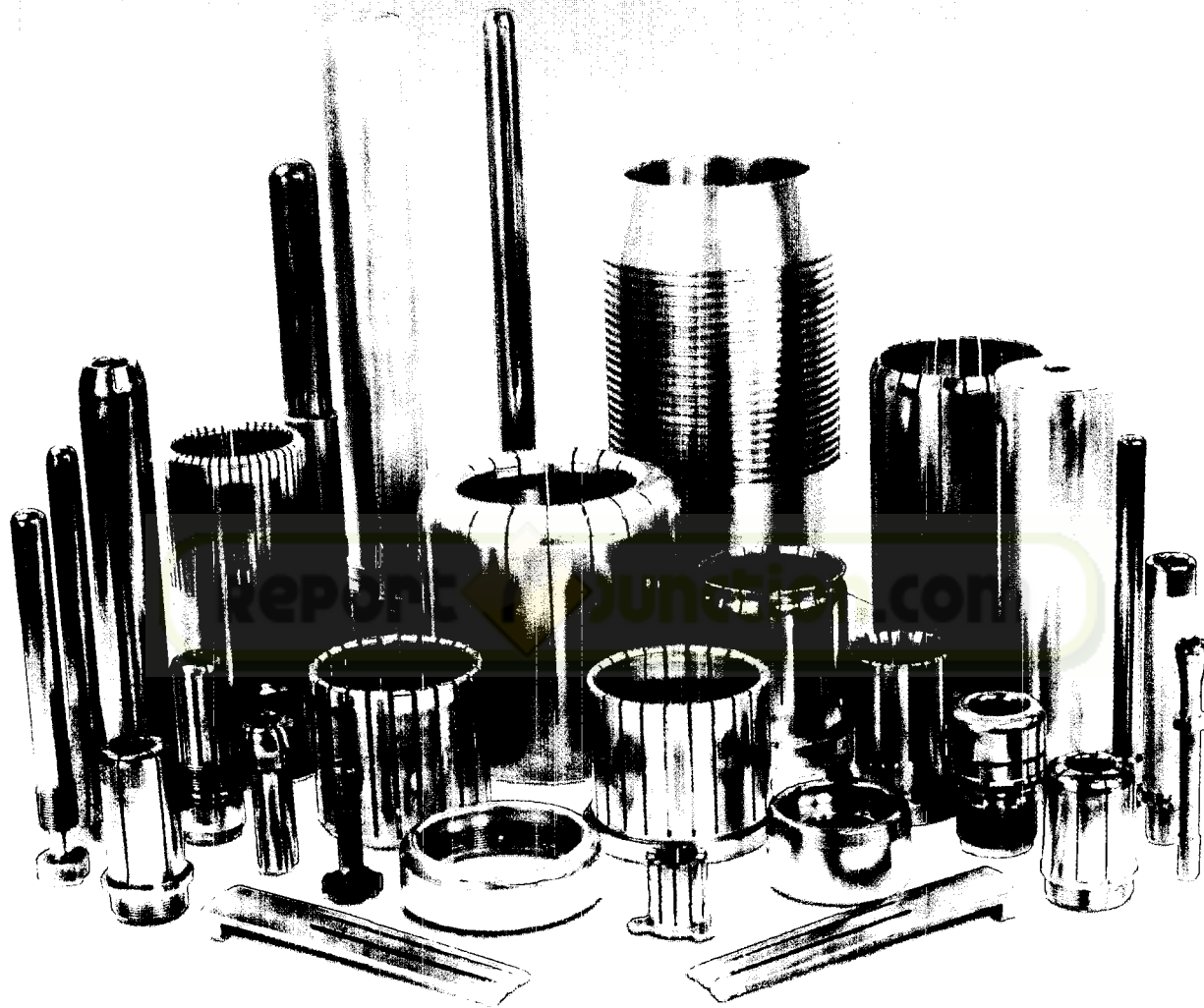


ANNUAL REPORT - 2007 - 2008



MODISON

THE SILVER PEOPLE

MODISON METALS LIMITED*Regd. Office : 33 Nariman Bhavan, 227 Nariman Point, MUMBAI - 400 021***NOTICE**

Notice is hereby given that the **Twenty-fifth 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 **Tuesday, 26th August, 2008 at 11.30 A.M.**

ORDINARY BUSINESS:**Adoption of Directors' Report and Accounts**

1. To receive and adopt the audited Balance Sheet as at 31st March 2008, Profit and Loss Account for the year ended on that date with the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.

Reappointment of Directors retiring by Rotation

3. To appoint Director in place of Mr. S. M. Mody who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Shravan Sharma who retires from office by rotation and being eligible offers himself for reappointment.
5. To appoint Director in place of Mr. Satish Mody who retires from office by rotation and being eligible offers himself for reappointment.

Appointment of Auditors

6. To appoint M. L. Bhuwania & Co., Chartered Accountants, as statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting.

SPECIAL BUSINESS:

7. To consider, and if thought fit, to pass, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 260 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), Mr. Ramavtar Goenka who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- pursuant to the provisions of Section 257 of the Act from a Member signifying his intention to propose Mr. Ramavtar Goenka as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

8. To consider, and if thought fit, to pass, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 260 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), Mr. Anil Lohia who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- pursuant to the provisions of Section 257 of the Act from a Member signifying his intention to propose Mr. Anil Lohia as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

9. 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 sections 198, 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 and in partial modification of the Ordinary / Special Resolutions previously passed at general meetings, from time to time, of the Company, the Company hereby approves salary, perquisites, and allowances payable to Mr. Rajkumar Modi, Wholtime Director of the Company with effect from 1st April, 2008 for the remainder of the tenure of his terms as set out in the Agreement entered by the Company with Mr. Rajkumar Modi.

RESOLVED FURTHER THAT where in any financial year closing after 31st March 2009, the Company has no profits or its profits are inadequate, the Company do pay Mr. Rajkumar Modi, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.”

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

G. L. MODI
Managing Director

MUMBAI, 28th June, 2008

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

NOTES

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
- b) Members / proxies should fill the Attendance Slip for attending the meeting.
- c) The Register of Members and transfer books of the company will be closed from 19th August 2008 to 26th August 2008 (Both days inclusive).
- d) The dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 26th August 2008. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the Depositories for this purpose as on 26th August 2008. The dividend will be paid by 24th September 2008 to the Shareholders.
- e) Members are hereby informed that Dividend which remains unclaimed /un-encashed over a period of 7 years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956, by the Company to “The Investor Education & Protection Fund”, constituted by the Central Government under Section 205C of the Companies Act, 1956.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government:-

Date of declaration of Dividend	Dividend for the year	Due date of transfer to the Government
20.12.2004	2004-2005 (Interim Dividend)	19.12.2011
27.09.2005	2004-2005 (Final Dividend)	26.09.2012
26.09.2006	2005-06	25.09.2013
25.09.2007	2006-07	25.09.2014

It may be 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.

- f) The Company is listed at:
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.

The listing fees have been paid in time.

- g) As per the requirements of clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors / re-appointment of the retiring Directors, a statement containing details of the concerned Directors is given below:

i)	Name of the Director	Mr. S. M. Mody	Mr. Shravan Sharma	Mr. Satish Mody
ii)	Date of birth	25.09.1938	13.07.1957	23.10.1975
iii)	Date of Appointment	09.06.1998	29.01.2002	29.01.2002
iv)	Qualification	Undergraduate	Chartered Accountant	B. Com., LL.B- Advocate
v)	Expertise in specific functional area	In Precious and Non-ferrous Metals.	Practised as Chartered Accountant from Nov. 1982 to Oct. 1992. Stock Broker from March 1995 to June 2002. Practising as a Chartered Accountant from July 2002 onwards.	Practising in Taxation Appellate side.
vi)	List of other public limited companies (in India) in which outside directorship held	NIL	NIL	NIL
vii)	Member of the committee/s of Board of Directors of other companies in which he is a Director	NIL	NIL	NIL

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

G. L. MODI
Managing Director

MUMBAI, 28th June, 2008

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

Item No. 7

Mr. Ramavtar Goenka was appointed Additional Director on the Board of your company with effect from 28th April 2008. Considering Mr. Goenka's vast business experience, his presence on the Board will be valuable to your Company. The resolution is accordingly commended for your acceptance.

Item No. 8

Mr. Anil Lohia was appointed Additional Director on the Board of your company with effect from 28th April 2008. Mr. Lohia is a Chartered Accountant. Considering Mr. Lohia's vast experience, presence on the Board will be valuable to your Company. The resolution is accordingly commended for your acceptance.

Item No. 9

In view of the considerable improvement in the company's business operations and financial position by virtue of Mr. Rajkumar Modi's commendable efforts, the modification as contained in Resolution No. 9 is proposed to be made in his remuneration package. The modification has also been approved by the Remuneration Committee and the Board of Directors of the company.

The Board of Directors at its Meeting held on **28th June 2008** has resolved to revise the remuneration of Mr. Rajkumar Modi, whole-time Director of the Company as per Agreement entered between the Company and Mr. Rajkumar Modi with effect from **1st April 2008** for the remainder of the tenure up to **31st March 2011** as under:-

a) Salary:

- (i) Basic Salary : Rs. 160,000 per month in the scale of Rs.160,000 ~ Rs.200,000 per month with such increase within the scale as the Board may sanction from time to time.
- (ii) Perquisites will be paid in addition to salary, and will be subject to a limit of 25% of annual salary.

b) Perquisites are classified as follows:

CATEGORY 'A' :

- (i) Medical Reimbursement: Rs. 160,000 per annum towards medical expenses incurred for appointee and the family.
- (ii) Leave Travel Concession: Rs. 160,000 per annum for the appointee and his family once in a year incurred in accordance with any rule specified by the Company.
- (iii) Reimbursement of Driver Salary: Rs. 8000 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. 4000 per annum.

CATEGORY - B :

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.

Gratuity payable should not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY - C :

The provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and the use of the car for private purposes shall be billed by the Company to the individual appointee concerned.

That total remuneration payable to him will not exceed limit prescribed in section II, part II of the Schedule XIII of The Companies Act, 1956.

In case of no profits or inadequate profits, he shall be paid the above remuneration as minimum remuneration.

All other terms and conditions of the Agreement dated 30th January 2006 as referred remain the same.

The Agreement between the Company and the Wholetime Director is available for inspection by the Members at the Company's Registered Office between 10.00 a.m. and 12.00 noon on any working day up to the date of Annual General Meeting.

Your Directors commend the resolution for your approval.

Mr. Rajkumar Modi is deemed to be concerned or interested in the Resolution as it pertains to his appointment and remuneration payable to him.

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

G. L. MODI
Managing Director

MUMBAI, 28th June, 2008

ANNUAL REPORT : 2007-2008

MODISON
METALS LIMITED

BOARD OF DIRECTORS:

RANJAN DASGUPTA - Chairman

G. L. MODI - Managing Director

S. M. MODY

SURESH MODY

RAJKUMAR MODI - Wholetime Director

SHRAVAN SHARMA

SATISH MODY

R. A. GOENKA - Additional Director

ANIL LOHIA - Additional Director

AUDITORS:

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

Dahanukar Building, 5th Floor

480, Kalbadevi Road, Mumbai - 400002

BANKERS:

BANK OF INDIA

CITIBANK N.A.

REGISTERED & HEAD OFFICE:

33 Nariman Bhavan

227 Nariman Point

MUMBAI - 400021

DIRECTORS' REPORT

To,

The Members of
MODISON METALS LTD.

Your Directors have pleasure in submitting the **Twenty-fifth Annual Report** of the Company together with audited Accounts for the year ended 31st March, 2008.

- **FINANCIAL RESULTS**

	<u>Rupees In Lakhs</u>	
	<u>2007-08</u>	<u>2006-07</u>
Sales & Other Income	10477.22	8219.55
Gross Profit Before Finance Expenses & Depreciation / Amortisation	2680.55	2027.25
Less: Finance Expenses	220.98	211.74
Depreciation / Amortisation	264.57	264.19
Profit Before Taxation	2195.00	1551.32
Less: <u>Provision for Taxation:</u>		
Current Tax (Including Rs. 0.47 Lakhs for Wealth Tax - Previous year Rs.0.58 Lakhs)	704.07	520.58
Deferred Tax	78.83	17.62
Fringe Benefit Tax	4.35	5.30
Profit After Taxation	1407.75	1007.82
Add: Taxation adjustment of previous year	(7.95)	(0.05)
Add: Balance Brought Forward from the previous year	2560.37	1748.52
Profit available for appropriation	3960.17	2756.29
Proposed Dividend	129.80	81.13
Corporate Dividend Tax	22.06	13.79
Transfer to General Reserve	140.00	101.00
Balance Carried Over to Balance Sheet	3668.31	2560.37

• **DIVIDEND :**

The Board of Directors has recommended a Dividend of Rs.0.40 (40 per cent) per Equity Share of Rs.1/- each for the Financial Year ended 31st March 2008.

• **OPERATIONS :**

During the year under review, the Company has achieved the **turnover of Rs. 10477.22 Lakhs** as compared to Rs. 8219.55 Lakhs during previous year. Year 2007-08 was extremely good for your Company. Turnover grew by 27.47%, i.e. by Rs. 2257.67 Lakhs. Profit before tax grew by 41.49%, i.e. by Rs. 643.68 Lakhs. Net Profit after taxation grew by 39.68% i.e. by Rs.399.94 Lakhs.

Earnings per share for the year 2007-08 increased to Rs. 4.31 from Rs. 3.11 in the previous year. Book value now stands at Rs. 13.62 per Equity Share of Rs.1/- each.

• **EXPORTS :**

The Exports during the year amounts to **2771.53 Lakhs** as against Rs. 1556.50 Lakhs achieved in the previous year, an increase of **78.06%**. During the year under review, the Company has made attempts on consolidating the Market in Japan and Europe. The Company will continue to improve its exports performance in the current year as well.

• **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 2008 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. S. M. Mody, Mr. Shravan Sharma and Mr. Satish Mody 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.

- **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.

- **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.

- **FIXED 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, 28th June, 2008

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 high skeleton strength Copper Tungsten Sintered material.
 - Development of copper chromium zirconium (CuCrZr) alloy having <40 ppm oxygen by vacuum melting technology.
 - Development of CuproNickel 70:30
 - Development of Copper Chromium Zirconium Dia 95 mm rods.
 - Development of new Tri-metal Sheet components
 - Development of silver cell for recovery of silver from in-house steel silver scrap.
 - Development of Copper Electrolytic Cell for recovery of Copper from in-house turning scraps containing silver.
- 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 Semi-continuous Casting
 - Development of fully automatic In-Line Welding, Punching and Forming equipment (Weldomat)
 - Development of Hot Bonding of Silver (Onlay) with steel for low voltage contacts.
 - Development of High Temp Grade Electrical Contacts for Circuit Breaker
 - Development of Insitu bonding of Copper and Tungsten Copper during sintering in a Conveyor Furnace
 - Development of Silver Nickel Profile, Tape Manufacturing
- d) Expenditure in R&D:

	<u>Rs. In Lakhs</u>
- Capital	29.93
- Recurring	<u>6.69</u>
Total	<u>36.62</u>
- Total R&D Expenses as a percentage of total Turnover	0.35%

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 (2007-08)

	<u>Rs. in Lakhs</u>
i) CIF Value of Imports:	1035.90
ii) Expenditure in Foreign Currency:	103.77
iii) Foreign Exchange earned:	2771.53