

MODELLA WOOLLENS LIMITED

48th ANNUAL REPORT 2009-2010



MODELLA WOOLLENS LIMITED

MODELLA WOOLLENS LIMITED



Board of Directors

Mr. V. K. Grover (Chairman & Managing Director)

Mr. B. K. Khemka

Mr. R. K. Chaudhary

Mrs. G. Grover

Registered Office :

4-C, Vulcan Insurance Building,
Veer Nariman Road,
Churchgate, Mumbai-400 020.

Tel. : (022) 2204 7424/9879

Fax : (022) 2287 2620

E-mail : modella@vsnl.com

E-mail for investor

grievance:modella@hathway.com

Bombay Stock Exchange Ltd.

Code No. 503772

Demat ISIN in CDSL INE 380D01012

Bankers :

Union Bank of India

Solicitors :

Malvi Ranchoddas & Co.

Auditors :

Desai & Bhagtaney

Registrar & Share Transfer Agent :

Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate,
Ground Floor, Sitaram Mill Compound,
J. R. Boricha Marg, Lower Parel, Mumbai-
400 011

Tel.: 2301 6761/8261

E-mail: busicomp@vsnl.com

Website : www.busi-comp.com

MODELLA WOOLLENS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 48th Annual General Meeting of the members of **MODELLA WOOLLENS LIMITED** will be held at the Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76 Veer Nariman Road, Churchgate, Mumbai-400 020 on Friday the 9th day of July, 2010 at 12.00 noon to transact the following:

As Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Gopee Grover who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Messrs Desai & Bhagtaney, Chartered Accountants, Mumbai as the Auditors of the Company and to fix their remuneration.

As Special Business:

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

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act" including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to approval of the Central Government under sub-section(2) of Section 269 of the Companies Act, 1956, if required, consent of the Company be and is hereby accorded to the re-appointment of Mr. Vinod Kumar Grover as the Managing Director for a period of five years with effect from 1st October, 2010 on the terms and conditions as set out in the draft Agreement submitted to this Meeting and for purpose of identification initialled by the Chairman, subject to the condition that the Board of Directors be and is hereby authorized to revise, amend, alter or otherwise vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. Vinod Kumar Grover and/or in conformity with any revision and/or modifications in terms thereof as contained in the approval granted by the Central Government, provided however, that the remuneration payable to Mr. Vinod Kumar Grover shall not exceed the maximum limit for the payment of managerial remuneration prescribed under schedule XIII of the Companies Act, 1956 or any amendment thereto for the time being in force;

RESOLVED FURTHER THAT subject to approval of the Central Government in the event of loss or inadequacy of profit or effective capital being negative in any financial year the remuneration and perquisite as set out in the aforesaid draft Agreement, shall be paid to Mr. Vinod Kumar Grover as minimum remuneration;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and to execute any Agreement, document or instruction as may be required to give effect to this resolution;

"RESOLVED FURTHER THAT Mr. Vinod Kumar Grover shall not, while he continues to hold the office of the Managing Director, be subject to retirement by rotation."

5. To consider and if thought fit to pass with or without modification(s) following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. R.K. Chaudhary who was appointed as an Additional Director by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.

Place : Mumbai,
Dated : 30th April, 2010

By Order of the Board of Directors
V. K. Grover
Chairman & Managing Director

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Items #4 and #5 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER, IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED AND STAMPED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.**
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday 26/06/2010 to Friday 09/07/2010 (both days inclusive).
4. Members may kindly note that the Company's share can now be held in de-materialised form with Central Depository Services Ltd.(CDSL). The ISIN is INE 380D01012. The Company has appointed M/s. Purva Shareregistry India Pvt. Ltd., 9, Shiv Shakti Industrial Estate, Ground Floor, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai-400 011 as the Registrar & Transfer Agent.
5. Members can avail of the Nomination facility by filling Form 2B of the Companies (Central Government's) General Rules and Forms, 1956 with the Company or its Registrar & Transfer Agent viz. M/s. Purva Shareregistry India Pvt. Ltd.
6. Members are requested to notify immediately change in their address, if any, to the Company, or to its Registrar & Transfer agent viz. M/s. Purva Shareregistry India Pvt. Ltd. or to respective Depository Participant in case of shares held in de-materialised form.
7. Members desiring any information as regards the accounts & operations of the Company are requested to write to the Company at an early date so that the information sought can be made readily available at the meeting.
8. Members are requested to bring their copy of the Annual Report as the practice of distributing copies of the Annual Report at the place of meeting has been discontinued as an austerity measure.
9. Members/Proxies are requested to bring their admission slip, duly filled, while attending the meeting.

By Order of the Board of Directors

(V. K. Grover)

Chairman & Managing Director

Place: Mumbai

Dated: 30th April, 2010

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ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4

Mr. Vinod Kumar Grover was re-appointed as Managing Director of the Company by the Members of the Company at the 43rd Annual General Meeting held on 27th July, 2005 effective from 1st October, 2005 for a period of five years. He has been the Managing Director of the Company from 1st October, 1995

The Board of Directors at the Meeting held on 30.4.2010 approved re-appointment of Mr. Vinod Kumar Grover as the Managing Director of the Company on the following remuneration and terms and conditions for a period of five years effective from 1st October, 2010 subject to the approvals of the Company in the General Meeting and that of the Central Government under sub-section(2) of the section 269 of the Companies Act, 1956, if required. The terms and conditions of the re-appointment are set out in the draft agreement to be entered into by the Company with Mr. Vinod Kumar Grover which inter alia contain the following:

- a) **Salary:** Rs.40,000/- (Rupees Forty thousand) per month
- b) **Commission:** @1% (one percent) of the net profits of the Company for each financial year to be computed in the manner laid down in Section 309(5) of the Companies Act, 1956.
- c) **Perquisites:** In addition to above, Mr. Vinod Kumar Grover shall be entitled to the following perquisites restricted to an amount equal to his annual salary or Rs.4,50,000/- (Rupees four lakhs fifty thousand only) per annum, whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C' as follows:

CATEGORY 'A'

- i) **Accommodation:** Free furnished accommodation or rent allowance at the rate of 60% of the salary. The expenditure incurred by the Company on Gas, Electricity and Water shall be valued as per the Income tax Rules, 1962, this shall however be subject to a ceiling of 10% of the salary.
- ii) **Medical benefits for self and family:** Reimbursement of expenses actually incurred for self, wife and dependent children, the total cost of which to the Company shall not exceed one month's salary, per annum or three months salary for a period of three years of service.
- iii) **Leave Travel Concession:** Actual Fares(First Class A.C. or Air but no hotel expenses etc.) for self, wife and dependent children once a year to and from any place in India.

CATEGORY 'B'

- i) **Company's Contribution towards Provident Fund, Superannuation Fund:** As per the Rules of the Company subject to a ceiling upto which the said contributions are either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) **Gratuity:** Not exceeding one month's salary for each completed year of service(to be reckoned

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from the date of the initial appointment) subject to a maximum of Rs.3,50,000/- (Rupees three lakh fifty thousand only).

- iii) **Leave:** One month's privilege leave for every completed year of service to be taken at such times as may be mutually agreed. Unavailed leave at the end of his tenure is encashable.
- iv) **Insurance:** Personal Accident Insurances of an amount, the annual premium which does not exceed Rs.5,000/- (Rupees five thousand only).

CATEGORY 'C'

- i) **Telephone:** Free telephone facility at the residence of Mr. V.K. Grover, However long distance calls for private purposes shall be billed by the Company.
- ii) **Car:** Free use of Company maintained car with driver. However use of car for private purposes shall be billed by the Company.
- iii) **Fees of Clubs:** monthly subscription, limited to two clubs.
- iv) **Minimum Remneration:** In the absence or inadequacy of profits or effective capital being negative the Managing Director shall be entitled to salary and perquisites, till such time the Company starts making cash profit, as minimum remuneration.
- v) **Reimbursement of Expenditure:** Mr. Vinod Kumar Grover shall also be entitled to reimbursement of travelling and entertainment expenditure actually and properly incurred for the business of the Company and that the same shall not be treated as an item of remuneration in terms of Sections 198 and 309 of the Companies Act, 1956.

Mr. Vinod Kumar Grover has voluntarily drawn salary of Rs.100/- per month during the last five years and has agreed to draw Rs.100/- per month till such time the Company starts making cash profit during the tenure of his appointment as Managing Director in terms of this agreement. The Board of Directors has appreciated his gesture and has decided, subject to the provisions of Sections 198,269,309,310 and Schedule XIII of the Companies Act, 1956 and subject to the approval of Central Government under Section 269 of the Companies Act, 1956 if required, that Mr. Vinod Kumar Grover shall, while drawing a monthly salary of Rs.100/-, be entitled to the perquisites. He may draw full salary etc. only from the year the Company makes cash profit.

In terms of Article #158 of the Articles of Association, a Managing Director, while he continues to hold that office, shall not be subject to retirement by rotation.

The Explanation together with accompanying Notice should be treated as an abstract of the terms of appointment of Mr. Vinod Kumar Grover required to be sent to every Member pursuant to Section 302 of the Companies Act, 1956.

A copy of the draft Agreement referred to in Resolution and hereinabove is open for inspection of the Members at the Registered Office of the Company between the hours 11.00 a.m. and 1.00 p.m. on any working day except on Saturdays.

Mr. Vinod KUMar Grover and Mrs. Gopee Grover being a relative of Mr. Vinod Kumar Grover are interested in this Resolution. None of the other Directors are interested in this Resolution

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The Board recommend passing of the Resolution under Item No. 4 of the accompanying Notice as a Special Resolution.

ITEM NO.5

Mr. R.K. Chaudhary was appointed an Additional Director of the Company with effect from 30.04.2010 pursuant to Article #114 of the Articles of Association read with Section 260 of the Companies Act, 1956. As per the said provisions, Mr. R.K. Chaudhary will hold office until this Annual General Meeting. The Company has received due notice from a member pursuant to Section 257 of the Companies Act, 1956, proposing the appointment of Mr. R.K. Chaudhary as a Director of the Company.

Mr. R.K. Chaudhary(51 years) is a leading Chartered Accountant with a wealth of experience. He is the proprietor of Messrs R.K. Chaudhary & Associates. The Board feels it beneficial to have an eminent professional like Mr. R.K. Chaudhary to guide the Company.

He does not hold any share in the Company. He is not a director in any other Company.

Except Mr. R.K. Chaudhary, no other Director is concerned or interested in this resolution except as a member of the Company.

The Board of Directors recommend passing of the Resolution under Item No. 5 of the accompanying Notice as an Ordinary Resolution.

By Order of the Board of Directors

Place : Mumbai

(V.K. Grover)

Dated : 30th April, 2010

Chairman & Managing Director

**DIRECTORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31ST MARCH, 2010**

Your Directors present their 48th Annual Report together with the audited statement of accounts of your Company for the year ended 31st March, 2010.

FINANCIAL RESULTS :

	2009-2010	2008-2009
	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Profit before Interest and Depreciation	6.11	21.90
Less : Depreciation	0.13	1.32
Profit for the year before Tax	<u>5.98</u>	<u>23.22</u>
Less: Income Tax including F.B.T.	(8.76)	(8.62)
(Deficit)/Profit after Tax	<u>(2.78)</u>	<u>14.60</u>

In view of absence of significant business activities, the Managing Director has continued to draw a token remuneration of Rs.100/- p.m. during the financial year.

DIVIDEND :

In view of the loss for the year, no dividend is recommended.

OPERATION :

During the year under review there was no trading activity. Your Company was able to recover Rs.17.67 lakh as interest on compensation. The funds available with your Company were deployed mostly in mutual funds that generated an income of Rs.0.93 lakh.

Your Directors have been pursuing the claim against Messrs Rajesh Industries in Court. With the demise of Mr. Rajesh Shroff it has become difficult to recover the dues. Your Directors have decided to enter into consent terms for a lump sum receipt of Rs.5,00,000/- and concluded the issue.

Your Directors are of the view that having regards to the size and nature of the business, which at present remains suspended, there is no need for a formal internal audit. However, your Directors have put in place suitable system of internal controls and exercises periodic checks to ensure their compliance.

FUTURE OUTLOOK :

Your Company was not being able to utilize its trade mark "MODELLA" for several years in the past. Your Directors have decided to unlock the economic value of the trademark in its various forms together with the copyright attached with it. Your Directors are in the process of assigning the same to Messrs Uday Industries for perpetuity. Messrs Uday Industries are one of the registered users of the trade marks for the several years.

Your Company has no borrowings from Banks or Financial Institutions. The Company has also not accepted any deposits.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) of the Companies Act, 1956.

Your Directors state that-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view

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of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year..

- (iii) they 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.
- (iv) they have prepared the annual accounts on a going concern basis because of financial support from promoters in the form of inter-corporate deposits.

COMPLIANCE CERTIFICATE :

As required under proviso to sub-section(1) of Section 383A of the Companies Act, 1956, a certificate dated 28.04.2010 from Messrs Jayshree Dagli & Associates, Company Secretaries is attached to this Report.

PERSONNEL:

Your Directors place on record their appreciation for the co-operation of all the staff and officers of the Company and look forward to their continued co-operation in future.

There is no employee whose remuneration exceed the limit specified under Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Pursuant to Rules framed by the Central Government under Section 217, sub-section 1(e), the Board reports as under:

A. CONSERVATION OF ENERGY	:	N.A.
B. TECHNOLOGY ABSORPTION	:	N.A.
C. FOREIGN EXCHANGE EARNINGS	:	NIL
D. FOREIGN EXCHANGE OUTGO	:	NIL

DIRECTORS :

Mrs. Gopee Grover retires by rotation and being eligible offers herself for re-appointment.

During the year under review, Mr. R.K. Chaudhary was appointed as an Additional Director and pursuant to section 260 of the Companies Act , 1956 shall hold the office upto ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing appointment of Mr. R.K. Chaudhary as Director of your Company which your Directors also recommend.

The current tenure of the Chairman & Managing Director Mr. V.K. Grover will be completed in 30.9.2010. Your Directors have decided to recommend him for re-appointment for a further period of 5 years, subject to such approvals as may be necessary.

Your Directors have informed your Company that they are not debarred for re-appointment/continuation as directors under Sec274(1)(g) of the Companies Act, 1956.

AUDITORS & AUDITORS REPORT :

Messrs Desai & Bhagtaney, Chartered Accountants, Mumbai retire at the conclusion of the Annual General Meeting and being eligible are recommended for re-appointment.

The Auditor's Report is self explanatory and no additional explanation is deemed necessary.

For and on behalf of the Board of Directors

V. K. Grover

Chairman & Managing Director

Place : Mumbai,
Dated : 30th April, 2010

