



ANNUAL REPORT: 2016-2017

ANNUAL REPORT: 2016-17

BOARD OF DIRECTORS:

ASHOK JATIA

Chairman

G.L. MODI

Managing Director

RAJKUMAR MODI

Whole-time Director

KUMAR JAY MODI

Whole-time Director

RAKESH S. SINGH

Whole-time Director

SURESH MODY

R.A. GOENKA

B.B. SINGH

RITA BHATIA

Women Director

DEEPASHREE MAKARAND DADKAR

Company Secretary

AUDITORS:

M L BHUWANIA AND CO LLP

CHARTERED ACCOUNTANTS

F-11, 3RD FLOOR, MANEK MAHAL

90, VEER NARIMAN ROAD

CHURCHGATE

MUMBAI – 400 020

BANKERS:

BANK OF INDIA

REGISTERED & HEAD OFFICE

33 NARIMAN BHAVAN

227 NARIMAN POINT

MUMBAI – 400021

Tel: 022 2202 6437

Email Id: shareholder@modison.com

Web: www.modison.com

WORKS ADDRESS

85A,B,D&E, E-ROAD

PHASE-I, GIDC, VAPI-396 195

DIST. VALSAD, GUJARAT

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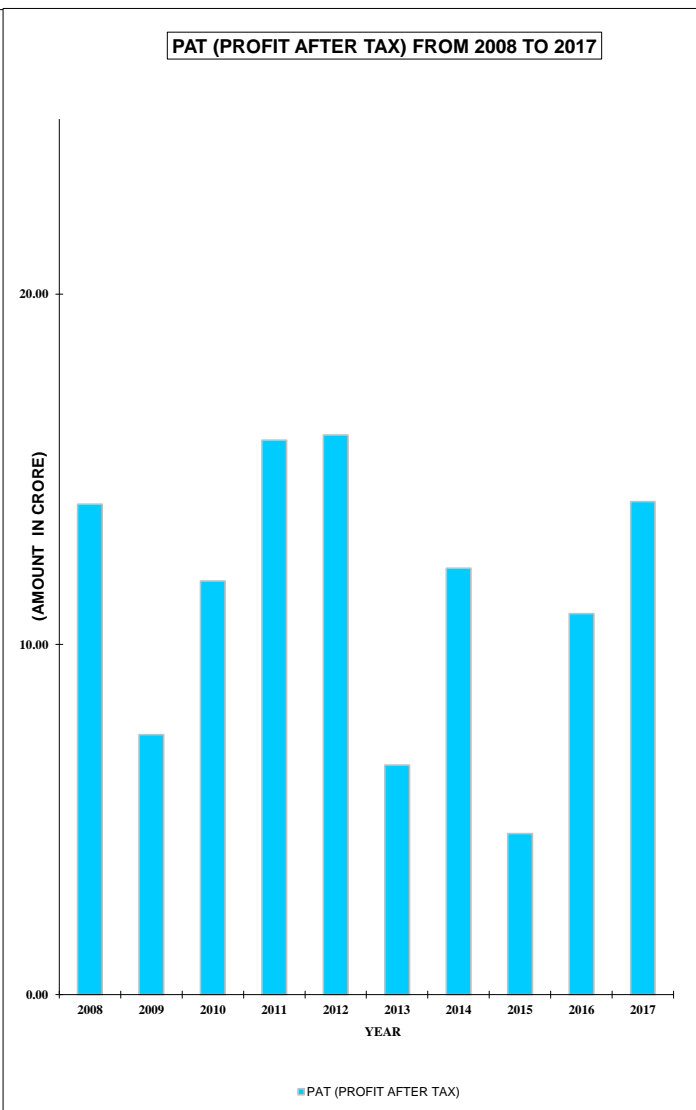
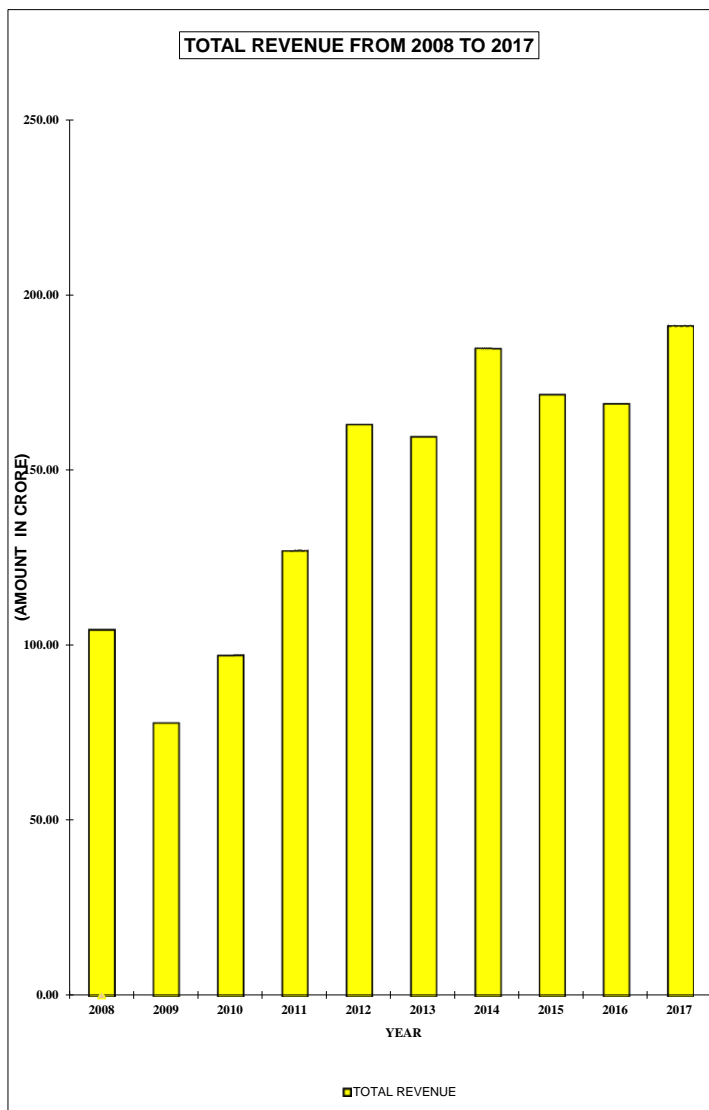
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FINANCIAL HIGHLIGHTS

(Rupees in Crore)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
TOTAL REVENUE	104.77	78.20	97.40	127.22	163.23	159.78	184.84	171.81	169.21	191.32
EBITDA	26.81	16.68	22.73	29.44	31.62	19.49	*26.79	16.75	26.91	31.01
DEPRECIATION & AMORTISATION	2.65	3.51	3.97	4.61	5.26	6.05	6.22	6.63	6.37	6.40
EBIT	24.16	13.17	18.76	24.83	26.36	13.44	20.57	10.12	20.54	24.61
TAXATION	7.95	4.05	5.92	7.94	7.68	3.72	6.27	2.04	6.30	7.84
PAT (PROFIT AFTER TAX)	14.00	7.42	11.81	15.83	15.98	6.56	12.18	4.60	10.88	14.08
EBITDA TO TOTAL REVENUE (%)	25.59	21.33	23.34	23.14	19.37	12.20	14.49	9.75	15.90	16.21
EBIT TO TOTAL REVENUE (%)	23.06	16.84	19.26	19.52	16.15	8.41	11.13	5.89	12.14	12.86
PAT TO TOTAL REVENUE (%)	13.36	9.49	12.13	12.44	9.79	4.11	6.59	2.68	6.43	7.36
NET BLOCK (+ CWIP)	38.70	41.03	44.05	46.64	54.73	62.09	60.65	59.01	61.98	58.76
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	41.83	49.54	58.41	70.39	82.53	85.22	92.60	94.11	101.09	111.26
NET WORTH	44.19	51.99	60.96	73.03	85.27	88.04	95.48	96.99	103.97	114.14
FEW KEY RATIOS										
EARNINGS PER SHARE (Rs.)	4.31	2.29	3.64	4.88	4.93	2.02	3.75	1.42	3.35	4.34
BOOK VALUE (Rs.)	13.62	16.02	18.79	22.51	26.28	27.13	29.42	29.89	32.04	35.17
DIVIDEND (%)	40.00	40.00	75.00	100.00	100.00	100.00	125.00	75.00	100.00	100.00

* Excluding Exceptional Items Rs.0.79 Crore



DIRECTORS' REPORT

To

**The Members of
Modison Metals Ltd**

The Directors have pleasure in presenting before you the Thirty Fourth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS

(Rupees in Lakhs)

	2016-17	2015-16
Revenue from operation & other income	19,131.85	16,921.05
Gross Profit before Finance Cost & Depreciation/Amortisation	3,101.06	2,690.79
Less: Finance Cost	269.39	334.76
Less: Depreciation / Amortisation	639.76	637.36
Profit before Exceptional items	2,191.91	1,718.67
Exceptional items	-	-
Profit before taxation	2,191.91	1,718.67
Less: <u>Provision for Taxation</u> Current tax	790.00	626.50
Less: Taxation adjustment of previous year	12.04	(14.47)
Less: Deferred tax	(17.92)	18.23
Profit after taxation	1,407.79	1,088.41
Add: Balance brought forward from the previous year	8,767.10	8,069.25
Profit available for appropriation	10,174.89	9,157.66
Interim Dividend	324.50	324.50
Corporate Dividend Tax on Interim Dividend	66.06	66.06
Balance carried over to Balance Sheet	9,784.33	8,767.10

DIVIDEND

The Board of Directors has declared and paid the interim dividend of Rs.1/- per Equity share of Re.1 each for the Financial Year ended 31st March, 2017

Your Directors do not recommend any final dividend for the financial year ended on 31st March, 2017 & decided that the interim dividend which is already declared and paid is the final dividend.

TRANSFER TO RESERVES

The Company has not transferred any amount to Reserves for the Financial Year ended 31st March 2017.

OPERATIONS

During the year under review, the Company has achieved the turnover of Rs. 19,131.85 Lakhs as compared to Rs. 16,921.05 Lakhs during previous year. The turnover is increased by 13.07% i.e; by Rs.2,210.80 Lakhs, Profit before tax increased by 27.54% i.e; by Rs.473.24 Lakhs & Net Profit after tax increased by 29.34% i.e; by Rs.319.39 Lakhs.

EXPORTS

The Exports (FOB) including export in INR during the year amounts to Rs.2,622.21 Lakhs as against Rs. 2,553.98 Lakhs achieved in the previous year. The export is increased by 2.67% i.e; by Rs.68.23Lakhs.

SHARE CAPITAL

The paid up equity capital as on 31st March 2017 stood at Rs. 3,24,50,000/- During the year under review, the Company has not issued equity share with differential voting rights, sweat equity shares, employee's stock options & not made any provision for purchase of its own shares. During the year, the Company has increased the authorized share capital from Rs.3,25,00,000/- to Rs.10,00,00,000/-

RESEARCH AND DEVELOPMENT

A state-of-the-art recognized R & D Division set up by the Company in Financial Year 2002-2003 got renewed in April, 2016 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. The company invested approximately 1% of its revenue in its R&D efforts towards new product development and capability building

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year.

LOANS, GUARANTEES AND INVESTMENTS

The company had given short term loan to a company for their working capital requirements and the same has been received back during the year. The rate of interest charged was 15%.

CHANGE IN NATURE OF BUSINESS

There being no change in the nature of business of the company during the year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

PARTICULARS OF CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 134 of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure I.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure II.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiative under 'Corporate Social Responsibility (CSR)', the company has mainly focused on education and health. The projects for which contribution has been made are as under.

(I) EDUCATION

The company has contributed Rs.25 lakhs towards construction of 6 class rooms, 8 toilets, borewell and water tank for the benefit of students at large. The company has also contributed Rs.1.25 lakhs to a school for corpus fund.

(II) HEALTH

The company has contributed Rs.11 lakhs towards dwelling facilities being constructed for relatives of cancer patients and has also contributed Rs.1 lakh towards 5 beds for underprivileged persons.

These projects are largely in accordance with Schedule VII of the Companies Act, 2013. The details of Committee and its terms of reference are set out in Corporate Governance Report. The Annual Report on CSR activities is attached as Annexure III and forms a part of this Report of the Directors.

DIRECTORS

Mr. Rajkumar Modi and Mr. Suresh Mody, Directors of the Company who retires by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re- appointment to the Board.

During the year, there was sad demise of the Company's Chairman and Independent Director Mr. Ranjan Dasgupta.

The details of the Directors being recommended for re-appointment are contained in the accompanying notice of the ensuing Annual General Meeting.

KEY MANAGERIAL PERSONNEL

There is no change in the Key Managerial Personnel during the year.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

ANNUAL PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and Regulation 17(10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of the performance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board. The performance evaluation of the Independent Director was carried out by the entire Board except concerned Independent Directors. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with evaluation process.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS :

A familiarization program for independent directors as approved by the Board and details for the same is available on the Company's website. The weblink is <http://www.modison.com/pdf/financial/2017/april/Details-of-familiarization-programme-2016-17.pdf>.

BOARD MEETINGS

The Board of Directors duly met 5 times during the financial year from 1 April, 2016 to 31 March, 2017. The dates on which the meetings were held are as follows :

26 May, 2016, 9 August, 2016, 14 November, 2016, 9 February, 2017 and 17 February, 2017.

A separate report on Corporate Governance includes the detailed particulars of Board & Committee Meetings is annexed and forms part of this Report of the Directors.

COMPANY'S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION :

A Nomination and Remuneration Policy, on the recommendation of the Nomination & Remuneration Committee, as approved by the Board is available on the Company's website

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the company secretary in advance.

AUDITORS**i) Statutory Auditors**

M/s M L BHUWANIA AND CO LLP, (formerly known as M.L. Bhuwania & Co.), Chartered Accountants having firm registration No. 141484W/W100197, who are the statutory auditors of the Company, and retiring at the ensuing Annual general meeting, pursuant to the requirement of rotation of Auditors under Section 139 of the Companies Act, 2013.

Your Directors recommends for the appointment of M/s. Kanu Doshi and Associates LLP, Chartered Accountants as the statutory auditors of the Company at the ensuing Annual General Meeting to hold the office for a period of three years. The auditors have confirmed their eligibility and qualification for appointment as per the section 141 of the Companies Act, 2013

ii) Audit Report

The report of the auditor's on Financial Statements for the Period ended 31st March, 2017, issued by M L BHUWANIA AND CO LLP, Chartered Accountants, having firm registration No. 141484W/W100197, contains emphasis of matter relating to inventory valuation which is self-explanatory and does not contain any qualification.

iii) Cost Auditors

M/s. N. Ritesh & Associates, Cost Accountants are appointed as Cost Auditors for auditing the cost records of your Company for the year ended 31st March, 2018 by the Board of Directors

iv) Secretarial Auditor

Secretarial Audit was conducted during the year by the Secretarial Auditor, Ragini Chokshi & Co, Practicing Company Secretary, Mumbai in accordance with provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is enclosed and forms a part of this Directors Report. There are no qualifications or observations or remarks made by the Secretarial Auditor in their Report.

MATERIAL CHANGES & COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the report.

SUBSIDIARY

In the year 2014-2015, your company acquired M/s. Modison Contacts Private Limited for the purpose of expansion of business, which is now, the subsidiary of your Company. The subsidiary is not a material subsidiary company. The material subsidiaries policy is available on Company's website and the weblink is <http://www.modison.com/pdf/financial/Material-Subsidiaries-Policy-MML.pdf>. The subsidiary company has recorded a profit of Rs.92,358/- during the Financial Year 2016-17. During the year, the Board of Directors reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company, which forms part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiary is annexed as **Annexure IV**. In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and

audited accounts of subsidiary is available on our website www.modison.com.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report. The Auditor's Certificate on its compliance form part of this Report and is annexed hereto.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Act, on the basis of information placed before them, the Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures, if any;
- ii) appropriate accounting policies have been selected and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit and loss of the Company for the said period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv) the annual accounts have been prepared on a going concern basis;
- v) the internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) there is a proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in form AOC-2 is not required. Further, there are no material related party transactions during the year under review with the promoters, Directors or Key Managerial Personnel. All related party transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained for transactions which are of repetitive nature. The policy on Related Party Transactions as approved by the Board is available on the Company's website www.modison.com.

RISK MANAGEMENT

The Company is exposed to the risk of price fluctuation of silver (raw material). The Company proactively manages this risk through hedging, inventory management. The Company's reputation for quality with robust marketing existence mitigates the impact of price risk on finished goods.

The Company has a robust Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on

the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate system of internal financial control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Whistle blower Policy for Directors and employees to deal with instance of fraud and mismanagement, if any, has been established. The Whistle blower Policy has been uploaded on the website of the Company at www.modison.com.

PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has adopted a policy for prevention of sexual harassment at work place and has constituted an Complaint Redressal Committee. During the year, the Company has not received any complaints on sexual harassment under the said Act.

STOCK EXCHANGE

The Company's equity shares are listed at BSE Limited. The Company confirms that it has paid the Annual Listing Fees for the year 2016-17.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

INTERNAL AUDITOR

During the year, the company has appointed Mr. Sarvesh Shenoy, Chartered Accountant, as Internal Auditor of the Company.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation for the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors and Shareholders of the Company. The Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels

For and on behalf of the Board of Directors

Mumbai, 17 May 2017

G.L. MODI
Managing Director

SURESH MODY
Director

ANNEXURE I TO DIRECTORS' REPORT