

MODISON

METALS LIMITED

ANNUAL REPORT : 2004-2005

MODISON
THE SILVER PEOPLE

MODISON
METALS LIMITED

ANNUAL REPORT: 2004-2005

BOARD OF DIRECTORS:

RANJAN DASGUPTA – Chairman

G. L. MODI - Managing Director

S. M. MODY

SURESH MODY

PRAKASH MODI

RAJKUMAR MODI - Whole-time Director

SHRAVAN SHARMA

SATISH MODY

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AUDITORS:

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

Dahanukar Building, 5th Floor

480, Kalbadevi Road, Mumbai - 400002

BANKERS:

BANK OF INDIA

REGISTERED & HEAD OFFICE:

33 Nariman Bhavan

227 Nariman Point

MUMBAI – 400021

MODISON METALS LIMITED

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

ADDENDUM TO THE NOTICE CONVENING THE 22ND ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY.

Change of Venue and Timing of the 22nd Annual General Meeting

The Twenty-second Annual General Meeting of Modison Metals Limited was scheduled to be held on Tuesday, the 27th day of September, 2005 at 11.00 A.M. (S.T) at Nariman Bhavan, 3rd floor, 227-Nariman Point, Mumbai – 400021 which has been mentioned in the Notice convening the said meeting.

However, the Directors have thought it fit, for the convenience of the members of the Company, to hold the Twenty Second Annual General Meeting of the Members of Modison Metals Limited on *Tuesday, the 27th day of September, 2005 at 11.30 A.M (S.T) at Radio Room, The Bombay Presidency Radio Club Ltd., 157, Arthur Bunder Road, Colaba, Mumbai – 400005.*

This notice may please be read accordingly with this correction and change in the venue and timing of the said meeting. Rest contents of the Notice convening the Meeting remain unchanged.

By Order of the Board
For **MODISON METALS LTD.,**

MUMBAI, 27th August, 2005

G. L. MODI
Managing Director

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

MODISON METALS LIMITED

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

NOTICE

Notice is hereby given that the **Twenty-second Annual General Meeting** of Modison Metals Limited will be held at Nariman Bhavan, 3rd floor, 227-Nariman Point, Mumbai – 400021 on Tuesday, 27th September 2005 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:**Adoption of Directors' Report and Accounts**

1. To receive and adopt the audited Balance Sheet as at 31st March 2005, Profit and Loss Account for the year ended on that date with the reports of the Board of Directors and Auditors thereon.

Confirmation of Interim Dividend

2. To note and confirm the Interim Dividend of Rs.1/- per share.

Declaration of Final Dividend

3. To declare a final dividend.

Reappointment of Directors retiring by Rotation

4. To appoint Director in place of Mr. S. M. Mody who retires from office by rotation and being eligible offers himself for reappointment.
5. To appoint Director in place of Mr. Shravan Sharma who retires from office by rotation and being eligible offers himself for reappointment.
6. To appoint Director in place of Mr. Satish Mody who retires from office by rotation and being eligible offers himself for reappointment.

Appointment of Auditors

7. To appoint M. L. Bhuwania & Co., Chartered Accountants, as statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:**Revision of Terms of Wholetime Director**

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **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, and allowances payable to Mr. Rajkumar Modi, Wholetime Director of the Company with effect from 1st October, 2004 for the remainder of the tenure of his terms as set out in the Agreement entered by the Company with Mr. Rajkumar Modi.

RESOLVED FURTHER THAT where in any financial year closing after 31st March 2004, 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.”

By Order of the Board
For **MODISON METALS LTD.**,

MUMBAI, 30th June, 2005

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 of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
- b) An Explanatory statement pursuant to Section 173(2) of The Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- c) Members / proxies should fill the Attendance Slip for attending the meeting.
- d) The register of members and transfer books of the company will be closed from 20th September 2005 to 27th September 2005 (Both days.inclusive).
- e) The final dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 27th September 2005. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the Depositories for this purpose as on 27th September 2005. The dividend will be paid on and from 3rd October 2005.
- f) **Reappointment of Directors:** At the ensuing Annual General Meeting, Mr. S. M. Mody, Mr. Shravan Sharma and Mr. Satish Mody retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, is furnished in the statement on the Corporate Governance published in this Annual Report.

EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956
FORMING PART OF THE NOTICE

Item No. 8

In view of the considerable improvement in the company's business operations and financial position by virtue of Mr. Rajkumar Modi's commendable efforts, the modification as contained in Resolution No. 8 is proposed to be made in his remuneration package. The modification has also been approved by the Remuneration Committee and the Board of Directors of the company.

The Board of Directors at its Meeting held on 29th October 2004 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 October 2004 for the remainder of the tenure up to 31st March 2006 as under:-

a) **Salary:**

- (i) Basic Salary : Rs. 100,000 per month in the scale of Rs.100,000 ~ Rs.200,000 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, and will be subject to a limit of 25% of annual salary.

b) **Perquisites are classified as follows:**

CATEGORY 'A' :

- (i) Medical Reimbursement: Rs. 100,000 per annum towards medical expenses incurred for appointee and the family.
- (ii) Leave Travel Concession: Rs. 100,000 per annum for the appointee and his family once in a year incurred in accordance with any rule specified by the Company.
- (iii) Reimbursement of Driver Salary: Rs. 5,000 per month with Bonus and other perquisites as may be mutually decided 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.

All other terms and conditions of the Agreement dated 29th January 2001 and 8th March 2002 as referred remain the same.

The Agreement between the Company and the Wholetime Director is available for inspection by the Members at the Company's Registered Office between 10.00 a.m. and 12.00 noon on any working day up to the date of Annual General Meeting.

The abstract u/s 302 of the Companies Act, 1956 has already been sent to the Members of the Company.

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.

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

G. L. MODI
Managing Director

MUMBAI, 30th June, 2005

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Twenty Second Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2005.

• **FINANCIAL RESULTS**

| | <u>Rupees In Lacs</u> | |
|---|-----------------------|------------------|
| | <u>2004-2005</u> | <u>2003-2004</u> |
| Sales & Other Income | 3762.04 | 3059.85 |
| Gross Profit Before Finance Expenses & Depreciation / Amortisation | 960.69 | 763.18 |
| Less: Finance Expenses | 128.17 | 153.48 |
| Depreciation / Amortisation | 153.58 | 149.98 |
| Profit Before Taxation | 678.94 | 459.72 |
| Less: <u>Provision for Taxation:</u> | | |
| Current Tax (Including Rs. 0.21 Lacs for Wealth Tax - Previous year Rs.0.26 Lacs) | 202.21 | 59.50 |
| Deferred Tax | 33.88 | 90.34 |
| Profit After Taxation | 442.85 | 309.88 |
| Add: Taxation adjustment of previous year | 0.42 | 0.07 |
| Add: Balance Brought Forward from the previous year | 858.27 | 618.83 |
| Profit available for appropriation | 1301.54 | 928.78 |
| Interim Dividend | 32.45 | - |
| Final Dividend | 32.45 | 48.68 |
| Corporate Dividend Tax (Current Year's figures include Rs.0.13 for earlier years) | 8.92 | 6.23 |
| Transfer to General Reserve | 33.30 | 15.60 |
| Balance Carried Over to Balance Sheet | 1194.42 | 858.27 |

- **DIVIDEND :**

The Board of Directors at its meeting held on 20.12.2004 declared an interim Dividend of Rs.1/- per equity Share (10 percent) aggregating to a total dividend payout of Rs.32.45 Lacs; the Record Date for this purpose was 7th January 2005 and the interim dividend was paid on 15.01.2005.

The Board of Directors recommends a Final Dividend of Rs.1/- per Equity Share (10 per cent) for the year under review. Thus the total Dividend for the year amounts to Rs.2/- per equity Share (20 per cent)

- **OPERATIONS :**

During the year under review, the Company has achieved the turnover of Rs. 3762.04 Lacs as compared to Rs. 3059.85 Lacs during previous year. Year 2004-2005 was good for your Company. Turnover grew by 22.95%, i.e. by Rs. 702.19 Lacs. Profit before tax grew by 47.69%, i.e. by Rs. 219.22 Lacs. Net Profit after taxation grew by 42.91% i.e. by Rs. 132.97 Lacs.

Earnings per share for the year 2004-2005 increased to Rs. 13.65 from Rs. 9.55 in the previous year. Book value now stands at Rs. 50.52 per Equity Share of Rs.10/- each.

- **EXPORTS :**

The Exports during the year amounts to Rs. 678.19 Lacs as against Rs. 549.71 Lacs achieved in the previous year, an increase of 23.37%. 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.

- **RESEARCH AND DEVELOPMENT :**

A state-of-Art recognized R & D Division set up by the Company in Financial Year 2002-03 got renewal in April 2005 from Department of Science & Technology Industrial Research, New Delhi. The R & D Division is working for development of new product as well as improvement in existing products.

- **DIRECTORS:**

Mr. S. M. Mody, Mr. Shravan Sharma and Mr. Satish Mody 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 of the Company for the year ended on that date.
3. 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.
4. The Directors have prepared the Annual Accounts on a going concern basis.

- **CORPORATE GOVERNANCE:**

Certificate of the Auditors of your Company regarding Compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange is enclosed.

Your Company has been practising the principles of good Corporate Governance over the years.

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.