

MODISON
METALS LIMITED
ANNUAL REPORT 2001-2002

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MODISON
THE SILVER PEOPLE

ANNUAL REPORT: 2001-2002

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

SHRAVAN SHARMA

SATISH MODY

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.

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of Modison Metals Limited will be held at Nariman Bhavan Porch (Back Side), 227, Nariman Point, Mumbai - 400021 on Tuesday, 24th September 2002 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002, 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. G. L. Modi who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Suresh Mody 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. Shravan Sharma as a Director of the company.
7. To appoint Mr. Satish Mody as a Director of the company.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956, and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force and in partial modification of the Ordinary / Special Resolutions previously passed at general meetings, from time to time, of the Company, the Company hereby approves salary, perquisites, allowances payable to Mr. Rajkumar Modi, Whole-time Director with effect from 1st April 2002 for the remainder of the tenure of his terms as set out in the Agreement entered into between the Company and Mr. Rajkumar Modi, a copy whereof is placed before this meeting, which Agreement is hereby specifically approved, with absolute discretion to the Board of Directors (hereinafter referred to as the 'Board') to alter and vary the terms and conditions in the said Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Rajkumar Modi."

RESOLVED FURTHER THAT where in any financial year closing after 31st March 2002, the Company has no profits or its profits are inadequate, the Company do pay Mr. Rajkumar Modi, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provisions of sections 198, 309 and 310 read with Schedule XIII to the Companies Act, 1956, and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force and in partial modification of the Ordinary / Special Resolutions previously passed at general meetings, from time to time, of the Company, the Company hereby approves salary, perquisites, allowances and commission payable to Mr. G. L. Modi, Managing Director as per Schedule XIII to the Companies Act, 1956, with effect from 1st April 2002 for the remainder of the tenure of his term as set out in the Agreement entered into between the Company and Mr. G. L. Modi, a copy whereof is placed before this meeting, which Agreement is hereby specifically approved, with absolute discretion to the Board of Directors (hereinafter referred to as the 'Board') to alter and vary the terms and conditions in the said Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. G. L. Modi."

RESOLVED FURTHER THAT where in any financial year closing after 31st March 2002, the Company has no profits or its profits are inadequate, the Company do pay Mr. G. L. Modi, remuneration by way of salary, perquisites, allowances and commission not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order Of The Board of Directors
For **MODISON METALS LTD.,**

Place : **MUMBAI**
Date : **29-JUNE-2002**

G. L. MODI
Managing Director

Registered Office:
33 Nariman Bhavan
227 Nariman Point
MUMBAI – 400 021.

NOTES

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member.
- b) The register of members and transfer books of the company will be closed from 17.09.2002 to 24.09.2002 (Both days inclusive).
- c) All documents referred to in the accompanying notice are open for inspection at the Registered office of the company on all working days except Saturdays, between 11.00 a.m. & 1.00 p.m upto the date of the Annual General Meeting.
- d) Members/Proxies should bring the attendance slip, duly filled in for attending the meeting.

EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE**Item No. 6**

Mr. Shravan Sharma was appointed as an additional Director of the Company with effect from 29th January 2002 pursuant to the provisions of the Companies Act, 1956. Mr. Shravan Sharma will hold office of the Director up to the date of ensuring Annual General Meeting. The company has received a notice in writing from a member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along with the requisite fees of Rs. 500/-.

None of the directors of the company other than Mr. Shravan Sharma is interested in the resolution.

Item No. 7

Mr. Satish Mody was appointed as an additional Director of the Company with effect from 29th January 2002 pursuant to the provisions of the Companies Act, 1956. Mr. Satish Mody will hold office of the Director up to the date of ensuring Annual General Meeting. The company has received a notice in writing from a member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956, along with the requisite fees of Rs. 500/-.

None of the directors of the company other than Mr. Satish Mody is interested in the resolution.

Item No. 8

The Board of Directors at its Meeting held on 8th March 2002 has resolved to revise the remuneration of Mr. Rajkumar Modi, whole-time Director of the Company as per Agreement entered between the Company and Mr. Rajkumar Modi with effect from 1st April 2002 for the remainder of the tenure up to 31st March 2006 as under:-

a) Salary:

- (i) Basic Salary : Rs. 50,000 per month in the scale of Rs. 50000 - 80000 per month with such increase within the scale as the Board may sanction from time to time.
- (ii) Perquisites will be paid in addition to salary.

b) Perquisites are classified as follows:**CATEGORY 'A':**

- (i) Medical Reimbursement : Rs. 50,000 per annum towards medical expenses incurred for appointee and the family.
- (ii) Leave Travel Concession: Rs. 50,000 per annum for the appointee and his family once in a year incurred in accordance with rules specified by the Company.
- (iii) Reimbursement of Driver Salary : Rs. 4,200 per month with such increment as may be decided from time to time, for provision of car used for company's business.
- (iv) Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance : Personal Accident insurance of an amount, annual premium of which does not exceed Rs. 4,000 per annum.

CATEGORY 'B':

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.

Gratuity payable should not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C':

The provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and the use of the car for private purposes shall be billed by the Company to the individual appointee concerned.

That total remuneration payable to him will not exceed limit prescribed in section II, part II of the Schedule XIII of The Companies Act, 1956.

In case of no profits or inadequate profits, he shall be paid the above remuneration as minimum remuneration.

Your Directors commend the resolution for your approval.

Mr. Rajkumar Modi is deemed to be concerned or interested in the Resolution as it pertains to his appointment and remuneration payable to him.

Item No. 9

The Board of Directors at its Meeting held on 29th June 2002 has resolved to revise the remuneration of Mr. G. L. Modi, Managing Director of the Company as per Agreement entered between the Company and Mr. G. L. Modi with effect from 1st April 2002 for the remainder of the tenure up to 8th July 2003 as under:-

1. Basic Salary: Rs. 1,25,000 per month.
2. House Rent Allowance: Rs. 1,00,000 per month.
3. Perquisites will be paid in addition to salary. It shall be restricted to an amount equal to 20% of annual basic salary. Perquisites are classified into three categories, A, B and C as follows:-

CATEGORY 'A':

- i) The Company will reimburse leave travel expenses in India for self and family (which shall include spouse and dependent children) subject to a ceiling of one month's basic salary per annum.
- ii) Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any) for self and family, subject to ceiling of one month's basic salary per annum.
- iii) Reimbursement of Driver's salary for provision of use of car for Company business.
- iv) Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

CATEGORY 'B':

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.
- ii) Gratuity payable should not exceed half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C':

- i) The provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the individual appointee concerned.
4. The total remuneration payable to him will not exceed limit prescribed in section II, part II of the Schedule XIII to the Companies Act, 1956.
5. In case of no profit or inadequate profits, he shall be paid the above remuneration as minimum remuneration.

I. General information:

- | | |
|---|-----------------------------|
| 1) Nature of Industry | Electrical Contact Industry |
| 2) Date or expected date of commencement of commercial production | 1985 |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable |

- | | | | |
|---|-----------------------------------|---------------------|---------------------|
| | | <u>F.Y. 2001-02</u> | <u>F.Y. 2000-01</u> |
| | | Rs. In Lakhs | |
| 4) Financial performance based on given indicators | Sales & Other | 2118.71 | 1782.86 |
| | Income: | | |
| | Net Profit before tax: | 310.30 | 245.64 |
| 5) Export performance and net foreign exchange collaborations | Export (F.O.B) | 352.77 | 159.23 |
| | No Foreign Exchange Collaboration | | |
| 6) Foreign investments or collaborators if any. | Not applicable | | |

II. Information about the appointee:

- | | |
|------------------------------------|---|
| 1) Background details | In 1965, after passing Electrical Engineering, Mr. G. L. Modi started the career as an importer and exporter of engineering goods. In 1974, started export of silver to U.S.A., Japan and European countries and became the largest exporter of silver from India. In 1975, set up a factory in Mumbai to refine silver to 99.9% purity which in 1978 was expanded to manufacture industrial products of silver for electrical, electronic and switchgear industries. |
| 2) Past remuneration | Following remuneration is being paid to him by the company till date:
Basic Salary Rs.1,00,000 p.m.
Perquisites Restricted to 25% of annual salary |
| 3) Recognition or Awards | MODISON Silver bars are recognised as 'Good Delivery Bar' by the Reserve Bank of India and India Government Mint. Our contacts have been tested and successfully type approved by various agencies like : CESI-Italy, KEMA Laboratories-Holland and CPRI-Bangalore-India. |
| 4) Job profile and his suitability | The Managing Director shall exercise and perform such power and duties as the Board of Directors of the Company shall from time to time determine, and subject to any directions and restrictions from time to time given and |

imposed by the Board, the Managing Director shall have the general control, Management and superintendence of the business of the Company in the ordinary course of business and to do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper or in the interest of the Company.

The Managing Director with his thorough technical knowledge and experience is suitable to manage the company.

5) Remuneration proposed

Basic salary	Rs. 125,000 per month
H. R. A.	Rs. 100,000 per month
Perquisites	Restricted to 20% of annual basic salary

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

It is a specialized hi-tech company manufacturing 100% import substitute and exporting to developed countries. To the best of the knowledge of the company, no such / similar companies of comparative size exists in India. Thus it is not possible to provide comparative remuneration profile in this regard.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any.

Chief Promoter of the company appointed as Managing Director of the company w.e.f. 01.09.1994

Mr. G. L. MODI is the brother of Mr. S. M. Mody, a Director of the Company

III. Other information:

1) Reason of loss or inadequate profit

The inadequacy of profit was mainly due to economic recession and particularly because the exports were less than expected.

2) Steps taken or proposed to be taken for improvement

The company has already gone into major expansion of existing project and has also applied for R&D recognition.

3) Expected increase in production and profits in measurable terms

The Net Sales & Other Income and Net Profit Before Tax is expected to increase from Rs. 2118.71 Lakhs and Rs. 310.30 Lakhs in F.Y. 2001-2002 to Rs. 3193 Lakhs and Rs. 539.26 Lakhs respectively in F. Y. 2003-2004.

By Order Of The Board of Directors
For MODISON METALS LTD.,

Place : MUMBAI
Date : 29-JUNE-2002

G. L. MODI
Managing Director

**MODISON
METALS LIMITED****MODISON METALS LIMITED**

Regd. Office : 33 Nariman Bhavan, 227 Nariman Point, MUMBAI - 400 021

ATTENDANCE SLIP

Regd. Folio No:

I hereby record my presence at the **Nineteenth ANNUAL GENERAL MEETING** of the Company at 'Nariman Bhavan Porch' (Back side), 227 Nariman Point, Mumbai - 400 021 at 11.00 A.M. on Tuesday, 24th September, 2002.

(Signature of the Attending Member / Proxy)

Notes:

- 1 Member / Proxyholder desiring to attend the Meeting must bring Attendance Slip to this Meeting and hand it over at the entrance duly signed.
- 2 Member / proxyholder desiring to attend the Meeting, should bring his copy of the Annual Report for reference at the Meeting.

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MODISON METALS LIMITED

Regd. Office : 33 Nariman Bhavan, 227 Nariman Point, MUMBAI - 400 021

PROXY FORM

I / We _____ of _____ in the district _____ being a Member / Members of the abovenamed Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 24th September 2002 and at any adjournment thereof.

Signed this day of 2002.

Reference Folio No. _____

Signature _____

No. of Shares held _____

Affix Re. 1.00
Revenue
Stamp

NOTE : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid Meeting.

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Nineteenth Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	Rupees In Lacs	
	<u>2001-2002</u>	<u>2000-2001</u>
Sales & Other Income	2118.71	1782.86
Gross Profit Before Interest & Depreciation	491.62	409.36
Less: Interest	79.85	70.94
Depreciation	101.41	92.78
Loss on sale of Investments	0.06	Nil
Profit Before Taxation	310.30	245.64
Less: Provision for Taxation		
Including Rs. 0.33 for Wealth Tax	Current Tax 90.33	84.13
(previous year 0.13)	Deferred Tax 9.94	Nil
Profit After Taxation	210.03	161.51
Less: Taxation adjustment of previous year	0.56	1.44
Add: Transfer from Investment Allowance Reserve (Utilised)	Nil	0.11
Add: Balance Brought Forward from the previous year	371.93	271.81
Less: Transferred to Deferred Tax Liability (Net)	125.78	Nil
Profit available for appropriation	455.62	431.99
Proposed Dividend	48.68	45.43
Corporate Dividend Tax	Nil	4.63
Transfer to General Reserve	11.00	10.00
Balance Carried Over to Balance Sheet	395.94	371.93