

MODISON

METALS LIMITED

ANNUAL REPORT: 2011-2012

ANNUAL REPORT: 2011-12

BOARD OF DIRECTORS:

RANJAN DASGUPTA – Chairman

G. L. MODI - Managing Director

SURESH MODY

RAJKUMAR MODI - Wholetime Director

KUMAR JAY MODI - Wholetime Director w.e.f. 01.04.2012

B.B. SINGH - Wholetime Director

R. A. GOENKA

SHRAVAN SHARMA

ANIL LOHIA

SATISH MODY

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

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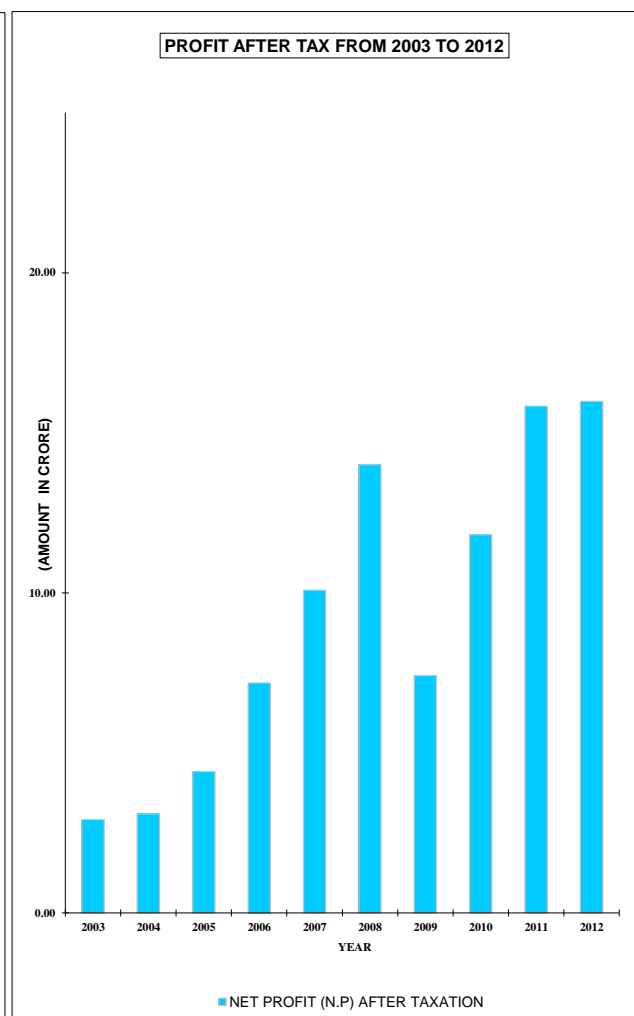
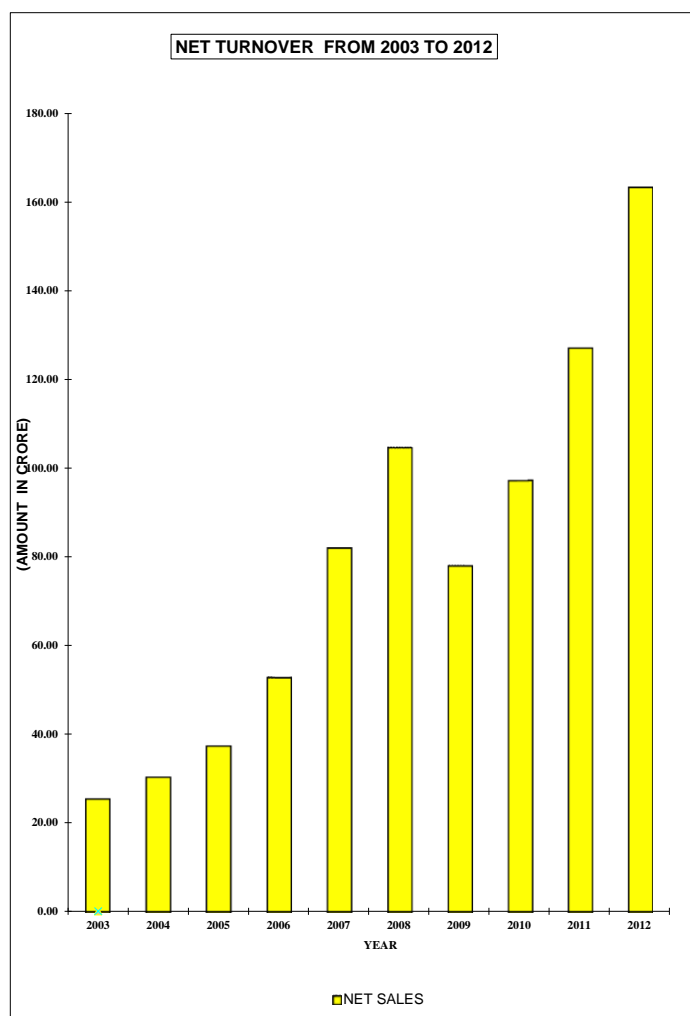
WORKS ADDRESS

85A,B,D&E, E-ROAD
PHASE-I, GIDC
VAPI-396 195
DIST. VALSAD
GUJARAT

FINANCIAL HIGHLIGHTS

(Rupees in Crore)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET SALES	25.72	30.60	37.62	53.08	82.20	104.77	78.20	97.40	127.22	163.23
EBDIT	6.81	7.63	9.60	14.46	20.28	26.81	16.68	22.73	29.44	31.62
DEPRECIATION & AMORTISATION	1.09	1.50	1.54	1.85	2.64	2.65	3.51	3.97	4.61	5.26
EBIT	5.72	6.13	8.06	12.61	17.64	24.16	13.17	18.76	24.83	26.36
TAXATION	1.67	1.50	2.36	3.91	5.44	7.95	4.05	5.92	7.94	7.68
NET PROFIT (N.P) AFTER TAXATION	2.92	3.10	4.42	7.19	10.08	14.00	7.42	11.81	15.83	15.98
EBDIT TO NET TURNOVER (%)	26.48	24.93	25.52	27.24	24.67	25.59	21.33	23.34	23.14	19.37
EBIT TO NET TURNOVER (%)	22.24	20.03	21.42	23.76	21.46	23.06	16.84	19.26	19.52	16.15
NP TO NET TURNOVER (%)	11.35	10.13	11.75	13.55	12.26	13.36	9.49	12.13	12.44	9.79
NET BLOCK (+ CWIP)	19.00	21.22	21.61	30.55	30.98	38.70	41.03	44.05	46.64	54.73
PAID UP CAPITAL	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
RESERVES AND SURPLUS	8.41	10.83	14.40	20.50	29.46	41.83	49.54	58.41	70.39	82.53
NET WORTH	11.66	14.08	17.65	23.75	32.71	45.08	52.79	61.66	73.64	85.78
FEW KEY RATIOS										
EARNINGS PER SHARE (Rs.)	0.90	0.96	1.37	2.21	3.11	4.31	2.29	3.64	4.88	4.93
BOOK VALUE (Rs.)	3.13	3.91	5.05	6.98	9.78	13.62	16.02	18.79	22.51	26.28
DIVIDEND (%)	15.00	15.00	20.00	25.00	25.00	40.00	40.00	75.00	100.00	100.00



MODISON METALS LIMITED

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

NOTICE

Notice is hereby given that the **Twenty-Ninth 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 **7th August 2012** 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 2012, Statement of Profit and Loss 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. Satish Mody who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Ranjan Dasgupta who retires from office by rotation and being eligible offers himself for reappointment.
5. To appoint Director in place of Mr. Rajkumar Modi who retires from office by rotation and being eligible offers himself for reappointment.
6. To appoint M/s 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 a **Special Resolution**:-

RE-APPOINTMENT AND REMUNERATION OF MR. G. L. MODI, MANAGING DIRECTOR OF THE COMPANY:

“RESOLVED THAT subject to the approval of the Central Government and in accordance with the provisions of sections 198, 269, 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, from time to time, approval of the company, be and is hereby accorded for the re-appointment of Mr. G. L. Modi as Managing Director of the company with effect from 9th July 2012 for a period of three years, i.e. up to 8th July 2015 upon the terms and conditions as set out in the Agreement entered by the Company with Mr. G. L. Modi, approved by the Remuneration Committee / Board at its meeting held on 29th May 2012 as set out in the explanatory statement annexed hereto.

“RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company pays Mr. G. L. Modi, remuneration by way of salary, perquisites and allowances as set out in above referred Agreement as Minimum Remuneration.”

“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.”

8. To appoint Mr. Kumar Jay Modi 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. Kumar Jay Modi, 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.”

9. To appoint Mr. Kumar Jay Modi as a Whole time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special 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. Kumar Jay Modi as a Whole time Director of the Company, for a period of 3 (three) years with effect from 01st April 2012 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.”

- 10 To appoint Mr. Suresh Chandra Mody as a consultant and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution

“RESOLVED THAT consent of the company be and is hereby accorded under section 309(1) and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Suresh Chandra Mody, a Director of the company, be appointed as a consultant of the Company for the period from 01.04.2012 to 31.03.2015 authorising the said Mr. Suresh Chandra Mody, a Director of the Company to draw Professional Charges of Rs.10,00,000/- per annum plus Service Tax, as applicable.”

- 11 To appoint Mr. Ranjan Dasgupta as a consultant and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Special Resolution

“RESOLVED FURTHER THAT consent of the company be and is hereby accorded under section 309(1) and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ranjan Dasgupta a Director of the company, be appointed as a consultant of the Company for the period from 01.04.2012 to 31.03.2015 authorising the said Mr. Ranjan Dasgupta, a Director of the Company to draw Professional Charges of Rs.25,000/- per month plus Service Tax as applicable.”

MUMBAI, 29th May, 2012

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

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

G. L. MODI
Managing Director

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 31st July 2012 to 7th August 2012 (Both days inclusive).
- e) The dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 7th August 2012. 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 7th August, 2012. The dividend will be paid by 6th September 2012 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
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
26.07.2011	2010-2011	25.07.2018

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:
 BSE 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:

	Name of the Director	Mr. G.L. Modi	Mr. Kumar Jay Modi	Mr. Satish Mody	Mr. Ranjan Dasgupta	Mr. Raj Kumar Modi
i)	Date of birth	04.06.1941	05.12.1978	23.10.1975	28.10.1940	08.03.1965
ii)	Date of Appointment	01.01.1997	01.04.2012	29.01.2002	09.06.1998	09.06.1998
iii)	Qualification	Diploma in Mechanical Engineering	B.Com	B.Com., LL.B. Advocate	B.Sc (Hons), B.E., MBA- Post Graduate (Equivalent) TQM	B.Com., MBA
iv)	Expertise in specific functional area	47 years of experience in Engineering Industry.	International Sales & Marketing	Practising in Taxation Appellate side	38 years tenure with Crompton Greaves Ltd., retired as Member Board and President-Power Systems.	He has a sharp business acumen, stronghold in export market and excellent administrative skills
v)	List of other public limited companies (in India) in which outside directorship held	NIL	NIL	NIL	NIL	NIL
vi)	Member of the committee/s of Board of Member of the committee/s of Board of Directors of other companies in which he is a Director	NIL	NIL	NIL	NIL	NIL

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 29th May 2012 had approved the remuneration as well as other terms and conditions related to re-appointment of Mr. G. L. Modi as the company's Managing Director for a period of three years with effect from 9th July 2012 to 8th July 2015, subject to the approval of the Central Government and subject to the approval of the company in its General Meeting by a Special Resolution. The remuneration as well as the other terms and conditions related to the re-appointment of Mr. G. L. Modi were approved by the Remuneration Committee and the Board of Directors have recommended the same remuneration at its meeting held on 29th May 2012.

The company is a leading manufacturer of electrical contacts / HVC/SF6 Contacts used in transmission, distribution and utilization of power. Since its business area predominantly relates to infrastructure facilities in the power and other industrial sector, the pace of progress in these sectors to a large extent affects the results of the company. As there was no significant addition in real terms in power manufacturing capacity and addition in Transmission and Distribution facilities for power, it has an immediate negative effect on demand growth.

A focussed restructuring program with thrust on improving efficiency of operations, cost control, restructuring of debt, aggressive Working Capital management and also a re-direction to the company's marketing efforts.

The Company's net profit before tax has increased from Rs. 1146.60 Lakh in F.Y. 2008-09 to Rs. 2366.81 Lakh in F.Y. 2011-12.

The company achieved turnover of Rs. 16323.19 Lakh and net profit before tax of Rs. 2366.81 Lakh in F.Y. 2011-12. The turnover has increased, whereas net profit before tax has slightly decreased by Rs. 2.25 Lakh. Due to increase in Raw Material prices of the company exorbitantly.

Mr. G. L. Modi, the Managing Director is a Mechanical Engineer (Diploma) and is having 47 years of experience in engineering industry. He is the core promoter of the company and is associated with the company since its inception.

The Managing Director had successfully implemented the Electrical Contacts (Low Voltage Contact) Project in 1985 in technical collaboration with 'DODUCO', Germany. Under his able guidance, the company again successfully implemented HVC / SF6 (High / Medium Voltage Contacts) in collaboration with 'DODUCO', Germany. The company is continuously expanding existing product base under the supervision of the Managing Director. It has taken finance for the same in 1994, 1995 and 1996 from Gujarat Industrial Investment Corporation (GIIC). Under his able guidance, the company again successfully implemented manufacturing of Sterling Silver Cutlery in 1999. The Company continuously expands its business, it also completed Steel backed button contact project in financial year 2005-2006. The Company has completed expansion of Electrical Contacts, HVC / SF6 contacts in financial years: 2009-10 & 2010-11. The company has also completed major expansion in F.Y. 2010-11 & 2011-12 for future demand of the company's products.

Considering Mr. G. L. Modi's proven abilities and the improvement in the company's performance and financial results, the company has an imminent need to retain his talent for future growth.

Whilst deciding on the remuneration package of Mr. G. L. Modi, the Remuneration Committee of the Board considered the above. The material provision of the Agreement as regards Mr. G. L. Modi's re-appointment as Managing Director, referred to in Resolution No. 7 are as under:-

REMUNERATION:

- a) Salary : Rs. 6,00,000 per month.
- b) Perquisites and Allowances:
 - i) In addition to the salary payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, cash allowances, allowances for utilities such as gas, electricity, water etc., medical reimbursement, club fees, leave travel concession for himself and his family, personal accident insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board of Directors and Mr. G. L. Modi; such perquisites and allowances will be subject to a maximum of 100% of annual salary.
 - ii) Company's contribution to Provident Fund to the extent to which it is not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the salary or perquisites aforesaid.

MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. G. L. Modi, the company has no profits or its profits are inadequate, the company will pay the remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration.

The Agreement entered between the company and the Managing Director is available for inspection by the member 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 recommends the resolution for your approval.

Mr. G. L. Modi may be deemed to be concerned or interested in this Resolution.

Item Nos. 8 & 9

The Board of Directors of the Company (the 'Board') at its Meeting held on 19th March, 2012 appointed Mr. Kumar Jay Modi 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. Kumar Jay Modi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a member along with deposit of Rs. 500/- for proposing the candidature of Mr. Kumar Jay Modi for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. Kumar Jay Modi 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. Kumar Jay Modi, 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. Kumar Jay Modi as Whole time Director of the Company, for a period of three years with effect from 1st April 2012.

It is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. Kumar Jay Modi, as Whole time Director, in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment and remuneration payable to Mr. Kumar Jay Modi is as under:

(A) Salary:

- (i) Basic Salary: Rs. 125,000/- per month in the scale of Rs. 1,25,000/- ~ Rs. 1,75,000/- per month.
- (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:

Category –A:

- (i) Medical Reimbursement: Rs. 75,000/- per annum towards medical expenses incurred for appointee and the family.
- (ii) Leave Travel Concession: Rs.75000/- 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: Up to Rs.15000/- 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. 5,000/- 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 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