

MODISON
METALS LIMITED
ANNUAL REPORT 1999-2000

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MODISON
THE SILVER PEOPLE

ANNUAL REPORT 1999-2000

MODISON
METALS LIMITED

BOARD OF DIRECTORS

G. L. MODI - Managing Director

S.M. MODY

SURESH MODY

P. C. MODI

R. K. MODI

R. DASGUPTA

B. B. SINGH - Executive Director

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 of
MODISON METALS LIMITED

Your Directors have pleasure in submitting the **Seventeenth Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2000.

1 FINANCIAL RESULTS

	Rupees In Lakhs	
	1999-2000	1998-1999
Sales & Other Income	1749.39	1912.02
Gross Profit Before Interest & Depreciation	277.38	266.7
Less: Interest	81.33	76.8
Depreciation	77.88	68.16
Profit Before Taxation	118.17	122.01
Less: Provision for Taxation		
Including Rs. 0.13 for Wealth Tax	31.13	33.00
Profit After Taxation	87.04	89.01
Less: Taxation adjustment of previous year	3.46	4.20
Add: Transfer from Investment Allowance		
Reserve (Utilised)	5.22	2.41
Add: Balance Brought Forward from the previous year	236.23	209.43
Profit available for appropriation	325.03	296.65
Interim Dividend	38.94	Nil
Tax on Interim Dividend	4.28	Nil
Proposed Dividend	Nil	45.43
Tax on Proposed Dividend	Nil	4.99
Transfer to General Reserve	10.00	10.00
Balance Carried Over to Balance Sheet	271.81	236.23

2. OPERATIONS :

During the year under review, the Company has achieved the turnover of Rs. 1749.39 lacs as compared to Rs. 1912.02 lacs during previous year. Sales is down due to lower sales in SF6 Contacts and Traded Goods.

Year 1999-2000 has been a difficult year for the Indian Industry particularly for switchgear industry to whom the Company supplied its products. The performance of the Company this year has been a cause for concern. Margin has been under pressure due to lower demand, higher interest and Depreciation. The net profit before tax has declined to Rs. 118.17 lacs from Rs.122.01 lacs as of previous year.

The stock of Silver has been valued at First-in-First-out (FIFO) method instead of Last-in-First-out (LIFO) method hitherto followed, as in compliance of Accounting Standard -2 issued by The Institute of Chartered Accountants of India. Consequent to this, the Profit and Inventory has increased by Rs. 8.04 lacs.

3. EXPORTS :

The Exports during the year amounts to Rs. 98.98 lacs as against Rs. 21.99 lacs achieved in the previous year, an increase of 350.16%. During the year under review, the Company made attempts on consolidating the Market in Europe. The Company will continue to improve its exports performance in the current year as well.

4. SILVER FLATWARE PROJECT:

The Company has started trial production of Silver Flatware in the month of September 1999. During the year, the Company has sold goods worth of Rs. 4 lacs.

5. FIXED DEPOSITS :

The Company has not accepted any deposit from the public during the year.

6. DIVIDEND :

Your Directors have declared an Interim Dividend of Rs. 1.20 per Equity Share on 32,45,000 Equity Shares of Rs. 10 each for the Financial Year ended 31st March 2000. The interim dividend is already paid to all those Equity Shareholders whose names appear in the Register of Members as on 6th May 2000.

As no final dividend has been recommended on the Equity Shares, the interim dividend shall be fully adjusted as final dividend for the financial year ended 31st March 2000.

7. DIRECTORS :

Mr. B. B. Singh was appointed as an additional Director designated as Executive Director with effect from 01.04.2000. He holds office until the conclusion of this Annual General Meeting and is eligible for reappointment. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his appointment as a Director, subject to retirement by rotation.

Mr. P. C. Modi and Mr. R. K. Modi retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment to the Board.

8. 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.

9. 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.

10. 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 : 31.05.2000

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 adherence of reasonable batch size production so that consumption on smaller batch lots is not made thereby increasing power consumption. Mainly with respect to 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 | N. A. |
|--|-------|

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 (1999-2000) | <u>Rs. in Lacs.</u> |
| i) CIF Value of Imports | 41.11 |
| Expenditure of Foreign Currency | 1.20 |
| ii) Foreign Exchange earned | 98.98 |

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. 12,00,000	Rs. 7,51,637
Age (In Years)	59	44
Qualification	D.M.E	B.Tech Mechanical
Experience (in years)	34	21
Particulars of Previous Employment	---	Set Telecommunication Pvt. Ltd.
Designation	---	President-Operations

NOTES :

1. Mr. G. L. Modi is the brother of Mr. S. M. Mody, a Director.

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REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **Modison Metals Limited** as at **31st March, 2000** and the Profit and Loss account of the company for the year ended on that date, annexed thereto 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, the balance sheet and profit and loss account dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211, of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes thereon give the information required by the Companies Act, 1956 except as mentioned in para (d) above, 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, 2000; and
 - II. in the case of the Profit and Loss account, of the profit for the year ended on that date.

FOR M.L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATE : 31.05.2000

J. P. BAIRAGRA
PARTNER

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**Annexure to the Auditors Report, Referred to in Paragraph (1) thereof,
of even date for the year ended 31st March, 2000.**

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts, consumable tools and raw materials have been physically verified by the management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stocks of finished goods, stores, spare parts, consumable tools and raw materials as compared to book records.
6. On the basis of our examination of stock records, in our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year, except for change in valuation of Silver from Last-In-First-Out (LIFO) to First-In-First-Out (FIFO) as required by Accounting Standard - 2 issued by The Institute of Chartered Accountants of India and due to this the Profit has increased by Rs.803820/- . (Refer Note 4 of Schedule 'O', Notes to Accounts)