

MODISON
METALS LIMITED
ANNUAL REPORT 2000-2001



CERTIFIED TRUE COPY

for MODISON METALS LTD.

R. H. M. M. M.
Director

ANNUAL REPORT : 2000 - 2001

MODISON
METALS LIMITED

BOARD OF DIRECTORS:

G. L. MODI - Managing Director

S. M. MODY

SURESH MODY

P. C. MODI

RAJKUMAR MODI - Whole-time Director

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 - 400021.

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Eighteenth Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2001.

• **FINANCIAL RESULTS**

| | <u>Rupees In Lacs</u> | |
|---|-----------------------|------------------|
| | <u>2000-2001</u> | <u>1999-2000</u> |
| Sales & Other Income | 2034.83 | 1749.39 |
| Gross Profit Before Interest & Depreciation | 409.36 | 277.38 |
| Less: Interest | 70.94 | 81.33 |
| Depreciation | 92.78 | 77.88 |
| Profit Before Taxation | 245.64 | 118.17 |
| Less: Provision for Taxation Including Rs. 0.13 for Wealth Tax (previous year 0.13) | 84.13 | 31.13 |
| Profit After Taxation | 161.51 | 87.04 |
| Less: Taxation adjustment of previous year | 1.44 | 3.46 |
| Add: Transfer from Investment Allowance Reserve (Utilised) | 0.11 | 5.22 |
| Add: Balance Brought Forward from the previous year | 271.81 | 236.23 |
| Profit available for appropriation | 431.99 | 325.03 |
| Interim Dividend | Nil | 38.94 |
| Proposed Dividend | 45.43 | Nil |
| Corporate Dividend Tax | 4.63 | 4.28 |
| Transfer to General Reserve | 10.00 | 10.00 |
| Balance Carried Over to Balance Sheet | 371.93 | 271.81 |

- **DIVIDEND :**

The Board of Directors has recommended dividend of Rs. 1.40 per Equity Share of Rs. 10 for the Financial Year ended 31st March 2001.

- **OPERATIONS :**

During the year under review, the Company has achieved the turnover of Rs. 2034.83 Lacs as compared to Rs. 1749.39 Lacs during previous year. Year 2000-2001 was good for your Company. Turnover grew by 16% to Rs. 2034.83 Lacs. Profit before tax grew by 108% to Rs. 245.64 Lacs. Net Profit grew by 86% to Rs. 161.51 Lacs.

Earnings per share for year 2000-2001 increased to Rs. 4.98 from Rs. 2.68 in the previous year. Book value now stands at Rs. 22.85 per Equity Share of Rs.10/- each.

- **EXPORTS :**

The Exports during the year amounts to Rs. 159.23 Lacs as against Rs. 98.98 Lacs achieved in the previous year, an increase of 61%. During the year under review, the Company has made attempts on consolidating the Market in Europe. The Company will continue to improve its exports performance in the current year as well.

- **DEMATERIALISATION OF SHARES**

The equity shares of your Company will be traded only in the dematerialised form with effect from 01.08.2001. COMPUTECH SHARECAP LTD, Mumbai has been appointed as Electronic Share Transfer Agent. Demat Agreements have been executed with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.(CDSL).

- **DIRECTORS :**

Mr. R.K. Modi was appointed as Whole-time Director with effect from 01.04.2001.

Mr. R. Dasgupta and Mr. B. B. Singh retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment to the Board.

- **DIRECTORS' RESPONSIBILITY STATEMENT:**

As per the provisions of Section 217 (2AA) of the Companies Act 1956, the Board confirms that

1. The financial statements are in full conformity with the requirements of the Companies Act, 1956 and applicable accounting standards had been followed.

2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period.
3. 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.
4. The Directors have prepared the Annual Accounts on a going concern basis.

• **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.

• **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.

• **AUDITORS :**

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

• **FIXED DEPOSITS :**

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

• **APPRECIATION :**

Your Directors wish to place on record their appreciation for the continued support received from Employees, Shareholders, Banks, Financial Institutions, Customers and Suppliers of the Company.

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

PLACE : MUMBAI
DATE : 28-06-2001

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 decreasing 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 (2000-2001) | <u>Rs. in Lacs.</u> |
| i) CIF Value of Imports | : 121.00 |
| ii) Expenditure of Foreign Currency | 8.57 |
| iii) Foreign Exchange earned | 159.23 |

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 | 1 st Sept. 1994 | 1st June, 1990 |
| Gross Remuneration | Rs. 16,98,577 | Rs. 9,54,169 |
| Age (in Years) | 60 | 45 |
| Qualification | D.M.E | B.Tech Mechanical |
| Experience (in years) | 35 | 22 |
| 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.
2. Remuneration includes Salary, Allowances and Monetary value of perquisites evaluated as per Income Tax Rules.

MODISON METALS LIMITED**REPORT OF THE AUDITORS TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of Modison Metals Limited as at 31st March, 2001 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) On the basis of our review of the confirmation received from the Companies in which the Directors of the Company are Directors and the information and explanations given to us, none of the Directors of the Company, are prima-facie as at 31st March, 2001 disqualified from being appointed as Directors of the Company under clause (g) of Sub-section 1 of Section 274 of the Companies Act, 1956.
 - f) 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, 2001; 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**

**(J.P. BAIRAGRA)
PARTNER**

MUMBAI: Dated 28th June 2001

MODISON METALS LIMITED

Annexure to the Auditors Report, Referred to in Paragraph (1) thereof, of even date for the year ended 31st March, 2001.

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.
7. The company has taken unsecured loans from parties listed in the register maintained under Section 301 and in our opinion the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the company. In terms of Sub-Section (6) of Section 370 of the Companies Act, 1956, provision of the Section are not applicable to the company on or after the commencement of Companies (Amendment) Act, 1999.
8. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of Sub-Section (6) of Section 370 of the Companies Act, 1956 provision of the Section are not applicable to the company on or after the commencement of Companies (Amendment) Act, 1999.
9. Interest free loans and advances in the nature of loans have been given to employees who are repaying the principal amounts as stipulated.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, with regard to the purchase of stores, raw materials including tools, plant and machinery, equipment and other assets, and for the sale of goods.
11. According to the information and explanations given to us, purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials and services or the prices at which transactions for similar good have been made with other parties.
12. As explained to us no stores, raw materials and finished goods were determined as unserviceable or damaged by the company during the year.