

MODISON
METALS LIMITED

ANNUAL REPORT: 2009-2010

ANNUAL REPORT: 2009-10



BOARD OF DIRECTORS:

RANJAN DASGUPTA – Chairman

G. L. MODI - Managing Director

S. M. MODY

SURESH MODY

RAJKUMAR MODI - Wholetime Director

SHRAVAN SHARMA

SATISH MODY

R. A. GOENKA

ANIL LOHIA

B.B. SINGH – Wholetime Director w.e.f. 29.05.2010

AUDITORS:

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

Dahanukar Building, 5th Floor

480, Kalbadevi Road, Mumbai – 400002

BANKERS:

BANK OF INDIA

CITIBANK N.A.

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

NOTICE

Notice is hereby given that the **Twenty-Seventh Annual General Meeting** of Modison Metals Limited will be held at **Radio Room, The Bombay Presidency Radio Club Ltd., 157, Arthur Bunder Road, Colaba, Mumbai – 400005** on **Tuesday, 27th July, 2010 at 11.30 A.M.**, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date with the reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
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 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.

SPECIAL BUSINESS

6. To appoint Mr. B.B. Singh as a Director liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. B.B. Singh, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

7. To appoint Mr. B.B. Singh as a Wholetime Director designated as Technical Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED FURTHER THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. B.B. Singh as a Wholetime Director designated as Technical Director of the Company, for a period of 5 (five) years with effect from 29th May 2010 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and/ or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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

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

Sd/-
G. L. MODI
Managing Director

MUMBAI, 29th May, 2010

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 July 2010 to 27th July 2010 (Both days inclusive).
- e) The dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 27th July 2010. 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 July 2010. The dividend will be paid by 26th August 2010 to the Shareholders.
- f) Members are hereby informed that Dividend which remains unclaimed /un-encashed over a period of 7 years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956, by the Company to “The Investor Education & Protection Fund”, constituted by the Central Government under Section 205C of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government:-

Date of declaration of Dividend	Dividend for the year	Due date of transfer to the Government
20.12.2004	2004-2005 (Interim Dividend)	19.12.2011
27.09.2005	2004-2005 (Final Dividend)	26.09.2012
26.09.2006	2005-2006	25.09.2013
25.09.2007	2006-2007	24.09.2014
26.08.2008	2007-2008	25.08.2015
25.08.2009	2008-2009	24.08.2016

It may please be noted that once the unclaimed /un-encashed dividend is transferred to “The Investor Education & Protection Fund”, as above, no claim shall lie in respect of such amount by the shareholder.

- g) The Company is listed at:
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

The listing fees have been paid in time.

- h) As per the requirements of clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors / re-appointment of the retiring Directors, a statement containing details of the concerned Directors is given below:

i)	Name of the Director	Mr. G.L. Modi	Mr. Suresh Mody	Mr. B.B. Singh
ii)	Date of birth	04.06.1941	23.10.1944	08.02.1956
iii)	Date of Appointment	01.01.1997	01.01.1997	29.05.2010
iv)	Qualification	Diploma in Mechanical Engineering	B.Com., LL.B.	B. Tech Mechanical
v)	Expertise in specific functional area	44 years of experience in Engineering Industry.	43 years experience in Finance and Taxation.	31 years of experience in Engineering Industry.
vi)	List of other public limited companies (in India) in which outside directorship held	NIL	NIL	NIL
vii)	Member of the committee/s of Board of Directors of other companies in which he is a Director	NIL	NIL	NIL

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

Item Nos. 6 & 7

The Board of Directors of the Company (the 'Board') at its Meeting held on 29th May, 2010 appointed Mr. B.B. Singh as additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 81 of the Articles of Association of the Company.

In terms of the provisions of Section 260 of the Act, Mr. B.B. Singh would hold office upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Mr. B.B. Singh for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. B.B. Singh is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Mr. B.B. Singh, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003, confirming his eligibility for such appointment.

Further, the Board appointed, subject to the approval of Members, Mr. B.B. Singh as Wholetime Director, designated as Technical Director of the Company, for a period of five years with effect from 29th May 2010.

It is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. B.B. Singh, as Wholetime Director, designated as Technical Director, in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment and remuneration payable to Mr. B.B. Singh is as under:

(A) Salary:

- (i) Basic Salary: Rs. 53,000/- per month in the scale of Rs. 50,000/- ~ Rs. 90,000/- per month.
- (ii) Adhoc Allowance: Rs. 49,667/- per month

(B) Bonus/ Performance Incentive – As per Bonus Act and Rules of the Company.

(C) Perquisites, allowances and benefits will be paid in addition to salary and are classified as under:

- (i) Housing: Furnished / Unfurnished Residential Accommodation or House Rent Allowance @ Rs. 14,000/- per month
- (ii) Medical Reimbursement: Rs. 50,000/- per annum towards medical expenses incurred for appointee and the family.

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- (iii) Leave Travel Concession: Rs. 50,000/- per annum for the appointee and his family once in a year incurred in accordance with the rules specified by the Company.
 - (iv) Personal Accident Insurance: Personal Accident insurance of an amount, annual premium of which does not exceed Rs. 4,000/- per annum.
 - (v) Medical Insurance: Premium paid on Health Insurance Policy whether in India or abroad for self and family as per rules of the Company.

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 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.

The Board of Directors (which term shall be deemed to include any committee of the Board constituted to exercise its powers) can alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

The total remuneration payable to him will not exceed limit prescribed under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

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

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.

Mr. B.B. Singh is interested in the Resolution as it pertains to his appointment and remuneration payable to him.

The Board commends the Resolution for your approval.

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

Sd/-

G. L. MODI
Managing Director

MUMBAI, 29th May, 2010

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Twenty-Seventh Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2010.

• **FINANCIAL RESULTS**

	<u>Rupees In Lakh</u>	
	<u>2009-10</u>	<u>2008-09</u>
Sales & Other Income	9740.38	7820.04
Gross Profit Before Finance Expenses & Depreciation / Amortisation	2272.24	1668.07
Less: Finance Expenses	102.55	170.47
Depreciation / Amortisation	396.89	351.00
Profit Before Taxation	1772.80	1146.60
Less: <u>Provision for Taxation:</u>		
Current Tax (Including Rs. 0.15 Lakh for Wealth Tax - Previous year Rs.0.42 Lakh)	541.15	320.42
Deferred Tax	51.25	78.90
Fringe Benefit Tax	-	4.27
Profit After Taxation	1180.40	743.01
Add: Taxation adjustment of previous year	0.40	(1.43)
Add: Balance Brought Forward from the previous year	4183.87	3668.31
Profit available for appropriation	5364.67	4409.89
Proposed Dividend	243.38	129.80
Corporate Dividend Tax	40.42	22.06
Transfer to General Reserve	120.00	74.16
Balance Carried Over to Balance Sheet	4960.87	4183.87

- **DIVIDEND :**

The Board of Directors has recommended a Dividend of **Re.0.75** (75 per cent) per Equity Share of Re.1/- each for the Financial Year ended 31st March 2010.

- **OPERATIONS :**

During the year under review, the Company has achieved the **turnover of Rs. 9,740.38 Lakh** as compared to Rs. **7,820.04 Lakh** during previous year. After facing slowdown, F.Y. 2009-10 was extremely good for your Company. Turnover grew by 24.56% i.e. by Rs.1,920.34 Lakh, Profit before tax grew by 54.61% i.e. by Rs.626.20 Lakh & Net Profit after taxation grew by 58.87% i.e. by Rs.437.39 Lakh.

Earnings per share for the year 2009-10 increased to Rs. 3.64 from Rs. 2.29 in the previous year. Book value now stands at Rs. 18.79 per Equity Share of Re.1/- each.

- **EXPORTS :**

The Exports during the year amounts to Rs.**1,173.33 Lakh** as against Rs. 1,194.41 Lakh achieved in the previous year. The Company is focusing to improve its exports performance.

- **RESEARCH AND DEVELOPMENT :**

A state-of-the-Art recognized R & D Division set up by the Company in Financial Year 2002-03 got renewal in June 2008 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. B.B. Singh was appointed as additional director with effect from 29th May 2010. He was also appointed as Wholetime Director, designated as Technical Director for five years. In terms of Section 260 of the Companies Act, 1956 he shall hold the office only upto the date of ensuing Annual General Meeting. The Company has received requisite Notice in writing from a member proposing his candidature for the office of Director liable to retire by rotation.

Mr. G.L. Modi and Mr. Suresh 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.

- **COMPLIANCE CERTIFICATE:**

A copy of Compliance Certificate as required by section 383A(1) of the Companies Act, 1956 forming part of this report is attached here with. The Compliance Certificate is self explanatory.

- **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.

Your Company has complied with the requirement of the revised clause 49 of the Listing Agreement.

- **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 :**

M/s. M. L. Bhuwania & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment as per the Certificate given by the Auditors under the provisions of Section 224 (1B) of The Companies Act, 1956.

- **FIXED DEPOSITS :**

The Company has not accepted 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, Customers and Suppliers of the Company.

For And On Behalf Of The Board

Mumbai, 29th May, 2010

Sd/-
G. L. MODI
Managing Director