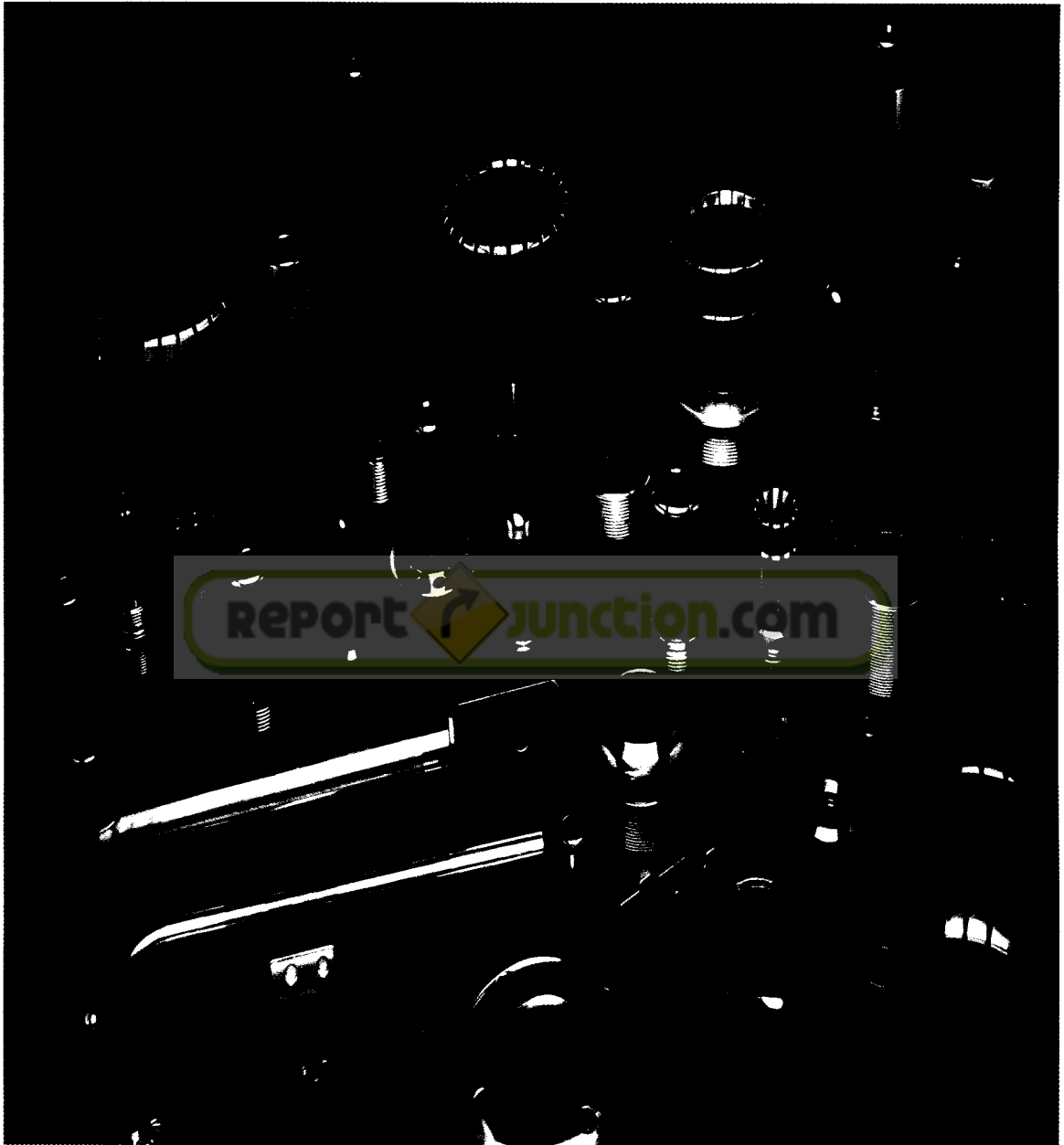


# ANNUAL REPORT - 2008 - 2009



**MODISON**  
THE SILVER PEOPLE

**ANNUAL REPORT: 2008-09**

**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

ANIL LOHIA

***AUDITORS:***

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

Dahanukar Building, 5<sup>th</sup> Floor

480, Kalbadevi Road, Mumbai – 400002

***BANKERS:***

BANK OF INDIA

CITIBANK N.A.

***REGISTERED & HEAD OFFICE:***

33 Nariman Bhavan

227 Nariman Point

MUMBAI – 400021

## **NOTICE**

Notice is hereby given that the Twenty-sixth 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, 25th August, 2009 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 2009, 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. Ranjan Dasgupta who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint Director in place of Mr. Rajkumar Modi who retires from office by rotation and being eligible offers himself for reappointment.

#### **Appointment of Auditors**

5. 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.
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

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

**”RESOLVED THAT** subject to the approval of the Central Government and in accordance with the provisions of sections 198, 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956, and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, from time to time, approval of the company, be and is hereby accorded for the re-appointment of Mr. G. L. Modi as Managing Director of the company with effect from 9th July 2009 for a period of three years, i.e. up to 8th July 2012 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 27th June 2009 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.”

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

**G. L. MODI**  
Managing Director

**MUMBAI, 27<sup>th</sup> June, 2009**

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) 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 18<sup>th</sup> August 2009 to 25<sup>th</sup> August 2009 (Both days inclusive).
- e) The dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 25<sup>th</sup> August 2009. 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 25<sup>th</sup> August 2009. The dividend will be paid by 24<sup>th</sup> September 2009 to the Shareholders.
- f) Members are hereby informed that Dividend which remains unclaimed /un-encashed over a period of 7 years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956, by the Company to “The Investor Education & Protection Fund”, constituted by the Central Government under Section 205C of the Companies Act, 1956.

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

Date of declaration of Dividend	Dividend for the year	Due date of transfer to the Government
20.12.2004	2004-2005 (Interim Dividend)	19.12.2011
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	25.09.2015

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:  
Bombay Stock Exchange 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:

i)	Name of the Director	Mr. Ranjan Dasgupta	Mr. Rajkumar Modi
ii)	Date of birth	28.10.1940	08.03.1965
iii)	Date of Appointment	09.06.1998	09.06.1998
iv)	Qualification	B.Sc (Hons), B.E, MBA – Post Graduate (Equivalent) TQM	B.Com., MBA
v)	Expertise in specific functional area	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 capabilities.
vi)	List of other public limited companies (in India) in which outside directorship held	NIL	NIL
vii)	Member of the committee/s of Board of Directors of other companies in which he is a Director	NIL	NIL

**EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956**  
**FORMING PART OF THE NOTICE****Item No. 6**

The Board of Directors at its Meeting held on 27<sup>th</sup> June 2009 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 2009 to 8<sup>th</sup> July 2012, 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 of the Board at its meeting held on 27<sup>th</sup> June, 2009. The remuneration committee and the Board of Directors have recommended the same remuneration, as presently paid to him.

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. Also due to global slowdown in economy, our sales has reduced in F.Y. 2008-09.

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.1109.09 Lakhs in 2005-06 to Rs.2195.00 Lakhs in 2007-2008, but it has decreased to Rs. 1146.60 Lakhs in F.Y. 2008-2009.

Under Mr. G. L. Modi, the company has completed massive expansion in the just concluded financial year 2007-08 & 2008-09.

The company achieved turnover of Rs. 10573.87 Lakhs and net profit before tax of Rs. 2195.00 Lakhs in F.Y. 2007-08. The turnover has decreased to Rs. 7820.04 Lakhs and net profit before tax has also decreased to Rs. 1146.60 Lakhs in F.Y. 2008-09 due to global slowdown. The company hopes to achieve a turnover of Rs.9500 Lakhs and net profit before tax of Rs.1569.65 Lakhs in Financial Year: 2009-2010. The effect of expansion and restructuring will improve further the results of the company in coming years.

Mr. G. L. Modi, the Managing Director is a Mechanical Engineer (Diploma) and is having 40 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. Company has completed expansion of Electrical Contacts, HVC / SF6 contacts in financial years: 2002-2003 and 2003-2004. The company has completed massive expansion under the able leadership of the Managing Director in the just concluded financial year 2005-06 resulting in meeting the increasing demand of Companies products. The company has also completed major expansion in F.Y. 2007-08 and 2008-09 for future demand of the company's products.

Considering Mr. G. L. Modi's proven abilities and company's performance 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. 3,50,000 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 commend the resolution for your approval.

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

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

**G. L. MODI**  
Managing Director

**MUMBAI, 27<sup>th</sup> June, 2009**



**Annexure to the notice of 26<sup>th</sup> Annual General Meeting to be held on Tuesday, 25<sup>th</sup> August 2009 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. 6 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                              |

**F.Y. 2008-09**      **F.Y. 2007-08**  
Rs. In Lakhs

- |  |                                   |                |          |
|--|-----------------------------------|----------------|----------|
| 4) Financial performance based on given indicators:            | Sales & Other Income:             | <b>7820.04</b> | 10573.87 |
|  | Net Profit before tax:            | <b>1146.60</b> | 2195.00  |
| 5) Export performance and net foreign exchange collaborations: | Export (F.O.B)                    | <b>1194.41</b> | 2771.53  |
|  | 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:<br>Salary: Rs. 350,000 per month<br>Perquisites: Restricted to 100% of annual salary<br>Other Benefits As per Rules of the Company<br>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. 350,000 per month  
Perquisites: Restricted to 100% of annual salary  
Other Benefits As per Rules of the company  
Maximum Remuneration: Rs. 746,954 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\$ 2 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. 200 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 brother of Mr. S. M. Mody, 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.9500 Lakhs and net profit before tax of Rs.1569.65 Lakhs in Financial Year: 2009-2010. 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 : **27<sup>th</sup> June 2009**

**G. L. MODI**  
Managing Director

