

MODISON
METALS LIMITED

ANNUAL REPORT: 2010-2011

ANNUAL REPORT: 2010-11



BOARD OF DIRECTORS:

RANJAN DASGUPTA – Chairman

G. L. MODI - Managing Director

S. M. MODY – Resigned w.e.f. 06.10.2010

SURESH MODY

RAJKUMAR MODI - Wholetime Director

SHRAVAN SHARMA

SATISH MODY

R. A. GOENKA

ANIL LOHIA

B.B. SINGH

AUDITORS:

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

F-11, 3rd Floor, Manek Mahal

90, Veer Nariman Road

Churchgate

Mumbai – 400 020.

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-Eighth 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 **26th July 2011 at 11.30 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 2011, 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 Dividend on Equity Shares.
3. To appoint Director in place of Mr. R.A. Goenka who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Anil Lohia 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 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

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

RE-APPOINTMENT AND REMUNERATION OF MR. RAJKUMAR MODI, WHOLETIME DIRECTOR OF THE COMPANY:

“RESOLVED THAT in accordance with the provisions of sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajkumar Modi as a Whole-time Director for a further period of 3 (three) years with effect from 1st April 2011 on the terms and conditions including remuneration as are set out in the Agreement entered into between the Company and Mr. Rajkumar Modi, approved by the Remuneration Committee / Board at its meeting held on 11th February 2011 as set out in the explanatory statement annexed hereto.

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

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

“RESOLVED THAT in modification of the resolution passed at the Extraordinary General Meeting of the Shareholders of the Company held on 17th March 1998, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company’s Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves that it is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs. 100 Crores (Rupees Hundred Crores only)’.

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

“RESOLVED THAT pursuant Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/ Financial Institutions and other investing agencies to secure Rupee/ foreign currency Loans and Working capital facilities availed or proposed to be availed by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of Rs. 100 Crores.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required to give effect to the above resolution.”

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

Sd/-
G. L. MODI
Managing Director

MUMBAI, 30th May, 2011

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 and vote instead of himself and the Proxy need not be a member. The Proxies should, however be deposited at the Registered Office of the Company not later than 48 Hours before the 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 19th July 2011 to 26th July 2011 (Both days inclusive).
- e) The dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 26th July 2011. 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 26th July 2011. The dividend will be paid by 25th August 2011 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
27.07.2010	2009-2010	26.07.2017

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. Rajkumar Modi	Mr. R.A. Goenka	Mr. Anil Lohia	Mr. Shravan Sharma
ii)	Date of birth	08.03.1965	15.07.1942	07.04.1956	13.07.1957
iii)	Date of Appointment	09.06.1998	28.04.2008	28.04.2008	29.01.2002
iv)	Qualification	B.Com., MBA	B.A.	B.com, LL.B (G), F.C.A	Chartered Accountant
v)	Expertise in specific functional area	He has a sharp business acumen, stronghold in export market and excellent administrative capabilities.	In Chemical Industries & Overseas Business	Audit, Accounts & Finance	Practised as Chartered Accountant from Nov. 1982 to Oct. 1992. Stock Broker from March 1995 to June 2002. Practising as a C.A. from July 2002 onwards.
vi)	List of other public limited companies (in India) in which outside directorship held	None	Sanjana Cryogenic Storages Ltd.	Maharashtra Aldehydes & Chemicals Ltd.	None
vii)	Member of the committee/s of Board of Directors of other companies in which he is a Director	None	None	None	None

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

Item No. 7

The Board of Directors at its Meeting held on 11.02.2011 had approved the remuneration as well as other terms and conditions related to re-appointment of Mr. Rajkumar Modi as the company's Wholetime Director for a period of three years with effect from 1st April 2011 to 31st March 2014, subject to the approval of the company in its General Meeting. The remuneration as well as the other terms and conditions related to the re-appointment of Mr. Rajkumar Modi were approved by the Remuneration Committee of the Board at its meeting held on 11.02.2011.

The material provision of the Agreement as regards Mr. Rajkumar Modi's re-appointment as Wholetime Director, referred to in Resolution No. 7 are as under:-

REMUNERATION:

(A) Salary:

- (i) Basic Salary: Rs. 2,00,000 per month in the scale of Rs.2,00,000 ~ Rs.2,50,000 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.

Perquisites are classified as follows:

- (i) Medical Reimbursement: Rs. 1,00,000 per annum towards medical expenses incurred for appointee and the family.
- (ii) Leave Travel Concession: Rs. 1,00,000 per annum for the appointee and his family once in a year incurred in accordance with the rules specified by the Company.
- (iii) Re-imbursement of Driver Salary: Upto Rs. 10,000/- 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. 10,000 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.

The remuneration shall be paid in accordance with the provisions of Part II of the Schedule XIII of The Companies Act, 1956.

The Agreement between the Company and 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.

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. 8

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company cannot borrow money (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders of the General Meeting.

The Shareholders of the Company at the Extraordinary General Meeting held on 17th March, 1998 authorised the Board of Directors to borrow upto Rs. 25 Crores. As the business of the Company has grown since then, the Debts may exceed the Paid up Capital and Free Reserves of the Company and further the company may avail further loans from the Banks/ Financial Institutions or any other Lenders for business purposes, hence, it is considered necessary to enhance the said borrowing limits of the Board of Directors to Rs.100 Crores.

The Resolution set out at Item No.8 of the notice is put forth for consideration of the members as a Special resolution pursuant to Section 293(1)(d) of the Companies Act, 1956, authorising the Board of Directors to borrow upto a sum of Rs. 100 Crores.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

Item No. 9

As per the provisions of Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of a Public Company can not sell, Lease or otherwise dispose of the whole, or substantially the whole, of any such undertaking without the consent of the shareholders in the General Meeting.

The Shareholders of the Company at the Extraordinary General Meeting held on 17th March, 1998 authorised the Board of Directors to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may seem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/ Financial Institutions and other investing agencies to secure Rupee/ foreign currency Loans and Working capital facilities availed or proposed to be availed by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of Rs. 100 Crores.

As the mortgage/ Charge/ Hypothecation by the Company on its Assets as aforesaid in favour of the Banks and Financial institutions may be regarded as disposal of the Company's properties undertaking in certain events of default, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of said charge/ mortgage/ Hypothecation.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

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

Sd/-
G. L. MODI
Managing Director

MUMBAI, 30th May, 2011

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Twenty-Eighth Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2011.

- **FINANCIAL RESULTS**

	<u>Rupees In Lakh</u>	
	<u>2010-11</u>	<u>2009-2010</u>
Sales & Other Income	12,721.96	9,740.38
Gross Profit Before Finance Expenses & Depreciation / Amortisation	2,944.68	2,272.24
Less: Finance Expenses	105.92	102.55
Depreciation / Amortisation	461.37	396.89
Profit Before Taxation	2,377.39	1,772.80
Less: <u>Provision for Taxation:</u>		
Current Tax (Including Rs. 0.16 Lakh for Wealth Tax - Previous year Rs.0.15 Lakh)	786.16	541.15
Deferred Tax	7.89	51.25
Profit After Taxation	1,583.34	1,180.40
Add: Taxation adjustment of previous year	0.32	0.40
Add: Balance Brought Forward from the previous year	4,960.87	4,183.87
Profit available for appropriation	6,544.53	5,364.67
Proposed Dividend	324.50	243.38
Corporate Dividend Tax	52.64	40.42
Transfer to General Reserve	158.40	120.00
Balance Carried Over to Balance Sheet	6,008.99	4,960.87

- **DIVIDEND :**

The Board of Directors has recommended a Dividend of **Re. 1/-** (100 per cent) per Equity Share of Re.1/- each for the Financial Year ended 31st March 2011.

- **OPERATIONS :**

During the year under review, the Company has achieved the **turnover of Rs. 12,721.96 Lakh** as compared to **Rs. 9,740.38 Lakh** during previous year. Turnover grew by 30.61% i.e. by Rs. 2,981.58 Lakh, Profit before tax grew by 34.10% i.e. by Rs. 604.59 Lakh & Net Profit after taxation grew by 34.12% i.e. by Rs. 402.86 Lakh.

Earnings per share for the year 2010-11 increased to Rs. **4.88** from Rs. 3.64 in the previous year. Book value now stands at Rs. 22.51 per Equity Share of Re.1/- each.

- **EXPORTS :**

The Exports during the year amounts to **Rs. 1,902.25 Lakh** as against Rs. 1,173.33 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 2010 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. R.A. Goenka, Mr. Anil Lohia and Mr. Shravan Sharma 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.