

***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, 3<sup>RD</sup> 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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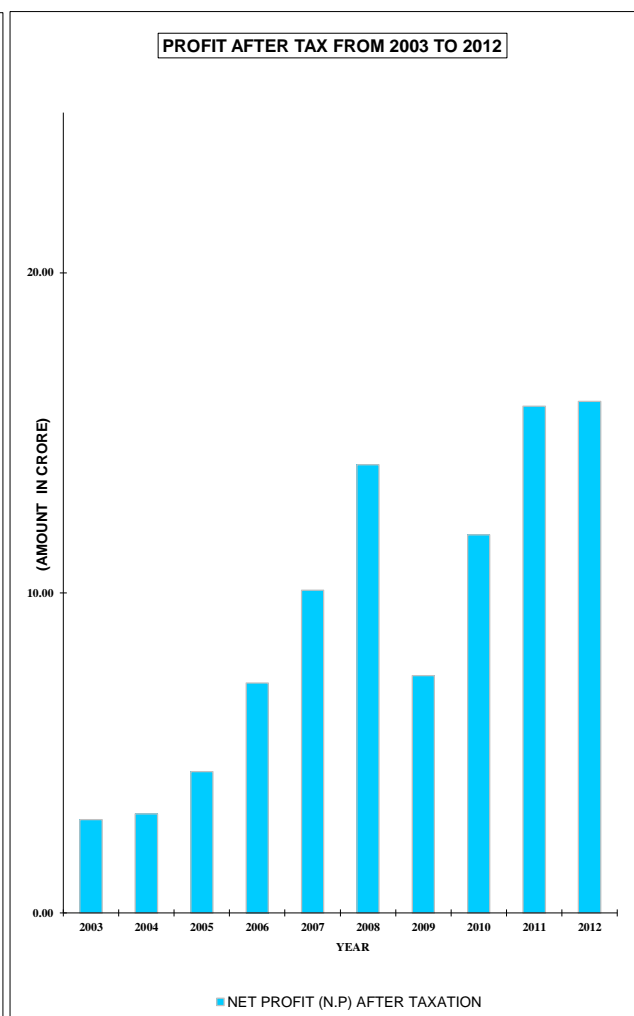
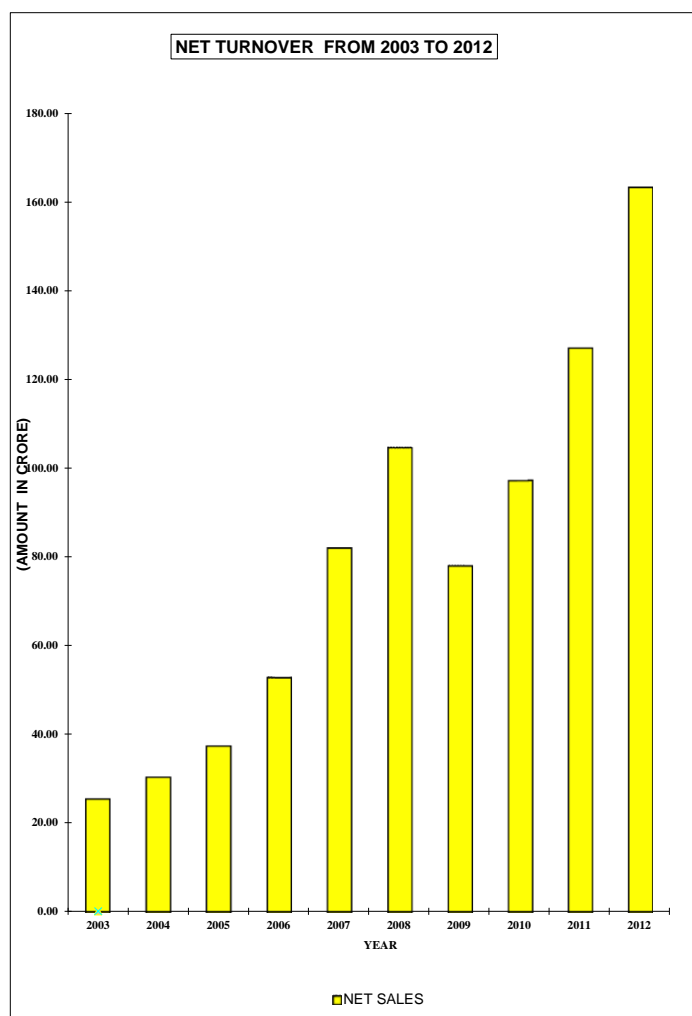
### ***WORKS ADDRESS***

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
<b>FEW KEY RATIOS</b>										
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 **7<sup>th</sup> 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 9<sup>th</sup> July 2012 for a period of three years, i.e. up to 8<sup>th</sup> 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 29<sup>th</sup> 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 01<sup>st</sup> 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, 29<sup>th</sup> 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 31<sup>st</sup> July 2012 to 7<sup>th</sup> 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 7<sup>th</sup> 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 6<sup>th</sup> 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:-

<b>Date of declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Due date of transfer to the Government</b>
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:

	<b>Name of the Director</b>	<b>Mr. G.L. Modi</b>	<b>Mr. Kumar Jay Modi</b>	<b>Mr. Satish Mody</b>	<b>Mr. Ranjan Dasgupta</b>	<b>Mr. Raj Kumar Modi</b>
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

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**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 29<sup>th</sup> 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 9<sup>th</sup> July 2012 to 8<sup>th</sup> 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 29<sup>th</sup> 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 19<sup>th</sup> 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 1<sup>st</sup> 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-imburement 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

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 Agreement between the Company and the Whole time 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. Kumar Jay Modi is interested in the Resolution as it pertains to his appointment and remuneration payable to him.

The Board recommends the Resolution for your approval.

**Item No. 10**

The Board of Directors at its meeting held on 29<sup>th</sup> May 2012 had approved the professional charges @ Rs.10,00,000/- per annum plus Service Tax, if applicable, to Mr. Suresh Chandra Mody, Director of the company, from 01.04.2012 to 31.03.2015, subject to approval of the Company in the General Meeting by a Special Resolution.

Mr. Suresh Chandra Mody is well qualified with B.com, LL.B. Degrees. He has wide experience in the field of Finance and Taxation and Legal Matters for 45 years.

He gives consultancy to the company mainly in the field of Finance, Taxation and Legal Matters of the company.

Your directors recommends the resolution for your approval.

Mr. Suresh Chandra Mody is deemed to be concerned or interested in the Resolution as it pertains to his Consultancy and Professional Charges payable to him.

**Item No. 11**

The Board of Directors at its meeting held on 29<sup>th</sup> May 2012 had approved the professional charges @ Rs.25,000 /- per month plus Service Tax, as applicable, to Mr. Ranjan Dasgupta, Director of the company, from 01.04.2012 to 31.03.2015, subject to approval of the Company in the General Meeting by a Special Resolution.

Mr. Ranjan Dasgupta is well qualified with B.Sc (Hons), B.E., MBA - Post Graduate (Equivalent) TQM Degrees. He has wide experience in Electrical Switchgear industry having served Crompton Greages Limited for 38 years and retired as Member Board and President – Power Systems.

He gives consultancy to the company mainly in reviewing factory operations of the company.

Your director recommends the resolution for your approval.

Mr. Ranjan Dasgupta is deemed to be concerned or interested in the Resolution as it pertains to his Consultancy and Professional Charges payable to him.

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

**MUMBAI, 29<sup>th</sup> May, 2012**

**G. L. MODI**  
Managing Director

**Annexure to the notice of 29<sup>th</sup> Annual General Meeting to be held on Tuesday, 07<sup>th</sup> August 2012 at 11.30 A.M.**

STATEMENT GIVING INFORMATION TO SHAREHOLDERS AS REQUIRED BY GSR NO. 26 (E) DATED 16.01.2002 IN TERMS OF ITEM NO. 7 REGARDING RE-APPOINTMENT OF MR. G. L. MODI.

**I. General information:**

- |                                                                                                                                                         |                                             |                     |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------|---------------------|
| 1) Nature of Industry:                                                                                                                                  | Manufacturing (Electrical Contact Industry) |                     |                     |
| 2) Date or expected date of commencement of commercial production:                                                                                      | 1985                                        |                     |                     |
| 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: | Not Applicable                              |                     |                     |
|                                                                                                                                                         |                                             | <u>F.Y. 2011-12</u> | <u>F.Y: 2010-11</u> |
|                                                                                                                                                         |                                             | Rs. In Lakhs        |                     |
| 4) Financial performance based on given indicators:                                                                                                     | Revenue & Other Income:                     | <b>16323.19</b>     | 12721.96            |
|                                                                                                                                                         | Net Profit before tax:                      | <b>2366.81</b>      | 2369.06             |
| 5) Export performance and net foreign exchange collaborations:                                                                                          | Export (F.O.B)                              | <b>2641.02</b>      | 1902.26             |
|                                                                                                                                                         | No Foreign Exchange Collaboration           |                     |                     |
| 6) Foreign investments or collaborators, if any:                                                                                                        | Not applicable                              |                     |                     |

**II. Information about the appointee:**

- 1) Background details: In 1965, after passing Electrical Engineering, Mr. G. L. Modi started the career as an importer and exporter of engineering goods. In 1974, started export of silver to U.S.A., Japan and European countries and became the largest exporter of silver from India. In 1975, set up a factory in Mumbai to refine silver to 99.9% purity which in 1978 was expanded to manufacture industrial products of silver for electrical, electronic and switchgear industries. 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. After that he has expanded the capacity of existing products many times and brought many new products also.
- 2) Past remuneration: Following remuneration is being paid to him by the company till date:
- |                       |                                     |
|-----------------------|-------------------------------------|
| Salary:               | Rs. 350,000 per month               |
| Perquisites:          | Restricted to 100% of annual salary |
| Other Benefits        | As per Rules of the Company         |
| Maximum Remuneration: | Rs.746954 per month.                |
- 3) Recognition or Awards: MODISON Silver bars are recognized as 'Good Delivery Bar' by the Reserve Bank of India and India Government Mint. Our contacts have been tested and successfully type approved by various agencies like: CESI-Italy, KEMA Laboratories-Holland and CPRI-Bangalore-India.

- 4) Job profile and his suitability: The Managing Director shall exercise and perform such power and duties as the Board of Directors of the Company shall from time to time determine, and subject to any directions and restrictions from time to time given and imposed by the Board, the Managing Director shall have the general control, Management and superintendence of the business of the Company in the ordinary course of business and to do and perform all other acts and things, which in the ordinary course of business he may consider necessary or proper or in the interest of the Company.  
The Managing Director with his thorough technical knowledge and experience is suitable to manage the company.
- 5) Remuneration proposed: Basic salary: Rs. 6,00,000 per month  
Perquisites: Restricted to 100% of annual salary  
Other Benefits As per Rules of the company  
Maximum Remuneration: Rs. 12,79,806 per month.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): It is difficult to get a person of his calibre particularly in Electrical /HVC-SF6 Contacts industry. Person abroad of his experience would get not less than US\$ 4 Million per annum. In India, first of all, it is difficult to find his replacement – may be if we get somebody, remuneration not less than Rs. 300 Lakhs per annum.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personal, if any: Chief Promoter of the company appointed as Managing Director of the company w.e.f. 01.09.1994  
Mr. G. L. MODI is the father of Mr. Kumar Jay G. Modi, a Director of the Company
- III. Other information:
- 1) Reason of loss or inadequate profit: 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.
- 2) Steps taken or proposed to be taken for improvement: 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.
- 3) Expected increase in production and profits in measurable terms: The company hopes to achieve a turnover of Rs.20575 Lakhs and net profit before tax of Rs.2850 Lakhs in Financial Year: 2012-2013. The effect of expansion and restructuring will improve further the results of the company in coming years.

**IV. Disclosures:**

1. The shareholders of the Company shall be informed of the remuneration package of the managerial person
2. The following disclosures shall be mentioned in the Board of Directors Report under the heading "Corporate Governance", if any, attached to the annual report:
  - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
  - ii) Details of fixed components and performance linked incentives along with the performance critics;
  - iii) Service contracts, notice period, severance fees;
  - iv) Stock Option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

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

Place : **MUMBAI**  
Date : **29<sup>th</sup> May 2012**

**G. L. MODI**  
Managing Director

## DIRECTORS' REPORT

To,

The Members of  
**MODISON METALS LTD.**

Your Directors have pleasure in submitting the **Twenty-Ninth Annual Report** of the Company together with audited Accounts for the year ended 31<sup>st</sup> March, 2012.

- **FINANCIAL RESULTS**

	<u>Rupees In Lakh</u>	
	<u>2011-12</u>	<u>2010-11</u>
Revenue from Operation & Other Income	<b>16,323.19</b>	12,721.96
Gross Profit Before Finance Cost & Depreciation / Amortisation	<b>3,162.47</b>	2,948.87
Less: Finance Cost	<b>269.35</b>	118.44
Depreciation / Amortisation	<b>526.31</b>	461.37
Profit Before Taxation	<b>2,366.81</b>	2,369.06
Less: <u>Provision for Taxation:</u>		
Current Tax	<b>752.00</b>	777.83
Deferred Tax	<b>16.66</b>	7.89
Profit After Taxation	<b>1,598.15</b>	1,583.34
Add: Taxation adjustment of previous year	<b>0.28</b>	0.32
Add: Balance Brought Forward from the previous year	<b>6,009.01</b>	4,960.89
Profit available for appropriation	<b>7,607.44</b>	6,544.55
Proposed Dividend	<b>324.50</b>	324.50
Corporate Dividend Tax	<b>52.64</b>	52.64
Transfer to General Reserve	<b>159.85</b>	158.40
Balance Carried Over to Balance Sheet	<b>7,070.45</b>	6,009.01

- **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 31<sup>st</sup> March 2012.

- **OPERATIONS :**

During the year under review, the Company has achieved the **turnover of Rs. 16,323.19 Lakh** as compared to Rs. 12,721.96 Lakh during previous year. Turnover grew by 28.31% i.e. by Rs.3,601.23 Lakh, Profit before tax slightly reduced by Rs.2.25 Lakh, however Net Profit after taxation grew by Rs.14.77 Lakh.

Earnings per share for the year 2011-12 increased to Rs. 4.93 from Rs. 4.88 in the previous year. Book value now stands at Rs. 26.28 per Equity Share of Re.1/- each.

- **EXPORTS :**

The Exports during the year amounts to **Rs. 2641.02 Lakh** as against Rs. 1,902.26 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. Mr. Satish Mody, Mr. Ranjan Dasgupta and Mr. Raj Kumar Modi 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.

- **COST AUDIT COMPLIANCE :**

During the year the Central Government has prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956. The Company is also required to submit Compliance Certificate, in the prescribed format. The Company is in the advance stage of preparation of Cost records.

- **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.

- **PUBLIC 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, 29<sup>th</sup> May, 2012

**G. L. MODI**  
Managing Director

**ANNEXURE I TO DIRECTORS' REPORT**

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A. CONSERVATION OF ENERGY**

- a) Energy Conservation Measures:
  - Strict adherence of reasonable batch size production so that consumption on smaller batch lots is not made thereby decreasing power consumption. Mainly with respect to Heat Treatment and Melting furnaces.
- b) Additional Investments & Proposals For Reduction Of Energy:
  - None.
- c) Impact Of The Above Measure:
  - Since the energy consumption is comparatively marginal, the impact on cost of production is difficult to ascertain.
- d) Total Energy Consumption And Energy Consumption Per Unit Of Production:
  - Not furnished as the Company is not covered in the list of specified industries.

**B TECHNOLOGY ABSORPTION :**

Research & Development

- a) Specific areas in which R&D carried out by the company:
  - Development of Semi Continuous Casting.
  - Development of high current carrying Contacts by EBW with new material composition.
  - Development of Fully Automatic Inline Welding for Siemens (Weldomat)
- b) Benefits derived as a result of above R & D:-
  - New product development is import substitute
  - Country has saved valuable foreign exchange
  - Much better product performance at significantly lower raw material costs.
- c) Future Plan of action:
  - Development of Brazing Rod by Extrusion process containing 2% or less silver
  - Development of Brazing Alloy by vacuum melting
  - Development of Moving and Fixed Contact by Toplay Brazing
  - Development of import substitute for Crown Contact
  - Development of Tin Walled Contacts manufacturing by metal spinning.
- d) Expenditure in R&D:
 

	Rs. In Lakh
- Capital	12.80
- Recurring	<u>26.89</u>
Total	<u>39.69</u>
- Total R&D Expenses as a percentage of total Turnover	0.24%

**C FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- a) Activities Relating To Exports:
  - The Company is contributing towards imports substitution in Electrical & Switchgear Industries and making the country self reliant in this regard.
- b) Total Foreign Exchange Used and Earned (2011-12)
 

	Rs. in Lakh
i) CIF Value of Imports:	1942.95
ii) Expenditure in Foreign Currency:	169.79
iii) Foreign Exchange earned:	2641.02

**ANNEXURE II TO DIRECTORS' REPORT**

PARTICULARS OF EMPLOYEES OF THE COMPANY AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Name	MR. G.L. MODI
Designation	Managing Director
Date of Commencement of Employment	1 <sup>st</sup> Sept. 1994
Gross Remuneration	Rs. 8,609,693/-
Age ( in Years )	70
Qualification	D.M.E
Experience (in years)	47
Particulars of Previous Employment	-
Designation	-

## NOTES :

1. Mr. G. L. Modi is the Father of Mr. Kumar Jay Modi, a Director.
2. Remuneration includes Salary, Allowances and Monetary value of perquisites.

**COMPLIANCE CERTIFICATE**  
**(Pursuant to section 383A of the Companies Act, 1956)**

**Name of the Company: MODISON METALS LIMITED**

**Registration No : 11-029783**

**Authorised Capital : Rs.32, 500,000/- Paid-Up Capital: - Rs. 32,450,000/-**

**To,  
The Members of  
MODISON METALS LIMITED**

We have examined the registers, records, books and papers of **MODISON METALS LIMITED** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2012**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has maintained statutory registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made thereunder.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies. No return required to be filed with Central Government, Regional Director, Company Law Board or other authorities.
3. The Company being a Public Limited Company has the prescribed paid-up capital.
4. The Board of Directors duly met **seven (7)** times respectively on 30<sup>th</sup> May 2011, 12<sup>th</sup> August 2011, 3<sup>rd</sup> September 2011, 18<sup>th</sup> October 2011, 14<sup>th</sup> November 2011, 2<sup>nd</sup> February 2012 and 19<sup>th</sup> March 2012 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company has closed its Register of Members from 19<sup>th</sup> July 2011 to 26<sup>th</sup> July 2011 during the financial year.
6. The Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2011 was held on 26<sup>th</sup> July 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes book maintained for the purpose.
7. No Extra-Ordinary Meeting was held during the financial year under review.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. As per the information provided, the Company has entered into contract falling within purview of Section 297 of the Act and the same was on cash basis.

10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As per the information provided, since there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has issued 1 (one) duplicate share certificate for 1,000 shares during the financial year.
13. The Company has stated that:
  - i) There was transfer of Securities during the Financial Year.
  - ii) There was no allotment and no transmission of securities during the Financial Year.
  - iii) The Company has deposited the amount of dividend declared in a separate Bank Account which is within five days from the date of declaration of such dividend.
  - iv) The Company has paid dividend to all the members within a period of 30 days from the date of declaration.
  - v) The Company has duly complied with the requirement of section 217 of the Act.
14. The Board of Directors of the Company was duly constituted. There was appointment of additional director w.e.f 1<sup>st</sup> April, 2012 as Whole Time Director.
15. The Company has not appointed any other Wholetime Director apart from that mentioned at point no. 14 during the Financial Year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval from the Central Government, Company Law Board, Regional Director, and /or such authorities prescribed under various provisions of the Act.
18. The directors have disclosed their interest in other firms /Companies to the board of the directors to the provision of the act and the rules made thereunder.
19. The Company has not issued any share, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference share or debentures during the financial year.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including unsecured loan falling within the purview of Section 58A during the financial year.
24. The Company has made borrowings during the Financial year 31<sup>st</sup> March 2012 and has increased the borrowing limits from Rs. 25 crores to Rs. 100 crores and that necessary resolution as per section 293 (1)(d) of the Act have been passed.

25. As per the information provided the Company has not made loans and investments or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and was not required to make entries in the register kept for the purpose.
26. The Company has not altered the provision of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provision of the memorandum with respect to the object of the Company during the year under scrutiny.
28. The Company has not altered the provision of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association and was not required to obtain the approval of the members in the general meeting during the financial year and hence no amendments to the Articles of Association were required to be registered with the Registrar of Companies.
31. As per the information provided, there was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any security from its employees during the year under certification and has complied with the provisions of section 417(1) of the Act.
33. As per the information provided before us the Company has deposited both employees & employer's contribution to the provident fund with prescribed authorities pursuant to Section 418 of the Act.

Place: Mumbai

Date: 29<sup>th</sup> May 2012

Mrs. Ragini Chokshi

Practising Company Secretary

FOR RAGINI CHOKSHI & CO.  
(Partner)  
C.P. No. 1436

**ANNEXURE A**

1. Register of Members' u/s 150
2. Register of Directors u/s 303
3. Register of Directors Shareholding u/s 307.
4. Register of Charges u/s130.
5. Register of Investments u/s 372A.
6. Register of Contracts u/s 301.
7. Minutes books for meetings of the Board of Directors and Shareholder.

**ANNEXURE B**

Forms and returns filed by the Company with the Registrar of Companies, during the financial year ending on 31<sup>st</sup> March 2012.

1. Annual Return u/s 159 till the date of AGM filed on 26.09.2011
2. Balance Sheet u/s 210 for the financial year ended on 31<sup>st</sup> March 2011 filed on 09.12.2011.
3. Compliance Certificate filed u/s 383A for the financial year ending on 31<sup>st</sup> March 2011 filed on 23.08.2011.
4. Form No. 8 was filed on 29.11.2011.
5. Form No. 8 was filed on 29.11.2011.
6. Form No. 8 was filed on 29.11.2011
7. Form 8 was filed on 28.09.2011.
8. Form 8 was filed on 28.06.2011.
9. Form 8 was filed on 28.06.2011.
10. Form 8 was filed on 28.06.2011.
11. Form 25C was filed on 01.04.2011.
12. Form 23 was filed on 23.08.2011.

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**Management Analysis & Discussion Report:****A. Industry Structure & Developments:**

The company specializes in making precision components forming the main active elements of Electrical Switchgear, which actually makes / breaks Currents at all Voltage levels in AC & DC systems. The core strength being in house processing right from Silver refining to producing all the contact materials and Semis of Precious Metal and Copper Alloy Contact Material and finally making fully finished world class electrical contact parts. This can only be attributable to the highly skilled & experienced manpower, state of the art Manufacturing facilities employed, complimented by engineering skills. These have added to the productivity and thus a competitive edge in the global market.

**B. Opportunities and Threats:**

Recognition as a strategic long term partner by all leading MNCs and Switchgear majors within and outside the country, has ensured a sustained growth for the company. Marketing efforts like participation in International Trade Fairs have improved visibility of MODISON, in the overseas market.

With the change in Government Policy on Power Sector investments, increase in volumes is eminent. However, these gestures by the Government have simultaneously attracted competition from overseas manufacturers, especially from China, where subsidies granted by their Governments for exports may affect company's profitability.

**C. Productwise Performance and Financial Performance:**

The company is manufacturing Electrical Contacts for Low, Medium & High Voltage Switchgear.

During the F.Y. 2011-12 Revenue of the Company rose to **Rs. 16323.19 Lakh** as compared to Rs.12721.96 Lakh, achieved during the previous F.Y. of 2010-11. However Profit Before Tax reduced to **Rs. 2366.81 Lakh** in the Year under report from Rs. 2369.06 Lakh achieved during the previous F.Y.

Export sales during the current F.Y. amounted to **Rs. 2641.02 Lakh** as against Rs. 1902.26 Lakh achieved in the previous F.Y.

**D. Future Outlook:**

In spite of the thrust on Power Sector, one can expect hurdles in implementation owing to the political scenario in the country. The focus on non-conventional Energy initiative also is a long drawn process while being an expensive one. Therefore, one cannot expect any major breakthrough immediately and the Company is expecting only a nominal but steady growth in the times to come.

**Risks & Concerns:**

**E.** New small scale Medium Voltage Switchgear assembling factories are mushrooming within the country, who import switchgear sub-assemblies from China, Korea etc. These Companies eat into considerable volumes of the overall Switchgear demand. Electricity Boards for example are bulk consumers of such Switchgear, where low price alone succeeds. Our Electrical Contact materials are not required by these Companies as the complete sub-assemblies are imported.

**F. Internal Control System & their Adequacy:**

The company has in place an adequate system of internal controls commensurate with the size of the company and the nature of its business to ensure efficacy of operations and compliance with applicable legislation. There exists an adequate management reporting system comprising of managerial reporting and analysis on various performance indicators, for corrective directions as and when necessary. The Audit Committee also looks into internal control system of the company.

**Research and Development****G.**

A state-of-art recognized R & D Division was set up by the Company in F.Y. 2002-03, the Recognition was renewed in June 2010 from the 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.

**Expansion**

**H.** During the year under consideration, the company has completed expansion projects for new product lines as well as capacity enhancement. During FY 2012-13, contact parts for Vacuum devices will be launched. All mfg. facilities are in place and Product development trials are going on.

**Human Resources**

**I.** Initiatives continue towards creation of a more energetic, performance driven organization. Performance standards are being perceptibly raised to realize the Company's objective of profitability and growth. The methodology for the scrutiny of sub-optimal performance and career development opportunities for the high performers have been strengthened.



## **CORPORATE GOVERNANCE**

### **1. COMPANY'S PHILOSOPHY**

We, at Modison Metals Limited (MML), believe that for a company to succeed it must maintain global standards of corporate conduct towards its employees, customers and society. The company believes that it is rewarding to be better managed and governed and to identify and align its activities with national interest. To that end, we, as a company, have always focused on good corporate governance – which is a key driver of sustainable corporate growth and long term value creation.

At Modison Metals Limited, we view Corporate governance in its widest sense, almost like a trusteeship. Corporate governance is not simply a matter of creating checks and balances; it is about creating an outperforming organization. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities and identify opportunities that best serves the goal of value creation. Good Governance is an integral part of MML Management, in its pursuit of excellence, growth and value creation with a clear focus on its employees, customers, shareholders and the community at large – its stakeholders, beyond the metric of stock market and market capitalization.

Corporate Governance is not merely compliance – it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to customer need, shareholder benefit and employee growth, thereby delighting all its stakeholders while minimizing risks.

In so far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the Company is in full compliance with the norms and disclosures that have to be made on Corporate Governance Format.

### **2. BOARD OF DIRECTORS**

#### **a) Composition of the Board**

The company is fully compliant with the Corporate Governance norms in terms of constitution of the Board. The Board of Directors has an optimum combination of Executive and Non-Executive Directors with 60% of Directors being Non-Executive Directors. The Board of Directors at present comprises of 10 directors and represents the optimum mix of professionalism, knowledge and experience.

The Board's composition is in accordance with the requirements of Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees as per Clause 49 across all companies in which they are directors.

The composition of the Board of Directors during the year as well as details of outside directorships and other board committees of which the Company's Directors are Members is given on next page:-

**Directors' Attendance Record and Directorship / Committee Membership / Chairmanship held**

Name of Director	Executive / Non-Executive / Independent	Relationship with Other Directors	Board Meetings attended during the year	Whether attended last AGM	Directorships* including MML)	Committee Position (Including MML)	
						Chairman	Member
Mr. Ranjan Dasgupta - Chairman	Non-Executive	None	6	Yes	1	Nil	Nil
Mr. G. L. Modi - Managing Director	Executive	Father of Mr. Kumar Jay Modi	7	Yes	1	Nil	1
Mr. Suresh Mody	Non-Executive	None	7	Yes	1	Nil	Nil
Mr. Rajkumar Modi - Wholetime Director	Executive	None	7	Yes	1	Nil	2
Mr. Kumar Jay. Modi**	Executive	Son of Mr. G.L.Modi	N.A.	N.A.	1	Nil	Nil
Mr. Shravan Sharma	Non-Executive & Independent	None	5	Yes	2	5	1
Mr. Satish Mody	Non-Executive & Independent	None	7	Yes	1	Nil	2
Mr. Ramavtar Goenka	Non-Executive & Independent	None	5	Yes	2	Nil	Nil
Mr. Anil Lohia	Non-Executive & Independent	None	5	No	2	Nil	2
Mr. B.B. Singh	Executive	None	7	Yes	1	Nil	Nil

\* Number of Directorships/memberships held in other companies excludes directorship/member in Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956

\*\*w.e.f. 1<sup>st</sup> April, 2012.

An Independent Director is a Director who:

- apart from receiving director's remuneration does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may effect independence of the Director.
- is not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- has not been an executive of the company in the immediately three preceding financial years.
- is not a partner or an executive or was not partner or an executive during three preceding years of any of the following:-
  - Statutory audit firm or the internal audit firm, i.e. associated with the company, and
  - The legal firm(s) and consulting firm(s) that have a material association of the company.
- is not a material supplier, service provider or customer or a lessor or lessee of the company which may affect the independence of the Director.
- is not a substantial shareholder of the company, i.e. owning 2% or more of the block of voting shares.
- Is not less than 21 years of age.

**b) APPOINTMENT / REAPPOINTMENT OF DIRECTORS:-**

Mr. G.L. Modi was reappointed as Managing Director of the company w.e.f. 9<sup>th</sup> July 2012 for the period of three years.

Mr. Kumar Jay Modi, was appointed as Wholetime Director of the Company w.e.f 1<sup>st</sup> April 2012 for the period of three years.

Mr. Satish Mody, Mr. Ranjan Dasgupta and Mr. Rajkumar Modi retire by rotation at the ensuing Annual General meeting and being eligible offer themselves for re-appointment. Approval of the shareholders is sought at the ensuing Annual General Meeting for their re-appointment as Directors of the Company.

The list containing the details of the Directors seeking appointment/re-appointment at the 29th Annual General Meeting 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	Practicing 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

**c) BOARD MEETINGS AND GENERAL MEETINGS:**

The meetings of the Board of Directors are held in Mumbai. The Board meets at least once in a quarter interalia to review the quarterly performance and financial results. The Board meets at least 4 times in a year and the gap between two Board Meetings is not more than 4 months as per the Clause 49 of the Listing Agreement.

Seven meetings were held during the year ended 31st March 2012. They were on 30.05.2011, 12.08.2011, 03.09.2011, 18.10.2011, 14.11.2011, 02.02.2012 and 19.03.2012.

The Board is apprised and informed of all the important matters relating to the business of the Company including those information as prescribed in Annexure 1 A of the revised Clause 49 of the Listing Agreement. The Managing Director finalises the items to be included in the agenda of the meeting and the same is sent to the members of the Board in advance along with the relevant details and explanatory notes wherever required.

**d) Information supplied to the Board**

Among others, this includes:

- ◆ Review of annual operating plans of businesses, capital budgets, updates,
- ◆ Quarterly results of the company and its operating divisions or business segments,
- ◆ Minutes of meeting of Remuneration Committee and other Committees of the Board,
- ◆ Information on recruitment and remuneration of senior officers just below the Board level,
- ◆ Materially important show cause, demand, prosecution and penalty notices,
- ◆ Any materially significant effluent or pollution problems,
- ◆ Significant labour problems and their proposed solutions,
- ◆ Significant development in the human resources and industrial relation fronts,
- ◆ Non – compliance of any regulatory or statutory provision or listing requirements as well as share holder services such as non payment of dividend and delays in share transfer.

The Board of the Company is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

**3. BOARD COMMITTEES:**

The Board has constituted the following committees of Directors:-

- I) Audit Committee
- II) Remuneration Committee
- III) Shareholder's Grievance Committee.

**I) AUDIT COMMITTEE:****a) Composition:**

The Audit Committee comprises four Directors and three of them are independent Directors including the Chairman of the Audit Committee. The details of the Members are as under:-

<u>Name of the Directors</u>	<u>Category</u>
Mr. Shravan Sharma	Chairman, Non-Executive and Independent
Mr. Anil Lohia	Non-Executive and Independent
Mr. Satish Mody	Non-Executive and Independent
Mr. Rajkumar Modi	Executive

The Compliance Officer: Mr. Ramesh Kothari acts as Secretary of the Audit Committee. The members of the Audit Committee are financially literate and two members has accounting and related financial management expertise. The chairman of the Audit Committee was present in the Last Annual General Meeting.

**b) Terms of Reference:**

The terms of reference of the Audit Committee include the matters specified under sub clause (ii) and described under sub clause (iv) of the clause 49 of the Listing Agreement.

**c) Power of Audit Committee:**

The Audit Committee has the following powers:-

- i) To investigate any activity within its terms of reference;
- ii) To seek information from any employee;
- iii) To obtain outside legal or other professional advice;
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**d) The role of Audit Committee includes the following:-**

- i) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible;
- ii) Recommending the appointment, reappointment and if required replacement or removal of statutory auditor, and fixation of audit fees;
- iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv) Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
  - a) Matters required to be included in Director's responsibility statement to be included in the Board's Report terms of clause 2AA of section 217 of the Companies Act, 1956;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statement arising out of audit findings;
  - e) Compliance with Listing and other legal requirements relating to financial statements.
  - f) Disclosures of related party transactions.
  - g) Qualifications in draft Audit Report.

- v) Reviewing with the management, the quarterly financial statement before submission to the Board for approval.
- vi) Reviewing with the management the performance of statutory auditors, adequacy of internal control systems.
- vii) Reviewing the findings of any internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- viii) Discussion with the Statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ix) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholder (in case of non-payment of declared dividends) and creditors.
- x) To review the function of Whistle Blower Mechanism.
- xi) Carrying out any other function as mentioned in the terms of reference of Audit Committee.

**e) Review of Information by the Audit Committee:**

The Audit Committee reviews the following information:

- i) The management discussion and analysis of financial condition and results of operations
- ii) The statement of significant related party transactions (as defined by the Audit Committee) submitted by the Management.
- iii) Management letters / letters of internal control weaknesses issued by statutory auditors and

**f) Audit Committee meetings and attendance:**

Four Audit Committee Meetings were held during the year ended 31<sup>st</sup> March, 2012 on 30.05.2011, 12.08.2011, 14.11.2011 and 02.02.2012.

Details of attendance of each Director at the Audit Committee Meetings are given below:-

<u>Sr. No.</u>	<u>Name of the Directors</u>	<u>No. of Meetings attended</u>
1.	Mr. Shravan Sharma	3
2.	Mr. Anil Lohia	4
3.	Mr. Satish Mody	4
4.	Mr. Rajkumar Modi	4

**II. REMUNERATION COMMITTEE:**

**a) Terms of Reference:**

The Company's Remuneration Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of whole-time director and to deal with all the elements of remuneration package of Directors and Management Personnel.

**b) Composition and Details of Attendance of Remuneration Committee:**

<u>Sr. No.</u>	<u>Name of the Directors</u>	<u>Status attended</u>	<u>No. of Meetings</u>
1.	Mr. Shravan Sharma	Chairman	1
2.	Mr. Anil Lohia	Member	2
3.	Mr. Satish Mody	Member	2

During the financial year 2011-12, two Remuneration Committee meetings were held on 12.08.2011 & 19.03.2012.

**c) Remuneration Policy:**

The remuneration policy is based on three tenets: Pay for responsibility, Pay for Performance and potential and Pay for growth.

**d) Remuneration paid to all the Directors:**

Remuneration of Directors, Sitting Fees, Salary, Perquisites:  
Executive Director: Managing Director / Wholetime Directors.

The Company is having a Remuneration Committee.

The Managing Director remuneration is approved by the Central Government. The Wholetime Director remuneration is being paid in accordance with and subject to the limits laid down in Schedule XIII to the Companies Act, 1956. The remuneration to the Managing Director / Wholetime Director is approved by the Remuneration Committee, Board of Directors and subsequently ratified by the Shareholders in the meeting.

- i) The Remuneration (including perquisites and benefits) paid to the Managing Director / Wholetime Director during the year ended 31<sup>st</sup> March 2012 is as follows:-

Name of director	Sitting Fees	Salary	Perquisites	Gratuity Provision	Amount in Rupees	
					Contribution to PF	Total
G. L. Modi	-	8,160,000	236,250	201,923	11,520	8,609,693
Rajkumar Modi	-	2,400,000	159,538	346,154	11,520	2,917,212
B.B. Singh	-	1,917,237	50,000	--	11,520	1,978,757

Service Contracts, Severance Fees and Notice Period:

- ii) The appointment of the Managing Director is for a period of 3 years from 09.07.2009 to 08.07.2012 and the appointment of Wholetime Director of Mr. Rajkumar Modi is for a period of 3 years, from 01.04.2011 to 31.03.2014 and appointment of Mr. B.B. Singh is for a period of five years from 29.05.2010 to 28.05.2015. There is no provision for separate payment of severance fee under the resolution appointing the Managing Director and Wholetime Directors.

- iii) Performance linked incentive criteria:  
No such performance linked incentive are given to the appointees.

- iv) Employee Stock Option Scheme:  
The Company does not have any stock option scheme.

**Non-Executive Directors:**

The Non-Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee meetings except as mentioned below.

Mr. Ranjan Dasgupta is paid Professional Charges of Rs.120,000/- for F.Y. 2011-12 for rendering professional services.

Mr. Suresh Mody is also paid Professional Charges of Rs.600,000/- for the F.Y. 2011-12.

The details of Sitting Fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2011-12 are given below:

Name of the Director	Director Sitting Fees (Rs)
Mr. Ranjan Dasgupta	60,000
Mr. Suresh Mody	70,000
Mr. Shravan Sharma *	90,000
Mr. Satish Mody *	1,30,000
Mr. Ramavtar Goenka	50,000
Mr. Anil Lohia*	1,10,000

\* includes fees for Audit Committee & Remuneration Committee Meetings.

The shareholding of Non-Executive Directors are as under:-

<u>Name of the Director</u>	<u>No. of Shares</u>
Mr. Ranjan Dasgupta	Nil
Mr. Suresh Mody	227,240
Mr. Shravan Sharma	Nil
Mr. Satish Mody	313,475
Mr. Ramavtar Goenka	1,000
Mr. Anil Lohia	2,000

### III SHAREHOLDERS' GRIEVANCE COMMITTEE:

The Board of Directors had constituted the Shareholders Grievance Committee. The Committee redresses complaints received from shareholders relating to transfer and transmission of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

#### Composition of the Committee:

Mr. Shravan Sharma, Non-Executive and independent Director is the Chairman of the Shareholders' Grievance committee.

The Composition of the Shareholders' Grievance committee is detailed below:-

Name of the Director	Executive / Non-Executive
Mr. Shravan Sharma	Non- Executive and Independent
Mr. G. L. Modi	Executive
Mr. Rajkumar Modi	Executive

Mr. Ramesh Kothari, Vice President – Finance, is acting as the Compliance Officer of the Committee.

During the year, no complaint was received, and no request for share transfer and dematerialization received during the Financial Year was pending for more than two weeks.

#### 4) GENERAL BODY MEETINGS:

##### a) Particulars of General Meetings held during last three years:-

##### Annual General Meetings:

Financial year	Date	Time	Venue
2008-09	25.08.2009	11.30 A.M.	Radio Room, Bombay Presidency Radio Club Ltd., Arthur Bunder Road, Colaba, Mumbai
2009-10	27.07.2010	11:30 A.M.	
2010-11	26.07.2011	11:30 A.M.	

##### Extraordinary General Meetings:

	09.06.2008	11.30 A.M.	Radio Room, Bombay Presidency Radio Club Ltd., Arthur Bunder Road, Colaba, Mumbai
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The following Special Resolutions were passed at the Extraordinary General Meeting held on 09.06.2008:-

- (i) Appointment of Mr. Ranjan Dasgupta, Director of the Company, as a Consultant.
- (ii) Increase the Sitting Fees within prescribed limit.

The following Special Resolution was passed at the AGM held on 25.08.2009

- (i) Re-appointment and Remuneration of Mr. G. L. Modi, Managing Director of the Company:

The following Special Resolutions were passed at the AGM held on 26.07.2011.

- (i) Borrowing of Money Power to Board of Directors of the company u/s 293(1)(d) of the Companies Act 1956.

- (ii) Power to create charge, Mortgage etc. in Movable/ Immovable Properties u/s 293(1)(a) of the Companies Act 1956.

**b) Postal Ballots:**

The following Resolutions were put through Postal Ballot during F.Y. 2010-11.

- 1. To alter the Object clause of the Memorandum of Association of the company.
- 2. To commence new business.

**c) No resolutions are proposed to be conducted through postal ballot at the ensuing AGM.**

**5. OTHER DISCLOSURES:**

- a) There are no materially significant related party transaction, i.e. transaction of the company of material nature with its Promoters, the directors or the Management etc. that may have potential conflict with the interests of the company at large :

Related party transactions are disclosed in Note No. 11 to the financial statement in the Annual Report. The Audit Committee had reviewed the related party transactions as mandatory requirement under clause 49 of the Listing Agreement.

- b) The Company had complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary structures have been imposed on the Company by any of the above mentioned authorities.
- c) The Company has already put in place a system for employees to report the management about concerns relating to unethical behaviour, any fraud or violation of Company's Code of Conduct and the access has been provided up to the higher level of supervision including the Audit Committee.
- d) The Company has complied with all the mandatory requirements and has also disclosed information relating to non-mandatory requirements.

**6. MEANS OF COMMUNICATION:**

- a) Quarterly un-audited Financial Results were published in the Economic Times and Maharashtra Times Newspaper. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to each shareholder at their Registered Address with the Company. The Company's website is: [www.modison.com](http://www.modison.com). The Company has updated the quarterly results on its website and also in other official news.
- b) Management Discussion and Analysis Report:

The Management Discussion And Analysis Report forms part of the Director's Report. All matters relating to Industry Structures and Development, Opportunities and Threats, Segment wise and Product wise performance, Outlook, Risks and Concern, Internal Control System and its adequacy, Discussion on financial performance with respect to operational performance, material development in human resources are discussed in the Director's Report.

**7. GENERAL SHAREHOLDER INFORMATION:**

- a) **29<sup>th</sup> AGM Date and time:** **7<sup>th</sup> day, August, 2012**  
Time: 11:30 A.M.  
Venue: Radio Room, The Bombay Presidency Radio Club Ltd., 157, Arthur Bunder Road, Colaba, Mumbai – 400005.
- b) Financial year of the Company: April – March each year
- c) Book Closure Date: 31<sup>th</sup> July 2012 to 7<sup>th</sup> August 2012 (Both days inclusive)
- d) Listing on Stock Exchanges: BSE Ltd., Mumbai.



- e) Stock Code: 506261 (Bombay Stock Exchange Ltd.)
- f) Payment of annual Listing Listing Fees for the Financial Year: 2011-12 has been paid to the BSE.
- g) Dividend Payment Date: The dividend recommended by the Board of Directors, if declared, in the ensuing AGM should be deposited in a separate Bank Account within 5 days of its declaration and shall be paid by 6<sup>th</sup> September 2012 to the Shareholders.
- h) Financial Calendar (provisional):
- |                                  |                              |
|----------------------------------|------------------------------|
| 1 <sup>st</sup> Quarterly Result | Second week of August 2012   |
| 2 <sup>nd</sup> Quarterly Result | Second week of November 2012 |
| 3 <sup>rd</sup> Quarterly Result | Second week of February 2013 |
| Annual Results                   | Last week of May 2013        |

- i) Share Market price data: The monthly high and low prices of equity shares of the company traded at The Stock Exchange, Mumbai and BSE Sensex are as under:-

Month	Stock Exchange, Mumbai		BSE Sensex	
	Highest (Rs.)	Lowest (Rs.)	Highest (Rs.)	Lowest (Rs.)
Apr. 2011	31.95	27.50	19811.14	18976.19
May 2011	32.45	27.45	19253.87	17786.13
June 2011	33.00	27.15	8873.39	17314.38
July 2011	30.90	26.00	19131.70	18131.86
Aug. 2011	27.90	24.40	18440.07	15765.53
Sept. 2011	39.20	25.00	17211.80	15801.01
Oct. 2011	49.95	29.95	17908.13	15745.43
Nov. 2011	45.20	35.50	17702.26	15478.69
Dec. 2011	43.35	26.50	17003.71	15135.86
Jan. 2012	45.00	28.95	17258.97	15358.02
Feb. 2012	43.90	36.95	18523.78	17061.55
Mar. 2012	43.90	35.75	18040.69	16920.61

- a) Share Transfer System: Trading in Equity Shares of the Company is permitted in dematerialized form. Shares sent for transfer in physical form are registered and returned in a period of fifteen days of the receipt of the document, provided the documents are valid and complete in all respect.
- b) Registrar & Transfer Agent (For physical and Demat) **FREEDOM REGISTRY LIMITED**  
(Formerly AMTRAC MANAGEMENT SERVICES LTD.)  
Plot No. 101/102 MIDC, 19<sup>th</sup> Street, Satpur, Nasik – 422 007  
Tel: 95253-2354032  
Fax: 95-253-2351126  
Email :amtrac\_nsk@sancharnet.in
- j) Distribution of Shareholding As on 31.03.2012

Slab	No. of shareholders		No. of Equity Shares	
	Total	%	Total	%
1 ~ 100	1,309	32.99	87781	0.27
101 ~ 200	579	14.59	106508	0.33
201 ~ 500	892	22.48	357992	1.10
501 ~ 1000	510	12.85	450135	1.39
1001 ~ 5000	467	11.77	1,140,535	3.51
5001 ~ 10000	87	2.19	669917	2.06
10001 & Above	124	3.13	29,637,132	91.33
Total:	3968	100.00	32,450,000	100.00

k) Shareholding Pattern: As on 31<sup>st</sup> March, 2012

	Category	No. of Equity shares	%
Promoters Holding: Non-Promoters Holding	Promoters	16,544,260	50.98
	FII's	50,000	0.16
	Mutual Funds	-	-
	Private Corporate Bodies	2,800,977	8.63
	NRIs / OCBs	85,414	0.26
	Indian Public	12,969,349	39.97
	Total:	32,450,000	100

l) Dematerialisation of shares and liquidity: The Equity Shares of Company are dematerialized with National Security Depository Limited and Central Depository Services (India) Limited and the total number of Shares dematerialized as on 31.03.2012 is 32,338,330.

m) Outstanding GDRs / Warrants or any convertible instruments Nil

n) Registered Office: 33 Nariman Bhavan,  
227 Nariman Point,  
MUMBAI – 400021.

o) Works: Plot No. 85/A, B, D & E, Phase 1, Road 'E', VAPI – 396195

p) Address for correspondence: 33 Nariman Bhavan, 227 Nariman Point, MUMBAI – 400021.

q) Compliance Certificate by Auditors:

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of Corporation Governance as stipulated in Clause 49 of the Listing Agreement, which is given as an annexure to Directors' Report.

r) Compliance with Non-Mandatory Requirement of Clause 49 of the Listing Agreement:

The status of compliance with the non-mandatory requirement is as under:-

i) Whistle Blower Policy:

The Company has already put in system for employees to report to the management about concerns relating to unethical behaviour; any fraud or violation of Company's Code of Conduct and the access has been provided up to the higher level of supervision including the Audit Committee.

ii) Other Non-Mandatory requirements:

The Company is in the process of implementation of other non-mandatory requirements.

s) Certification by CEO for compliance with Code of Conduct:

As Managing Director and Chief Executive Officer of the Company and as required by the Clause 49 of the Listing Agreement, I hereby certify that all the Board Members and Senior Management Personnel have affirmed their compliance with the code of conduct as laid down by the Board.

**G. L. MODI**  
**Managing Director**

Place: Mumbai  
Date : 29<sup>th</sup> May, 2012

t) Certification by Chief Executive Officer:

As the Managing Director of the Company and as required by the Clause 49 of the Listing Agreement, I hereby certify the following that:

- A) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge, information and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. The Company's other officers and I are responsible for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D. I have indicated to the auditors and the Audit Committee that:
- i) No significant changes in internal control have taken place during the year.
  - ii) There have been no changes in the accounting policies during the year.
  - iii) There were no frauds during the year.

**G. L. MODI**  
**Managing Director**

Place: Mumbai  
Date : 29<sup>th</sup> May, 2012

The above Report was adopted by the Board of Directors at their meeting held on 29<sup>th</sup> May, 2012.

**ANNEXURE TO THE REPORT OF THE DIRECTORS**

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE.**

To the Shareholders of **MODISON METALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **MODISON METALS LIMITED** for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. :- 101484W

**J. P. BAIRAGRA**  
**PARTNER**  
Membership No.12839  
Place : Mumbai  
Date : 29<sup>th</sup> May, 2012

**AUDITOR'S REPORT TO THE MEMBERS OF MODISON METALS LIMITED**

1. We have audited the attached Balance Sheet of Modison Metals Limited ('the Company') as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2012 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
  - b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. :- 101484W

**J. P. BAIRAGRA**  
PARTNER  
Membership No. 12839

Place: Mumbai  
Date: 29<sup>th</sup> May, 2012

**Annexure referred to in paragraph 3 of Auditor's report to the members of Modison Metals Limited for the year ended 31<sup>st</sup> March 2012.**

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical verification were not material and have been properly dealt with in the accounts.
- (c) In our opinion and according to the information and explanations given to us, there was no substantial disposal of fixed assets during the year.
- (ii) (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) As informed to us, the company has neither taken nor granted any loan, secured or unsecured to/from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year. Accordingly, clause 4 (iii) of the order is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) On the basis of our examination of the documents and records and according to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year, except transactions for items purchased of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, in our opinion, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) (b) The Company has not accepted any deposits from the public during the year covered by the audit. Accordingly, clause 4 (vi) of the Order is not applicable to the Company.
- (vii) *The company has an in house internal audit system which in our opinion is not commensurate with the size and nature of its business and needs to be strengthened.* However, on the basis of a broad review of the internal control system, we are of the opinion that there is adequate internal control system commensurate with the size of the company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. *As explained to us such records are at advanced stage of preparation.*
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

According to the records of the Company, there are no dues of Excise Duty, Custom Duty, Sales Tax, Wealth Tax and Cess, which have not been deposited on account of any dispute.

The disputed amounts that have not been deposited in respect of Income Tax and Service tax are as under:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax Dues	6,62,740	2008-09	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Service Tax Dues & Penalties	24,10,252	2006-07 to 2010-2011	Commissioner of Central Excise (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2012 and in the immediately preceding financial year ended March 31, 2011.
- (xi) On the basis of our examination of the documents and records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) On the basis of our examination of the documents and records and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.



- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
- (xvi) On the basis of our examination of the documents and records and according to the information and explanations given to us, we are of the opinion that term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed by us and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the year.

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. :- 101484W

**J. P. BAIRAGRA**  
PARTNER  
Membership No. 12839

Place: Mumbai  
Date: 29<sup>th</sup> May, 2012

**BALANCE SHEET AS AT 31 ST MARCH, 2012**

Particulars	Note No.	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds</b>			
(a) Share Capital	1	32,450,000	32,450,000
(b) Reserves & Surplus	2	825,267,014	703,914,594
<b>(2) Non-current liabilities</b>			
(a) Long - term borrowings	3	24,303,515	21,191,473
(b) Deferred tax liabilities (Net)	4	64,668,528	63,002,706
(c) Long - term provisions	5	3,702,251	3,214,539
<b>(3) Current liabilities</b>			
(a) Short - term borrowings	6	145,726,028	28,343,568
(b) Trade payables	7	19,360,853	16,226,082
(c) Other current liabilities	8	169,443,751	131,632,448
(d) Short - term provisions	9	39,237,225	47,942,238
<b>TOTAL</b>		<b><u>1,324,159,165</u></b>	<b><u>1,047,917,648</u></b>
<b>II ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		528,783,649	458,407,899
(ii) Intangible assets		4,215,967	1,726,690
(iii) Capital work - in - progress		14,356,254	4,907,032
(iv) Intangible assets under development		-	1,338,068
(b) Long - term loans and advances	11	52,955,111	33,148,421
<b>(2) Current assets</b>			
(a) Inventories	12	497,291,360	382,855,109
(b) Trade receivables	13	161,104,040	138,805,140
(c) Cash and cash equivalents	14	16,820,696	11,489,792
(d) Short - term loans and advances	15	47,643,392	14,341,739
(e) Other current assets	16	988,696	897,758
<b>TOTAL</b>		<b><u>1,324,159,165</u></b>	<b><u>1,047,917,648</u></b>
<b>Contingent Liabilities and commitments</b>	17		

**NOTES ON ACCOUNTS**
**1 to 39**

The notes referred above form an integral part of the Balance Sheet.

As per our report of attached even date.

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration Number: 101484W**

**FOR AND ON BEHALF OF THE BOARD**

**J.P. BAIRAGRA**  
**PARTNER**  
**MEMBERSHIP NO.12839**

**G.L. MODI**  
**MANAGING DIRECTOR**

**SURESH MODY**  
**DIRECTOR**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2012

Particulars	Note No.	For the year ended 31st March, 2012 Rupees	For the year ended 31st March, 2011 Rupees
<b>INCOME:</b>			
Revenue from operations	18	1,626,005,763	1,269,148,683
Other income	19	6,313,463	3,046,997
<b>Total Revenue</b>		<b>1,632,319,226</b>	<b>1,272,195,680</b>
<b>EXPENSES:</b>			
Cost of material consumed	20	1,193,191,071	888,702,685
Changes in inventories of finished goods and work - in - progress	21	(100,059,058)	(103,440,521)
Employee benefits expense	22	67,488,516	61,845,055
Finance costs	23	26,935,007	11,843,847
Depreciation & amortization expense (Refer Note No. 10.3)	10	52,631,450	46,137,232
Other Expenses	24	155,450,824	130,201,180
<b>Total Expenses</b>		<b>1,395,637,810</b>	<b>1,035,289,478</b>
Profit before exceptional and extraordinary items & tax		236,681,416	236,906,202
Exceptional Items		-	-
Profit before extraordinary items and tax		236,681,416	236,906,202
Extraordinary Items		-	-
Profit before tax		236,681,416	236,906,202
Tax expenses:			
(1) Current tax			
of Current years		75,200,000	77,782,737
of Earlier years		(27,932)	(31,594)
(2) Deferred tax		1,665,823	788,729
Profit/(Loss) for the period from continuing Operations	(A)	<b>159,843,525</b>	<b>158,366,330</b>
Profit/(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operation		-	-
Profit/(Loss) from discontinuing operations (After Tax)	(B)	-	-
Profit / (Loss) for the period	(A+B)	<b>159,843,525</b>	<b>158,366,330</b>
Earning per equity share:	25		
(1) Basic		4.93	4.88
(2) Diluted		4.93	4.88

**NOTES ON ACCOUNTS**

**1 to 39**

The notes referred above form an integral part of the Statement of Profit and Loss.

As per our report of attached even date.

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
Firm Registration Number: 101484W

**FOR AND ON BEHALF OF THE BOARD**

**J.P. BAIRAGRA**  
**PARTNER**  
**MEMBERSHIP NO.12839.**

**G.L. MODI**  
**MANAGING DIRECTOR**

**SURESH MODY**  
**DIRECTOR**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	<b>2011-12</b>		<b>2010-11</b>
	<b>RUPEES</b>		<b>RUPEES</b>
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax & Extraordinary Items	236,681,416		236,906,202
Adjustment for:			
Dividend Income on Long Term Non trade investments	(58,156)		(27,032)
Depreciation /Amortisation	52,631,450		46,137,232
Interest income	(943,562)		(1,490,779)
Interest expense	22,532,838		11,409,675
(Profit)/Loss on Sale of Long term Non trade investment	(1,698)		-
(Profit)/Loss on Sale of Assets/Discarded Assets (Net)	7,569,264		154,014
Sundry Balances written off/(back) (net)	(43,082)		240,075
Provision for Leave Salary	9,928		146,184
Provision for gratuity	678,524		825,084
Unrealised Exchange Rate Fluctuation (Net)	(2,270,813)	80,104,693	634,915
	<u>316,786,109</u>		<u>294,935,570</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
ADJUSTMENTS FOR WORKING CAPITAL CHANGES :			
Trade Receivables	(20,391,897)		(24,002,465)
Inventories	(114,436,251)		(143,605,734)
Other Current Assets	(107,233)		759,601
Loans & Advances	(60,700,156)		(2,077,929)
Current Liabilities and Provision	28,229,683		31,153,401
	<u>(167,405,854)</u>		<u>(137,773,126)</u>
Cash Generated from Operations	149,380,255		157,162,444
Direct Taxes paid	(88,829,891)		(77,857,056)
NET CASH FROM OPERATING ACTIVITIES	<u>60,550,364</u>		<u>79,305,388</u>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets including advances for capital goods			
	(147,399,188)		(74,118,350)
Sale of Fixed Assets	5,445,389		1,115,100
Purchase of Non Trade Investments	(30,000,000)		(20,000,000)
Sale of Non Trade Investments	30,001,698		20,000,000
Interest Received	937,013		3,445,448
Dividend Received	58,156	(140,956,931)	27,032
	<u>58,156</u>		<u>27,032</u>
NET CASH USED IN INVESTING ACTIVITY	<u>(140,956,931)</u>		<u>(69,530,770)</u>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings (Net)	132,219,658		(17,589,069)
Interest Paid	(21,426,206)		(10,771,979)
Dividend Paid (Inclusive of Dividend Distribution Tax)	(37,645,167)	73,148,286	(28,155,729)
	<u>(37,645,167)</u>		<u>(28,155,729)</u>
NET CASH USED IN FINANCING ACTIVITY	<u>73,148,286</u>		<u>(56,516,777)</u>
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	<u>(7,258,282)</u>		<u>(46,742,159)</u>
OPENING BALANCE OF CASH & CASH EQUIVALENTS	8,672,541		55,414,700
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	1,414,259		8,672,541
	<u>(7,258,282)</u>		<u>(46,742,159)</u>

**Notes**
**Closing Balance of Cash & Cash Equivalents**

1 Cash and Cash Equivalents Includes:		
CASH IN HAND	134,168	321,563
<u>BALANCE WITH SCHEDULED BANKS</u>		
- In Current Account	1,280,091	8,350,978
	<u>1,414,259</u>	<u>8,672,541</u>

2 Previous year figures have been regrouped and rearranged wherever considered necessary to make them comparable with those of the current year.

As per our report of attached even date.

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration Number: 101484W**

**FOR AND ON BEHALF OF THE BOARD**

**J.P. BAIRAGRA**  
**PARTNER**  
**MEMBERSHIP NO.12839.**

**G.L. MODI**  
**MANAGING DIRECTOR**

**SURESH MODY**  
**DIRECTOR**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**NOTES ON ACCOUNTS**
**Amount in Rs.**
**1 SHARE CAPITAL**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Authorized Shares</b>		
32,500,000 Equity shares, Re. 1/- par value (Previous Year 32,500,000 equity shares Re. 1/- par value )	32,500,000	32,500,000
	<u>32,500,000</u>	<u>32,500,000</u>
<b>Issued, Subscribed and Fully Paid Up Shares</b>		
32,450,000 Equity shares, Re. 1/- par value (Previous Year 32,450,000 equity shares Re. 1/- par value )	32,450,000	32,450,000
	<u>32,450,000</u>	<u>32,450,000</u>
<b>Total Issued, Subscribed and Fully Paid Up Share Capital</b>	<u>32,450,000</u>	<u>32,450,000</u>

**Note No 1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2012 :**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Number of shares at the beginning	32,450,000	32,450,000
Add: Shares issued during the year	-	-
Less : Shares bought back	-	-
<b>Number of shares at the end</b>	<u>32,450,000</u>	<u>32,450,000</u>

**Note No 1.2: Terms/rights attached to equity shares**

(A) The company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(B) The amount of dividend per share of Re. 1.00 (Previous Year Re. 1.00) has been proposed to be distributed to equity shareholders for the year ended 31/03/2012. The total amount of dividend shall be Rs.37,714,201/- including dividend distribution tax Rs. 5,264,201/- (Previous Year Rs. 37,714,201/- including dividend distribution tax Rs.5,264,201/-).

(C) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Note No 1.3: Details of sub-division of shares during the period of five years immediately preceding the reporting date :**

In the Financial Year 2007-08, 32,45,000 Equity Shares of Rs.10 each fully paid were sub-divided into 32,450,000 Equity Shares of Re.1 each fully paid up.

**Note No 1.4: The details of shareholders holding more than 5% shares in the company :**

Name of the shareholders	No. of shares	% held as at	No. of shares	% held as at
	held	March 31, 2012	held	March 31, 2011
Mr. G.L. Modi	7,158,370	22.06%	7,658,370	23.60%
Mr. Rajkumar Modi	6,673,210	20.56%	6,673,210	20.56%
Mr. Prakashchandra Modi	4,660,488	14.36%	4,660,488	14.36%
Mr. Kumar Jay Modi	1,746,000	5.38%	1,746,000	5.38%

**2 RESERVES & SURPLUS**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Capital Reserve</b>		
As per last Balance Sheet	19,087,980	19,087,980
<b>Revaluation Reserve</b>		
Opening Balance	6,070,053	6,901,545
Less : Recoupment of depreciation on revalued assets	774,761	831,033
Less : Transfer to General reserve on sale of assets	254,087	459
Less : Loss on sale of revalued fixed assets	2,143	-
<b>Closing Balance</b>	<u>5,039,062</u>	<u>6,070,053</u>
<b>General Reserve</b>		
Opening Balance	77,855,084	62,014,625
Add: Transferred from surplus	15,985,000	15,840,000
Add: Transferred from revaluation reserve on sale of assets	254,087	459
<b>Closing Balance</b>	<u>94,094,171</u>	<u>77,855,084</u>
<b>Surplus</b>		
Opening Balance	600,901,477	496,089,348
Add: Transferred from Statement of Profit and Loss	159,843,525	158,366,330
<b>Amount available for appropriation</b>	<u>760,745,002</u>	<u>654,455,678</u>
<b>Less : Appropriations</b>		
Proposed Dividend	32,450,000	32,450,000
Dividend Tax on Proposed Dividend	5,264,201	5,264,201
Amount transferred to General Reserve	15,985,000	15,840,000
<b>Closing Balance</b>	<u>707,045,801</u>	<u>600,901,477</u>
<b>Total of Reserves &amp; Surplus</b>	<u>825,267,014</u>	<u>703,914,594</u>

**NOTES ON ACCOUNTS**
**Amount in Rs.**
**3 LONG-TERM BORROWINGS**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Secured Loan</b>		
<b>Term Loans</b>		
<b>From Bank</b>		
Foreign Currency Loan [Refer Note 3.1(i)]	-	8,477,148
Rupee Loan [Refer Note 3.1(ii), (iib)]	21,495,398	9,967,248
Vehicle Loans [Refer Note 3.1(iii)]	1,306,758	2,747,077
<b>From Others</b>		
Vehicle Loans [Refer Note 3.1(iv)]	1,501,359	-
	<b>24,303,515</b>	<b>21,191,473</b>

**Note No 3.1: Terms of Repayment, Nature of Securities in respect of Term Loans**

(i) Foreign currency loan from Citi Bank carries interest rate of 4.10% p.a. and is repayable in 12 quarterly installments. These facilities are secured by first pari pasu charge on all (Present and Future) factory fixed assets of the company including equitable mortgage on the factory land & building at Vapi.

(ii) Rupee loan from Bank of India amounting to Rs.4,962,607/- (March 31, 2011: Rs. 9,967,248/-) carries interest rate of 13.50%p.a and is repayable in 11 quarterly installments. This loan facility is secured by first pari pasu charge on all (Present and Future) factory fixed assets of the company including equitable mortgage on the factory land & building at Vapi.

(iib) Rupee loan from Bank of India amounting to Rs.16,532,791/- (March 31, 2011: Rs. Nil) carries interest rate of 13.50% p.a and is repayable in 18 quarterly installments. This loans facility is secured by first pari pasu charge on all (Present and Future) factory fixed assets of the company including equitable mortgage on the factory land & building at Vapi.

(iii) Vehicle loan taken from Axis Bank carries interest rate @ 9.31% and is repayable in 36 monthly installments. The loan is secured by hypothecation of vehicle.

(iv) Vehicle loan taken from BMW financial services carries interest rate @9.31% and is repayable in 36 monthly installment. The loan is secured by hypothecation of Vehicle.

**4 DEFERRED TAX LIABILITIES (NET)**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Deferred tax liabilities</b>		
On account of difference between depreciation as per books and as per Income tax Act, 1961	66,151,119	64,370,324
	<b>66,151,119</b>	<b>64,370,324</b>
<b>Deferred tax assets</b>		
On account of expenses allowable on payment basis	1,482,591	1,333,056
On account of allowance for bad & doubtful debts	-	34,562
	<b>1,482,591</b>	<b>1,367,618</b>
<b>Net Deferred Tax Liabilities</b>	<b>64,668,528</b>	<b>63,002,706</b>

**Note No. 4.1 : Accounting Policy of Deferred Tax**

The Deferred Tax for timing difference between Book Profits and Tax Profits for the year is accounted for using the tax rate and laws that have been enacted or substantially enacted as of the Balance Sheet Date. Deferred Tax assets arising from timing differences are recognized to the extent there is a virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet Date.

**5 LONG-TERM PROVISIONS**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Provisions for Employee Benefits</b>		
Provision for Gratuity	3,702,251	3,214,539
	<b>3,702,251</b>	<b>3,214,539</b>

**6 SHORT-TERM BORROWINGS**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Secured Loans</b>		
<b>Other loans &amp; advances</b> (Refer Note No 6.1)		
<b>Form Bank- Working Capital Loan</b>		
Foreign Currency Loan	74,925,410	19,048,500
Rupee Loan	70,800,618	9,295,068
	<b>145,726,028</b>	<b>28,343,568</b>

**Note No. 6.1:**

Working capital facilities are secured by Hypothecation of stocks & book debts and further secured by collateral security of all movable and immovable factory properties.

**NOTES ON ACCOUNTS**
**Amount in Rs.**
**7 TRADE PAYABLES**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Sundry Creditors For Goods (Refer Note No. 7.1)	3,769,779	4,551,926
Sundry Creditors For Expenses (Refer Note No. 7.1)	15,591,074	11,674,156
	<b>19,360,853</b>	<b>16,226,082</b>

**Note No. 7.1:**

The Company has not received any information from Vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosures relating to amounts unpaid as at the end of reporting period together with interest paid/payable under this Act have not been given. The same has been relied upon by the Auditors.

**8 OTHER CURRENT LIABILITIES**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Current Maturities of Long Term Debt	45,197,918	33,472,761
Interest Accrued but not due on borrowings	1,384,181	277,549
Unpaid Dividend	445,547	376,512
<u>Other payables</u>		
Sundry Creditors for Capital Goods	3,633,977	805,902
Advances From Customers	105,114,383	84,424,937
Statutory Dues Payable	5,341,528	6,500,645
Employee Benefits Payable	8,326,217	5,774,142
	<b>169,443,751</b>	<b>131,632,448</b>

**9 SHORT - TERM PROVISIONS**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<u>Provision for Employee Benefits</u>		
Provision for Gratuity	571,740	380,928
Provision for Leave Salary	894,734	884,806
<u>Others</u>		
Provision For Taxation (Net of Advance Tax Rs. Nil (Previous Year Rs. 69,658,653/-))	56,550	8,962,303
Proposed Dividend	32,450,000	32,450,000
Dividend Distribution Tax	5,264,201	5,264,201
	<b>39,237,225</b>	<b>47,942,238</b>

**11 LONG - TERM LOANS AND ADVANCES**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
(Unsecured, Considered Good, unless specified otherwise)		
Capital Advances	43,626,894	28,580,241
Deposits given	4,228,608	3,919,019
<u>Other Loans &amp; Advances</u>		
Advance recoverable in cash or kind or for value to be received	188,393	615,749
Advance Tax (Net of Provision for Taxation Rs. 207,862,848/- (Previous Year Rs.86,371,410/-))	4,386,216	5,911
Loans and Advances to Employees	525,000	27,500
	<b>52,955,111</b>	<b>33,148,421</b>

**12 INVENTORIES**

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Raw Material (Refer Note No. 12.2)	92,983,861	77,886,590
Work-in-progress	392,032,963	290,469,139
Finished Goods	3,393,076	1,377,792
Stores & Spares	67,364	246,622
Consumable Tools	591,152	1,150,242
Scrap	8,195,944	11,715,994
Packing Material	27,000	8,730
	<b>497,291,360</b>	<b>382,855,109</b>

**Note No. 12.1 : Accounting Policies of Inventories Valuation**

Consumable tools, raw material, packing material, work in progress, finished goods and stores & spares have been valued at lower of cost and net realisable value. Cost of finished goods and work-in-progress has been ascertained at estimated cost. Cost of raw material has been ascertained on weighted average cost basis. Cost of other inventories has been ascertained on First-In-First-Out method (FIFO). Silver booked by customers for their process work has been valued at the rates at which the same is booked by them. Scrap is valued at Net Realizable Value.

**Note No. 12.2 : Goods in transit**

Raw Material includes goods in transit Rs. Nil (Previous Year Rs. 939,381/-)

**NOTES ON ACCOUNTS**
**10 FIXED ASSETS**

Amount in Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	AS ON 01.04.2011	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2012	AS ON 01.04.2011	FOR THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>TANGIBLE ASSETS :</b>										
Leasehold Land	9,446,414	-	-	9,446,414	-	-	-	-	9,446,414	9,446,414
Building (Note No 10.2 given below)	33,515,780	52,713,880	-	86,229,660	20,899,627	2,003,764	-	22,903,391	63,326,269	12,616,153
Building (SF6 , Plot No. 85 B and Plot No. 85 D&E)	59,415,096	1,480,587	-	60,895,683	13,128,808	2,013,176	-	15,141,984	45,753,699	46,286,288
Plant & Machinery	348,909,121	48,739,220	-	397,648,341	143,224,417	30,601,209	-	173,825,626	223,822,715	205,684,704
Plant & Machinery (SF6)	266,937,700	19,022,849	19,594,876	266,365,673	96,634,359	12,902,135	7,612,619	101,923,875	164,441,798	170,303,341
Furniture & Fixture	7,738,859	1,850,385	-	9,589,244	5,558,301	436,755	-	5,995,056	3,594,188	2,180,558
Vehicles	16,241,478	9,631,248	3,331,020	22,541,706	7,890,399	3,697,234	2,320,808	9,266,825	13,274,881	8,351,079
Office Equipment	18,424,761	2,892,278	32,500	21,284,539	14,885,399	1,283,628	8,173	16,160,854	5,123,685	3,539,362
<b>TOTAL TANGIBLE ASSETS</b>	<b>760,629,209</b>	<b>136,330,447</b>	<b>22,958,396</b>	<b>874,001,260</b>	<b>302,221,310</b>	<b>52,937,901</b>	<b>9,941,600</b>	<b>345,217,611</b>	<b>528,783,649</b>	<b>458,407,899</b>
<b>INTANGIBLE ASSETS :</b>										
Computer Software	1,840,234	2,957,587	-	4,797,821	275,279	387,441	-	662,720	4,135,101	1,564,955
Technical Know How	808,687	-	-	808,687	646,952	80,869	-	727,821	80,866	161,735
<b>TOTAL INTANGIBLE ASSETS</b>	<b>2,648,921</b>	<b>2,957,587</b>	<b>-</b>	<b>5,606,508</b>	<b>922,231</b>	<b>468,310</b>	<b>-</b>	<b>1,390,541</b>	<b>4,215,967</b>	<b>1,726,690</b>
<b>TOTAL</b>	<b>763,278,130</b>	<b>139,288,034</b>	<b>22,958,396</b>	<b>879,607,768</b>	<b>303,143,541</b>	<b>53,406,211</b>	<b>9,941,600</b>	<b>346,608,152</b>	<b>532,999,616</b>	<b>460,134,589</b>
PREVIOUS YEAR	698,036,365	69,102,976	3,861,211	763,278,130	258,767,373	46,968,265	2,592,097	303,143,541	460,134,589	-
<b>C W I P - TANGIBLE</b>										
Current Year	-	-	-	-	-	-	-	-	14,356,254	-
Previous Year	-	-	-	-	-	-	-	-	-	4,907,032
<b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b>										
Current Year	-	-	-	-	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-	-	-	-	1,338,068

**Note No 10.1: Accounting Policy of Fixed Assets & Depreciation / Amortisation**

- i) Certain assets had been revalued by the Company in the year 1993 - 1994, these assets are appearing at revalued amounts less accumulated depreciation. All other assets are appearing at historical cost less accumulated depreciation.
- ii) Depreciation in respect of Factory Building, Plant & Machinery for SF6 Project, Electric Installation for SF6 project, R&D Plant & Machinery, Factory Buildings at Plot No. 85-B and Plot Nos. 85/D & E has been provided on straight line method and in respect of all other assets on written down method at the rate specified in accordance with Schedule XIV of the Companies Act, 1956.
- iii) No amortisation is provided in accounts in respect of Leasehold Land
- iv) Depreciation for the year on the assets revalued in the earlier years has been calculated on their respective revalued figures at the rate specified in accordance with Schedule XIV of the Companies Act, 1956. The additional charge of depreciation during the year on account of revaluation has been withdrawn from revaluation reserve and credited to Statement of Profit and Loss.
- v) Intangible Assets are identified when they are expected to provide future enduring economic benefits. The assets are identified in the year in which the relevant asset is put to use. The assets are amortised over a period of estimated useful life as determined by the management. Expenditure on Know-How is amortised over a period of 10 years on Straight Line Method. Expenditure on Software is amortised over a period of five year on straight line method.

**Note No. 10.2: Buildings**

Building includes Rs.500 (Previous Year Rs.250) being the face value of investment in shares of Co-operative Premises Society

**Note No. 10.3: Depreciation & amortization expense**

	<b>2011-12</b>	<b>2010-11</b>
Depreciation & amortization expense	53,406,211	46,968,265
Less : Recoupment from revaluation reserve	774,761	831,033
	<b>52,631,450</b>	<b>46,137,232</b>



**NOTES ON ACCOUNTS**

Amount in Rs.

**13 TRADE RECEIVABLES**

Particulars	As at	
	March 31, 2012	March 31, 2011
(Unsecured, Considered Good, unless specified otherwise)		
<u>Outstanding for more than six months</u>		
Considered good	6,955,981	3,500,384
Considered Doubtful	-	106,526
	6,955,981	3,606,910
Less : Allowance for Doubtful Debts	-	106,526
Others debts considered good	154,148,059	135,304,756
	<b>161,104,040</b>	<b>138,805,140</b>

**14 CASH & CASH EQUIVALENTS**

Particulars	As at	
	March 31, 2012	March 31, 2011
<u>Balance with Banks</u>		
-In Current account	1,280,091	8,350,978
Cash on Hand	134,168	321,563
<u>Other Bank Balances</u>		
Unpaid Dividend account	445,547	376,512
Margin Money Deposits [Refer Note No. 14.1]	14,960,890	2,440,739
	<b>16,820,696</b>	<b>11,489,792</b>

**Note No. 14.1:**

\* Margin Money deposits amounting to Rs. 14,960,890/- (Previous Year Rs. 2,440,739/-) are lying with Bank Guarantees, Forward Margin and Letter of credit.

**15 SHORT TERM LOANS & ADVANCES**

Particulars	As at	
	March 31, 2012	March 31, 2011
(Unsecured, Considered Good, unless specified otherwise)		
Security Deposits	118,152	107,704
<u>Others</u>		
Advance recoverable in cash or kind or for value to be received	7,337,838	5,193,412
Advance Tax	1,136,060	764,295
Balance with Central Excise	7,355,480	6,179,506
Advances to suppliers	30,784,968	1,400,760
Loans and Advances to Employees	910,894	696,062
	<b>47,643,392</b>	<b>14,341,739</b>

**16 OTHER CURRENT ASSETS**

Particulars	As at	
	March 31, 2012	March 31, 2011
Interest Receivable	470,784	464,235
Duty Drawback Receivable	338,104	205,036
Insurance Claim Receivable	63,192	109,255
Octroi Duty Receivable	12,756	22,560
Sales Tax Receivable	103,860	96,673
	<b>988,696</b>	<b>897,758</b>

**17 CONTINGENT LIABILITIES AND COMMITMENTS**
**a) CONTINGENT LIABILITIES**

Particulars	As at	
	March 31, 2012	March 31, 2011
Disputed Income Tax Liabilities	1,312,740	456,084
Disputed Service Tax Liabilities	2,410,252	-
Bond issued under Advance Licence Scheme	1,670,761	-
Bond issued under Export Promotion Capital Goods Scheme	793,194	3,369,825
	<b>6,186,947</b>	<b>3,825,909</b>

**b) COMMITMENTS**

Particulars	As at	
	March 31, 2012	March 31, 2011
Estimated amounts of Contracts remaining to be executed on Capital account and not provided for (Net of Advances)	71,048,449	31,281,400
	<b>71,048,449</b>	<b>31,281,400</b>

**NOTES ON ACCOUNTS**
**18 REVENUE FROM OPERATIONS**

Particulars	Amount in Rs.	
	Year ended March 31, 2012	Year ended March 31, 2011
Sale of Products (Refer Note No 18.2)	1,757,466,330	1,375,603,711
Sale of Services (Refer Note No 18.3)	174,771	367,868
<u>Other Operating Revenue</u>		
Profit on Hedging Contracts	2,172,108	-
Duty Draw Back Received	1,597,304	1,951,375
Less : Excise Duty	135,404,750	108,774,271
	<b>1,626,005,763</b>	<b>1,269,148,683</b>

**Note No. 18.1 : Accounting Policies of Revenue Recognition**

Sales is recognized when the significant risk and rewards of ownership of the goods are passed on to the customer. Sales is inclusive of excise duty, exclusive of Value Added Tax (VAT) and is net of returns.

**Note No 18.2 : Sale of Products**

Particulars	2011-2012	2010-2011
Electrical Contacts	1,668,690,416	1,292,041,075
Others	88,775,914	83,562,636
	<b>1,757,466,330</b>	<b>1,375,603,711</b>

**Note No 18.3 : Sale of Services**

Particulars	2011-2012	2010-2011
Job Work	174,771	367,868
	<b>174,771</b>	<b>367,868</b>

**19 OTHER INCOME**

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Interest Income (Refer Note No 19.1)	943,562	1,490,779
Dividend Income on Long Term Non trade investments	58,156	27,032
Profit on Sale of Long Term Non trade investments	1,698	-
Foreign Exchange Fluctuation (Net)	5,247,713	1,406,349
Miscellaneous Income	62,334	122,837
	<b>6,313,463</b>	<b>3,046,997</b>

**Note No. 19.1 : Break-up of Interest income**

Particulars	2011-2012	2010-2011
Interest income on inter corporate deposits	-	140,548
Interest income on deposits with banks	616,191	1,268,980
Interest income on income tax refund	118,058	-
Interest income from customers	209,313	81,251
	<b>943,562</b>	<b>1,490,779</b>

**20 COST OF MATERIAL CONSUMED**

Particulars	Year ended	
	March 31, 2012	March 31, 2011
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock of Raw Material	76,947,209	36,817,155
Add : Purchases of Raw Material	1,209,236,003	929,561,209
	1,286,183,212	966,378,364
Less : Sale of Raw Material	8,280	728,470
Less : Closing Stock of Raw Material	92,983,861	76,947,209
<b>Cost of Materials Consumed (Refer Note No. 20.1)</b>	<b>1,193,191,071</b>	<b>888,702,685</b>

**Note No. 20.1 : Cost of Material Consumed**

Particulars	2011-2012	2010-2011
Silver	817,163,394	549,699,428
Tungsten Metal Powder	100,067,195	61,370,916
Copper Chromium/Zirconium Rod/Tube	120,298,918	116,195,031
ETP Cu Flat/Rod/Tube/Strips	88,382,397	86,726,026
Others	67,279,167	74,711,284
	<b>1,193,191,071</b>	<b>888,702,685</b>

**NOTES ON ACCOUNTS**
**21 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

Particulars	Amount in Rs.	
	Year ended March 31, 2012	Year ended March 31, 2011
<b>Opening Stock</b>		
Finished Goods	1,377,792	389,600
Work-in- Progress	290,469,139	192,116,024
Scrap	11,715,994	7,616,780
	<u>303,562,925</u>	<u>200,122,404</u>
<b>Closing Stock</b>		
Finished Goods	3,393,076	1,377,792
Work-in- Progress	392,032,963	290,469,139
Scrap	8,195,944	11,715,994
<b>Change in Stock of Finished Goods</b>	<u>403,621,983</u>	<u>303,562,925</u>
	<u>(100,059,058)</u>	<u>(103,440,521)</u>

**22 EMPLOYEE BENEFITS EXPENSE**

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Salaries & Wages	62,324,914	56,887,262
Contribution to Provident & Other Funds	3,056,323	2,851,202
Staff Welfare Expenses	2,107,279	2,106,591
	<u>67,488,516</u>	<u>61,845,055</u>

**Note No. 22.1: Accounting Policies of Employee Benefit**

- i) Short Term Employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Contribution payable to the recognised Provident Fund which is Defined Contribution Scheme is charged to Statement of Profit and Loss.
- iii) Liabilities in respect of Defined Benefit Plans are determined based on actuarial valuation made by an independent actuary as at the Balance Sheet date. The actuarial gains or losses are recognised immediately in the Statement of Profit and Loss.
- iv) In case of non-member of the Gratuity Fund, the same is provided as per the approval of Central Government and as per Payment of Gratuity Act, 1972, wherever applicable.

**23 FINANCE COSTS**

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Interest Expense (Refer Note No 23.1)	22,532,838	11,290,206
<b>Other Borrowing Cost</b>		
Bank Finance Cost	4,402,169	553,641
	<u>26,935,007</u>	<u>11,843,847</u>

**Note No. 23.1 : Break-up of Interest Expense**

	2011-2012	2010-2011
Interest expense on bank borrowings	22,233,811	10,472,943
Interest expense on income tax	-	817,263
Interest expense on vehicle loan from other	299,027	-
	<u>22,532,838</u>	<u>11,290,206</u>

**NOTES ON ACCOUNTS**
**24 OTHER EXPENSES**

Particulars	Amount in Rs.	
	Year ended March 31, 2012	Year ended March 31, 2011
Consumption of Stores and Spares	12,284,666	9,819,897
Consumable Tools & Dies	13,439,119	9,345,484
Packing Expenses	2,272,011	1,770,732
Power & fuel	27,804,460	25,506,874
Processing & Labour Charges	15,037,451	10,411,782
<b>Repairs and Maintenance</b>		
Buildings	765,065	122,763
Machinery	14,741,828	11,141,330
Others	1,750,214	961,825
Insurance	1,890,639	1,637,875
Rent, Rates and taxes	643,410	1,075,412
Advertisement & Sales Promotion	675,798	863,410
Bank Charges	2,962,830	2,690,090
Commission on Sales	11,263,379	8,310,738
Payment to Statutory Auditor (Refer Note No. 24.1)	348,655	379,155
Travelling and Conveyance Expenses	8,489,621	4,375,170
Legal & Professional Charges	3,345,521	4,169,227
Telephone & Telex Expenses	1,020,318	779,094
Vehicle Expenses	2,024,910	1,923,909
Bad debts written off	106,526	-
Less : Allowance for Doubtful Debts written back	106,526	-
Loss on Hedging Contracts	-	11,377,119
Loss on Sale of Fixed Assets (net)	7,569,264	154,014
In house R&D Expenses	114,523	82,805
Donation	2,526,250	5,109,100
Miscellaneous Expenses	24,480,889	18,193,374
	<b>155,450,824</b>	<b>130,201,180</b>

**Note No. 24.1 : Payment to Statutory Auditors**
**As Auditor**

Audit Fees	175,000	130,000
Tax Audit Fees	85,000	65,000
Limited Review Fees	36,000	36,000
Service Tax *	35,844	23,793

**In other capacity**

Company law Matters	10,000	-
Certification and Other Services	42,500	148,000
Service Tax *	5,253	15,244

	<b>389,597</b>	<b>418,037</b>
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\* Out of above Service Tax credit of Rs.40,942/- (Previous Year Rs. 38,882/-) has been taken and the same has not been debited to Statement of Profit and Loss.

**25 EARNING PER SHARE**

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Profit attributable to Equity Shareholders (Rs.)	159,843,525	158,366,330
No. of Equity Share outstanding during the year (Nos.)	32,450,000	32,450,000
Face Value of each Equity Share (Rs.)	1	1
Basic & Diluted earning per Share (Rs.)	4.93	4.88

**NOTES ON ACCOUNTS**
**26 EMPLOYEE BENEFITS**

The disclosures as required under the Accounting Standard 15 (Revised) are as under:

The Company has schemes for the long term benefits such as Provident Funds, Gratuity and Leave encashment. In case of funded scheme, the funds are recognised by the Income tax authorities and administered through trustees/appropriate authorities. The Company's benefit plans include gratuity and leave encashment. The company's Defined Contribution Plan includes Provident Fund. Accordingly related disclosure are as under :

**A) Defined Contribution Plan**

Particulars	2011-12	2010-11
Contribution to Provident Fund	1,826,246	1,614,757

**B) Defined Benefit Plan**

Sr.No.	Particulars	2011-12		2010-11	
		Leave Encashment Rs.	Gratuity Rs.	Leave Encashment Rs.	Gratuity Rs.
<b>I Assumptions</b>					
(a)	Discount Rate	8.00%	8.00%	8.00%	8.00%
(b)	Salary Escalation	4.00%	4.00%	4.00%	4.00%
<b>II Changes in present value of obligations</b>					
(a)	Present value of obligations as at the beginning of year	729,342	5,036,518	621,858	3,857,492
(b)	Interest cost	58,347	402,921	49,749	308,599
(c)	Current Service Cost	121,284	485,199	92,523	232,932
(d)	Benefits Paid	(47,040)	(238,258)	(133,433)	(151,985)
(e)	Actuarial gain on obligations	11,281	142,734	98,645	789,480
(f)	Present value of obligations as at the end of year	873,214	5,829,114	729,342	5,036,518
<b>III Changes in the fair value of plan assets</b>					
(a)	Fair value of plan assets at the beginning of year	642,288	4,655,590	388,191	3,884,299
(b)	Expected return on plan assets	65,390	441,682	61,340	394,962
(c)	Contributions	87,054	398,360	326,190	528,314
(d)	Benefits paid	(47,040)	(238,258)	(133,433)	(151,985)
(e)	Actuarial gain on Plan assets	-	-	-	-
(f)	Fair value of plan assets at the end of year	747,692	5,257,374	642,288	4,655,590
<b>IV Fair value of plan assets</b>					
(a)	Fair value of plan assets at the beginning of year	642,288	4,655,590	388,191	3,884,299
(b)	Actual return on plan assets	65,390	441,682	61,340	394,962
(c)	Contributions	87,054	398,360	326,190	528,314
(d)	Benefits Paid	(47,040)	(238,258)	(133,433)	(151,985)
(e)	Fair value of plan assets at the end of year	747,692	5,257,374	642,288	4,655,590
(f)	Funded status	(125,522)	(571,740)	87,054	(380,928)
(g)	Excess of Actual over estimated return on plan assets	-	-	-	-
	(Actual rate of return = Estimated rate of return as ARD falls on 31st March)				
<b>V Actuarial Gain/Loss recognized</b>					
(a)	Actuarial gain for the year -Obligation	(11,281)	(142,734)	(98,645)	(789,480)
(b)	Actuarial gain for the year - plan assets	-	-	-	-
(c)	Total gain for the year	11,281	142,734	98,645	789,480
(d)	Actuarial gain recognized in the year	11,281	142,734	98,645	789,480
<b>VI The amounts to be recognized in the balance sheet and statements of Profit and Loss</b>					
(a)	Present value of obligations as at the end of the year	873,214	5,829,114	729,342	5,036,518
(b)	Fair value of plan assets as at the end of the year	747,692	5,257,374	642,288	4,655,590
(c)	Funded status	(125,522)	(571,740)	(87,054)	(380,928)
(d)	Net liability/(asset) recognized in balance sheet	125,522	571,740	87,054	380,928
<b>VII Expenses Recognised in statement of Profit &amp; Loss</b>					
(a)	Current Service cost	121,284	485,199	92,523	232,932
(b)	Interest Cost	58,347	402,921	49,749	308,599
(c)	Expected return on plan assets	(65,390)	(441,682)	(61,340)	(394,962)
(d)	Net Actuarial gain recognised in the year	11,281	142,734	98,645	789,480
(e)	Expenses recognised in statement of Profit & Loss Account	125,522	589,172	179,577	936,049

**Note :** The above information have been given based on information provided by the Life Insurance Corporation of India.

**NOTES ON ACCOUNTS**
**27 SEGMENT REPORTING**

As the Company's business activity falls within a single Primary segment viz. : "Manufacturing of Electrical Contacts" .Since the sale outside India is more than 10% of the total sales, geographical segment is reported as the secondary segment.

**Amount in Rs.**

Particulars	2011 - 12		2010-11	
	Within India	Outside India	Within India	Outside India
Segment Revenue	1,355,177,105	270,828,658	1,072,801,612	196,347,071
Segment Assets	1,262,116,126	63,525,633	1,167,136,362	38,178,969
Addition Fixed Assets	139,288,034	-	69,102,976	-

**28 RELATED PARTY DISCLOSURES**

(A) Related party disclosure in accordance with Accounting Standard 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India ("ICAI").

**1. Enterprises over which key management personnel and relative of such personnel have significant influence**

- i) Modicon Pvt. Ltd.
- ii) Modison Copper Pvt. Ltd.
- iii) Disha Innovative Solutions Pvt. Ltd.

**2. Key Management Personnel**

- i) Mr. G. L. Modi Managing Director
- ii) Mr. Rajkumar Modi Wholetime Director

**3. Relatives of Key Management Personnel**

- i) Mr. Kumar Jay Modi Son of Mr. G. L. Modi
- ii) Mrs. Chandramani Devi Modi Mother of Mr. Rajkumar Modi

(B) Details of Transactions during the year with related parties at the year end.

S.No.	Related parties	Nature of Transactions during the year	2011-12	2010-11
			(Rs.)	(Rs.)
1	Mr. G.L. Modi	Remuneration Paid (including Other benefits)	8,609,693	8,572,101
2	Mr. Rajkumar Modi	Remuneration Paid (including Other benefits)	2,917,212	2,181,994
3	Mr. Kumar Jay Modi	Rent Paid	51,000	30,000
		Salary Paid (including Other benefits)	248,370	145,247
4	Mrs. Chandramani Devi Modi	Rent Paid	210,000	120,000
5	Modicon Pvt. Ltd.	Purchase of Goods	83,433,621	182,123,988
		Sale of Goods	4,960,274	4,793,446
		Purchase of Fixed assets	-	102,000
		Sale of Fixed assets	-	489,600
		Service Rendered	289,028	200,530
6	Modison Copper Pvt. Ltd.	Service Received	7,045,565	325,667
		Purchase of Goods	152,288,097	193,318,424
		Sale of Goods	36,101,689	44,275,457
		Purchase of Fixed assets	12,130	-
		Sale of Fixed assets	4,523,930	442,617
7	Disha Innovative Solutions Pvt. Ltd.	Service Rendered	107,864	392,981
		Service Received	686,443	52,510
		Sale of Fixed assets	1,100,041	-
		Purchase of Goods	10,146	-

(C) Balance at the year end.

S.No.	Related parties	Nature of Transactions	31.03.2012	31.03.2011
1.	Mr. G. L. Modi	Remuneration Payable	479,040	549,040
2.	Mr. Rajkumar Modi	Remuneration Payable	149,040	134,040
3.	Mr. Kumar Jay Modi	Salary Payable	10,540	4,037

Note: Related Party relationship is as identified by the company and relied upon by the Auditors.

**NOTES ON ACCOUNTS**
**29 Derivatives:**  
**HEDGED:**

The Company has entered into Forward Hedged Exchange Contracts, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding Forward Exchange Contracts entered into by the Company:

Particulars	As on 31.03.2012		As on 31.03.2011		Foreign Currency
	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	
Loan Liabilities & Interest accrued their on	8,534,010	176,000	20,253,180	425,283	CHF
Loan Liabilities & Interest accrued their on	6,395,297	91,453	-	-	EURO
Loan Liabilities & Interest accrued their on	87,594,644	1,708,183	-	-	USD

**UNHEDGED:**

The year end Foreign Currency exposures that have not been hedged by a derivative instrument are as under:-

**a) Amount receivable in foreign currency on account of the following :**

Particulars	As on 31.03.2012		As on 31.03.2011		Foreign Currency
	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	
Amount Receivable	42,151,501	623727	27,418,923	4,38,703	EUR
	1,376,051	16,982	78,156	1,096	GBP
	19,998,081	393199	10,681,890	2,40,421	USD

**b) Amount payable in foreign currency on account of the following :**

Particulars	As on 31.03.2012		As on 31.03.2011		Foreign Currency
	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	
Amount Payable	-	-	1,836,533	28,922	EUR
	11,096,543	216,307	5,016,442	111,924	USD
Loan Liability	-	-	2,826,720	5,200,000	JPY
	-	-	7,246,068	1,47,758	CHF
	-	-	19,048,500	4,25,000	USD
Interest accrued but not due	228,864	4,461	-	-	USD
	-	-	2,41,893	4,933	CHF
	-	-	7,463	13,728	JPY

**NOTES ON ACCOUNTS**
**30 VALUE OF IMPORTED AND INDIGENOUS MATERIAL CONSUMED**

Amount in Rs.

Particulars	2011-2012		2010-2011	
	%	Value	%	Value
<b>Raw Material</b>				
Imported	10.48	125,019,117	9.50	84,459,113
Indigenous	89.52	1,068,171,955	90.50	804,243,572
	<b>100.00</b>	<b>1,193,191,071</b>	<b>100.00</b>	<b>888,702,685</b>
<b>Stores, Spares &amp; Components</b>				
Imported	0.00	-	0.00	-
Indigenous	100.00	12,284,666	100.00	9,819,897
	<b>100.00</b>	<b>12,284,666</b>	<b>100.00</b>	<b>9,819,897</b>

**31 VALUE OF IMPORTS ON C.I.F. BASIS**

Particulars	2011-12	2010-11
Raw Material	152,591,587	98,983,129
Capital Goods	39,663,258	35,078,141
Components and Spare Parts	2,040,556	2,387,967

**32 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2011-2012	2010-2011
Foreign Travelling (out of the above Rs.91,732/- (Previous year Rs.190,512/-) has been capitalised)	1,031,198	1,159,056
Commission	11,172,585	8,186,810
Interest	2,582,545	2,483,330
Others	2,192,286	2,104,650

**33 EARNINGS IN FOREIGN CURRENCY**

Particulars	2011-2012	2010-2011
Exports at F.O.B. Value	264,101,986	190,225,970
Freight	6,304,851	5,674,887
Insurance	174,136	129,072

**34 RESEARCH AND DEVELOPMENT EXPENDITURE**

Particulars	2011-2012	2010-2011
Capital Expenditure included in Fixed Aseets	1,279,738	2,755,295
Revenue Expenditure included in Employee Benefit	2,574,488	1,988,952
Revenue Expenditure included in Other Expenses	114,523	82,805

**35 OPERATING LEASES DISCLOSURES**
**Assets Taken on Lease**

The company's major leasing arrangements are in respect of staff quarters and office premises taken on Lease and Licence basis. The aggregate lease rentals of Rs 424,272/- (Previous Year: 409,160/-) are charged as Rent and shown under the Note No. 24 "Other Expenses". These leasing arrangements, which are cancelable, range between eleven months and three years generally or longer and are usually renewable by mutual consent at mutually agreed terms and conditions.

36 The Company has paid a contribution of Rs. Nil (Previous Year Rs. 50,000/-) to Bharatiya Janata Party, a political party.

**37 OTHER SIGNIFICANT ACCOUNTING POLICIES**
**(A) Basis of Preparation of financial statement**

The financial statements have been prepared under the historical cost convention on an accrual basis and comply in all material respects with the mandatory accounting standards and the relevant provisions of the Companies Act, 1956.

**(B) Investments**

Long term investments are stated at cost. Provision for diminution in the value of investments is made only if such decline is other than temporary in the opinion of the management.

**(C) Other Income**

Dividend is accounted for as and when received.

**(D) Foreign Currency Transaction**

Transactions in foreign exchange, other than those covered by forward exchange contracts are accounted at the rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at the year end. All other exchange differences are accounted for in the Statement of Profit & Loss except in case of transactions covered by forward exchange contracts where exchange difference is recognized over the life of the contract.



**NOTES ON ACCOUNTS****(E) Lease**

Lease rentals in respect of assets acquired under operating leases are charged off to the Statement of Profit & Loss as incurred. Lease rentals in respect of assets given under operating leases are credited to the Statement of Profit & Loss.

**(F) Accounting Policy Provision for Current Tax**

Provision for Income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income- tax Act, 1961.

**(G) Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**(H) Provision & Contingent Liability**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

- 38 Balances of Trade Receivables, Trade Payables and Loans and Advances are subject to confirmation and consequential adjustment, if any.
- 39 The Financial Statement for the year ended 31st March 2011 had been prepared as per the then applicable, prerevised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the Financial Statement for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly the previous year's figures have also been reclassified to conform to the year's classification.

As per our report of attached even date.

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration Number: 101484W**

**FOR AND ON BEHALF OF THE BOARD**

**J.P. BAIRAGRA**  
**PARTNER**  
**MEMBERSHIP NO.12839**

**G.L. MODI**  
**MANAGING DIRECTOR**

**SURESH MODY**  
**DIRECTOR**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**PLACE : MUMBAI**  
**DATED : 29TH MAY, 2012**

**MODISON METALS LIMITED**

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

**ATTENDANCE SLIP**

..... Name of the attending Member (In Block Letters)	..... Member's Folio No. / Client ID No
..... Name of the Proxy (In Block Letters) (to be filled if the Proxy attends instead of the Member)	

No. of Shares held: .....

I hereby record my presence at the **Twenty-Ninth ANNUAL GENERAL MEETING** of the Company at **Radio Room, The Bombay Presidency Radio Club Ltd., 157, Arthur Bunder Road, Colaba, Mumbai – 400005** on **07<sup>th</sup> August, 2012 at 11.30 A.M.**

.....  
(Signature of the Attending Member / Proxy)

Notes:

- 1 Member / Proxyholder desiring to attend the Meeting must bring Attendance Slip to this Meeting and hand it over at the entrance duly signed.
- 2 Member / proxyholder desiring to attend the Meeting, should bring his copy of the Annual Report for reference at the Meeting.

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**MODISON METALS LIMITED**

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

**PROXY FORM**

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district \_\_\_\_\_ being a Member / Members of the abovenamed Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 07<sup>th</sup> August, 2012 at 11.30 A.M and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Member's Folio No. \_\_\_\_\_ Signature \_\_\_\_\_  
DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Affix Re. 1.00  
Revenue Stamp

**Note:** The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid Meeting.