs	
	1997-98	1996-97
Sales & Other Income	2135.34	56.84
Gross Profit Before Interest & Depreciation	320.31	0.40
Less : Interest	66.91	Nil
Depreciation	54.70	Nil
Profit Before Taxation	198.70	0.40
Less : Provision for Taxation	63.00	0.05
Profit After Taxation	135.70	0.35
Add : Taxation adjustment of previous year	6.33	Nil
Add : Addition on Amalgamation		
Profit & Loss A/c as on 01.04.97	114.29	Nil
Add : Transfer from Investment Allowance Reserve		
(Utilised)	10.21	0.55
Transfer from Capital Subsidy Reserve	10.81	Nil
Add : Balance Brought Forward from the previous year	(7.94)	(8.84)
Profit available for appropriation	269.40	(7.94)
Proposed Dividend (including Tax on distributed profits)	49.97	Nil
Transfer to General Reserve	10.00	Nil
Balance Carried Over to Balance Sheet	209.43	(7.94)

Current year figures are after giving effect of the amalgamation of erstwhile Modison Metals Limited with the Company. Hence current year's figures are not comparable with the previous year figures.

2. AMALGAMATION OF MODISON METALS LTD. WITH ANUJ COMMERCIAL LTD.

The amalgamation of Modison Metals Ltd. (MML) with your Company was accomplished on 5th June 1998. The drawn up order of the Hon'ble High Court of Bombay was filed with the Registrar of Companies, Maharashtra on 24th June 98.

The amalgamation was announced on 28th Nov. 97. The amalgamation petition for sanction of the scheme of Amalgamation of MML with the Company was filed before the Hon'ble High Court of Bombay on 17th February, 1998. The said scheme was duly approved by the Equity Shareholders of both the Companies. Pursuant to the Scheme of Amalgamation, the name of your Company, i.e. Anuj Commercial Ltd. was changed to Modison Metals Ltd. after the amalgamation.

As per order of the Hon'ble High Court of Bombay and as per Scheme of Amalgamation, Anuj Commercial Ltd. shall without any application or consideration, allot and issue three (3) fully paid up Equity Shares of Rs. 10/- each to the Shareholders of Modison Metals Ltd. for two (2) fully paid Equity Shares of Rs.10/- each. Pending allotment, 30,00,000 Equity Shares of Rs. 10/- each fully paid-up to be issued to the

Shareholders of the erstwhile Modison Metals Ltd have been shown as Share Capital Suspense in Share Capital Account in the Balance Sheet.

3. OPERATIONS :

As erstwhile Modison Metals Ltd. has amalgamated with the Company, current year's figures are not comparable with the previous year figures.

4. DIVIDEND :

Your Directors have recommended a Dividend of Rs.1.40 per Share (14%). As per the Scheme of Amalgamation, dividend has to be paid on all the Shares including those to be allotted to the share holders of erstwhile Modison Metals Ltd.

The Dividend pay-out will be Rs.45.43 lakhs. In addition to this, the Company shall also pay tax on Dividend amounting to Rs.4.54 lakhs taking the total pay-out of Rs.49.97 lakhs.

5. ADDITIONAL DIRECTORS :

Mr. S. M. Mody, Mr. P. C. Modi, Mr. R. K. Modi, Mr. R. Dasgupta and Mr. P. R. Mehta were appointed as Additional Directors of the Company at the Board Meeting of the Company held on 9th June, 1998 and hold office till the date of Annual General Meeting.

6. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earning and outgo is given in the Annexure I.

7. PARTICULARS OF EMPLOYEES :

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year.

Information in accordance with the provisions of Section : 217 (2A) of The Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in the Annexure II.

8. AUDITORS :

The Company's Auditors, M/s. M. L. Bhuwania & Co., Chartered Accountants, retiring at the conclusion of the Annual General Meeting are eligible for reappointment.

For And On Behalf of the Board of
Directors of **MODISON METALS LTD.**

PLACE : MUMBAI
DATE : 9th July, 1998

G. L. MODI
MANAGING DIRECTOR

ANNEXURE I TO DIRECTORS' REPORT
PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988
A. CONSERVATION OF ENERGY

- | | |
|--|--|
| a) Energy Conservation Measures | Strict application of batch production so that consumption on smaller batch lots is not made thereby increasing power consumption. Mainly with respect of Heat Treatment and Melting furnaces. |
| b) Additional Investments & Proposals for reduction of energy | None. |
| c) Impact of the above Measure | Since the energy consumption is comparatively marginal, the impact on cost of production is difficult to ascertain. |
| d) Total energy consumption And energy consumption per unit of production. | Not furnished as the Company is not covered in the list of specified industries. |

B. TECHNOLOGY ABSORPTION :

- | | |
|--|--------------------|
| e) Efforts made in technology absorption as per Form 'A' | Form 'A' enclosed. |
|--|--------------------|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | |
|---|--|
| f) Activities Relating to exports | The Company is contributing towards imports substitution in electrical & Switchgear Industries and making the country self reliant in this regard. |
| g) Total foreign exchange used and earned (1997-98) | Rs. in Lacs. |
| i) CIF Value of Imports | 55.17 |
| Expenditure of Foreign Currency | 32.37 |
| ii) Foreign Exchange earned | 11.55 |

FORM 'A'**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 1997-98
RESEARCH AND DEVELOPMENT**

- | | |
|--|--|
| 1. Specific areas in which R&D carried out by the Company | Development of Copper Chromium and Copper Chromium Zirconium Alloys. |
| 2. Benefits Derived | Manufacture of Contacts for High Tension Breakers. |
| 3. Future Plan of Action | R&D in Electrical Contacts as well as Auto Contacts. |
| 4. Expenditure on R & D : | |
| a) Capital | No separate record |
| b) Recurring | of the expenditure |
| c) Total | incurred on R & D |
| d) Total R&D expenditure as a percentage of Total Turnover | is maintained. |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- | | |
|---|--|
| 1. Efforts made | Absorption of Technology of SF6 contacts purchased from M/s. DODUCO GmbH, Germany. |
| 2. Benefits | Development of Local market/Import Substitute. |
| 3. Particulars of Technologies imported during the last 5 years | Not Applicable. |

ANNEXURE II TO DIRECTORS' REPORT**PARTICULARS OF EMPLOYEES OF THE COMPANY AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

	(1)	(2)
Name	Mr. G.L. Modi	Mr. B.B. Singh
Designation	Mg. Director	President-Operations
Date of Commencement of Employment	1st Sept. 1994	1st June, 1990
Gross Remuneration	Rs.6,21,198	Rs.5,37,050
Age (in Years)	57	42
Qualification	D.M.E.	B.Tech Mechanical
Experience (in years)	32	19
Particulars of Previous Employment	-	Set Telecommunication Pvt. Ltd.
Designation	-	President-Operations

NOTES :

- Mr. G.L. Modi is the brother of Mr. S.M. Mody, a Director.
- The above remuneration was given to Mr. G.L. Modi as Managing Director in erstwhile Modison Metals Ltd.



REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Modison Metals Limited as at 31st March, 1998 and the Profit and Loss account of the company for the year ended on that date, annexed there to, and report that :

1. As required by the manufacturing and other companies (Auditor's Report) order, 1988 issued by the company law board in terms of section 227 (4-a) of the Companies Act, 1956, we give in the Annexure a statement on the matter specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - a) 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.
 - b) 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 the books.
 - c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
- I. In the case of the balance sheet, of the state of affairs of the company as at 31st March, 1998.
- II. In the case of the Profit and Loss account, of the profit for the year ended on that date.

As the our report attached
For **M.L. BHUWANIA & CO.**
Chartered Accountants

Mumbai : 9th July, 1998

(J.P. Bairagra)
Partner

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Modison Metals Limited will be held at Nariman Bhavan Porch (Back Side), 227, Nariman Point, Mumbai - 400 021 on Thursday, 24th September 1998 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 1998, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint Director in place of Mr. A. P. Bhartiya who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. G. L. Modi who retires from office by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

6. To appoint Mr. S. M. Mody as a Director.
7. To appoint Mr. P. C. Modi as a Director.
8. To appoint Mr. R. K. Modi as a Director.
9. To appoint Mr. R. Dasgupta as a Director.
10. To appoint Mr. P. R. Mehta as a Director.
11. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :-

"RESOLVED THAT the existing clause 77 of the Articles of Association of the Company be and is hereby deleted and substituted by the following :

77 The remuneration of each director for his services for each meeting of the Board attended by him shall be a sum of Rs. 500/- or such higher amount within the specified maximum limit as prescribed by the Companies Act, 1956. Subject to the provisions of the sections 198, 309, 311 and schedule XIII of the Companies Act, 1956, the directors shall be paid such further remuneration (if any) at the company in General Meeting from time to time determine.

12. To consider and if thought fit, to pass with or without modifications, the following resolutions, as an ordinary Resolutions :

"RESOLVED that subject to the approval of Central Government and pursuant to the provisions of section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. G.L. Modi as Managing Director of the Company, w.e.f. 9th July, 1998 for a period of five years on the terms and conditions, including remuneration and perquisites as set out in the Agreement entered into between the Company and Mr. G. L. Modi and placed before this Meeting."

"FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such Acts, Deeds, Matters and Things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

By Order Of The Board of Directors
For **Modison Metals Ltd.**

G. L. Modi
Managing Director

Place : Mumbai
Date : 09-07-1998

Registered Office :
33 Nariman Bhavan,
227 Nariman Point, Mumbai - 400 021.