

# 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

SURESHMODY

RAJKUMAR MODI - Wholetime Director

SHRAVAN SHARMA

SATISHMODY

R. A. GOENKA

ANILLOHIA

***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

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**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                              |

	<b><u>F.Y. 2008-09</u></b>	<b><u>F.Y: 2007-08</u></b>
	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

## DIRECTORS' REPORT

To,

The Members of  
**MODISON METALS LTD.**

Your Directors have pleasure in submitting the **Twenty-Sixth Annual Report** of the Company together with audited Accounts for the year ended 31<sup>st</sup> March, 2009.

• **FINANCIAL RESULTS**

	<u>Rupees In Lakhs</u>	
	<u>2008-09</u>	<u>2007-08</u>
Sales & Other Income	7820.04	10573.87
Gross Profit Before Finance Expenses & Depreciation / Amortisation	1668.07	2680.55
Less: Finance Expenses	170.47	220.98
Depreciation / Amortisation	351.00	264.57
Profit Before Taxation	1146.60	2195.00
Less: <u>Provision for Taxation:</u>		
Current Tax	320.42	704.07
(Including Rs. 0.42 Lakhs for Wealth Tax - Previous year Rs.0.47 Lakhs)		
Deferred Tax	78.90	78.83
Fringe Benefit Tax	4.27	4.35
Profit After Taxation	743.01	1407.75
Add: Taxation adjustment of previous year	(1.43)	(7.95)
Add: Balance Brought Forward from the previous year	3668.31	2560.37
Profit available for appropriation	4409.89	3960.17
Proposed Dividend	129.80	129.80
Corporate Dividend Tax	22.06	22.06
Transfer to General Reserve	74.16	140.00
Balance Carried Over to Balance Sheet	4183.87	3668.31

- **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 31<sup>st</sup> March 2009.

- **OPERATIONS :**

During the year under review, the Company has achieved the **turnover of Rs. 7820.04 Lakhs** as compared to Rs. 10,573.87 Lakhs during previous year. Sales are down due to global slow down in economy. During the year Company has achieved Profit before tax of Rs. 1146.60 Lakh as compared to Rs.2195.00 Lakh during the previous year.

Earnings per share for the year 2008-09 decreased to Rs. 2.29 from Rs. 4.31 in the previous year. Book value now stands at Rs. 16.02 per Equity Share of Rs.1/- each.

- **EXPORTS :**

The Exports during the year amounts to **1194.41 Lakhs** as against Rs. 2771.53 Lakhs 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 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. Ranjan Dasgupta and Mr. Rajkumar 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.

- **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

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

Mumbai, 27<sup>th</sup> June, 2009

**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 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.
  - Development of joining of steel with Copper Tungsten with Conveyor Furnace
  - Development of 99.99% Silver for Electronic Application.
- 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  | 1.39                |
| - Recurring  | <u>8.64</u>         |
| Total  | <u>10.03</u>        |
| - Total R&D Expenses as a percentage of total Turnover | 0.13%               |

**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 (2008-09)
- |                                      |                     |
|--------------------------------------|---------------------|
|                                      | <u>Rs. in Lakhs</u> |
| i) CIF Value of Imports:             | 995.44              |
| ii) Expenditure in Foreign Currency: | 82.88               |
| iii) Foreign Exchange earned:        | 1194.41             |

**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. 8,527,799
Age ( in Years )	:	67
Qualification	:	D.M.E
Experience (in years)	:	43
Particulars of Previous Employment	:	-
Designation	:	-

**NOTES :**

1. Mr. G. L. Modi is the brother of Mr. S. M. Mody, 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**

I 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, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I 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. There were no returns required to be filed to Regional Director, Central Government, 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 **FIVE** times respectively on 28/04/2008, 28/06/2008, 31/07/2008, 25/10/2008, 31/01/2009 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed in the minute's book maintained for the purpose.
5. The Company has closed its Register of Members from 19<sup>th</sup> August 2008 to 26<sup>th</sup> August 2008 during the financial year.
6. The Annual General Meeting for the financial year ended 31<sup>st</sup> March, 2008 was held on 26<sup>th</sup> August, 2008 after giving due notice to the members of the Company and the resolution passed thereat were duly recorded in the minutes book maintained for the purpose.
7. During the Financial year one Extra-Ordinary General Meeting was held on 09<sup>th</sup> June 2008.
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 information provided, the Company has entered into contract falling within purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.



11. There were instances falling within the purview of Section 314 of the Act, for which the company has obtained approvals from the Board and Members but no approval of Central Government was required.
12. The Company has not issued any duplicate share certificate during the financial year.
13.
  - i) There was transfer of Securities during the Financial Year.
  - ii) There was no allotment and 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 was duly constituted according to the act. There were appointments of Additional Directors but there was no appointment of Alternate Directors and Directors to fill casual vacancies of Director during the financial year.
15. The Company has not appointed any Managing Director / Whole Time Director /Manager 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 approvals of 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 taken deposits from its Directors and Promoters during the financial year.
24. The Company has made any borrowings by way of Unsecured Loans from Directors and Promoters during the financial year.
25. The Company has made investment within the limits of Section 372A of Companies Act, 1956.

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 during the financial year.
31. 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 money as security from its employees during the financial year.
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.

Virendra G. Bhatt  
Practising Company Secretary  
C.P. No. 124  
A.C.S. No. 1157

Date: 27<sup>th</sup> June 2009  
Place: Mumbai

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**ANNEXURE A**

1. Register of members' u/s 150
2. Register of Directors u/s.301
3. Register of directors share holding u/s 307.
4. Register of Charges u/s130.
5. Register of Investments u/s 372A.
6. Register of Directors u/s 303.
7. Minutes books for minutes of meeting of the board 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 2009.

1. Annual Return u/s 159 till the date of AGM filed on 23/10/2008 bearing ROC Challan No. P23331416.
2. Balance Sheet u/s 210 for the financial year ended on 31<sup>st</sup> March 2008 filed on 25/09/2008 bearing ROC Challan No. P21869508.
3. Form 32 for appointment of Mr. Ramavtar Goenka and Mr. Anil Lohia as Additional Directors of the Company filed on 26/05/2008 bearing ROC Challan No. A38345369.
4. Form 23 for registering the resolutions passed in EGM filed on 03/07/2008 bearing ROC Challan No. A40660177.
5. Form 8 for modification of charge filed on 20/09/2008 bearing ROC Challan No. A45318573.
6. Form 8 for creation of charge filed on 20/09/2008 bearing ROC Challan No. A45318862.
7. Form 23 for registering the resolutions passed in AGM filed on 24/09/2008 bearing ROC Challan No. A45577251.

## Management Analysis & Discussion Report:

### A. Industry Structure & Developments:

The company makes custom made Electrical Contacts for Low, Medium, High and Extra High Voltage Switchgears and the processes involve 30 to 55 operations depending on the design of the contacts, calling for high engagement of skilled labour. Because of economic labour cost in India as compared to developed countries like Europe, the company has significant advantage in such markets.

### B. Opportunities and Threats:

As a preferred vendor, the company has achieved sustained growth, until now, in the fully developed and matured market of Switchgear industry in India. In view of continuing planned stress on up-gradation of T&D infrastructure and fast implementation of RGGVY and RAPDRP plans, opportunity of growth is expected due stimulated demand across end-user verticals is expected for Switchgear contacts required for power, industrial, infrastructure, commercial and residential sectors.

The threat from China however looms larger than before as they continue dumping contacts for Low Voltage Switchgear at very low price. The other threat is probability of slippage in implementation of power sector reforms in time frame and that may erode afore mentioned expectation of demand growth.

### C. Productwise Performance and Financial Performance:

The company is manufacturing mainly Electrical Contacts for Low, Medium, High and Extra High Voltage Switchgear. Silver Flatware is the other product manufactured by the Company, but that product contributes less than 1% of the total turnover.

During the Financial Year 2008-09 the Sales and Other Income of the Company reduced to **Rs. 7820.04 Lakh** as compared to Rs. 10573.87 Lakh achieved during the previous Financial Year of 2007-08. Consequently the Profit Before Tax reduced to **Rs. 1146.60 Lakh** in the Year under report from Rs. 2195.00 Lakh achieved during the previous Financial Year.

The Global slow down resulting from crash of World Finance Market had severe impact on Export performance of the company during the period under report and export sales fell down to **Rs. 1194.41 Lakh** as against Rs. 2771.53 Lakh achieved in the previous Financial Year.

### D. Future Outlook:

The Switchgear Industry in India will be highly dependant on timely implementation of power sector reforms and aggressive progress of RGGVY and RAPDRP. Whereas the reports indicate that improvements are noticed in some states, overall there is a lag. Considering a gestation gap between investment in power sector and generation of demand of downstream equipments, only a moderate growth is expected in the current fiscal year.

### E. Risks and Concerns:

As already mentioned, extremely low priced supply from China is causing concern for Low Voltage segment of home business. Particularly worrying is the fact that Chinese prices are appearing to be close to raw material cost of India, indicating substantial export subsidy from Chinese Government. It is not impossible that China may extend their activity into Medium, High and Extra High Voltage segments also.

Post crash of World Financial Market, most metal prices are fluctuating widely which may affect the working of the company

### 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 managerial reporting and analysis on various performance indicators, for corrective action as necessary. The Audit Committee also looks into internal control system of the company.

### G. Research and Development:

A state-of-Art recognized R & D Division was set up by the Company in Financial Year 2002-03. The Company has got the renewal in the month of June 2008 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.

### H. Expansion:

During the year under consideration, the company has completed major expansion.

### I. Human Resources:

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.

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## **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 more than 75% of Directors being Non-Executive Directors. The Board of Directors at present comprises of 9 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 as under:-

**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	4	Yes	1	Nil	Nil
Mr. G. L. Modi - Managing Director	Executive	Brother of Mr. S.M. Mody	5	Yes	1	Nil	1
Mr. S. M. Mody	Non-Executive	Brother of Mr. G.L.Modi	4	Yes	1	Nil	Nil
Mr. Suresh Mody	Non-Executive	None	5	Yes	1	Nil	Nil
Mr. Rajkumar Modi - Wholetime Director	Executive	None	5	Yes	1	Nil	2
Mr. Shravan Sharma	Non-Executive & Independent	None	5	Yes	1	3	Nil
Mr. Satish Mody	Non-Executive & Independent	None	4	Yes	1	Nil	2
Mr. Ramavtar Goenka	Non-Executive & Independent	None	3	Yes	2	Nil	Nil
Mr. Anil Lohia	Non-Executive & Independent	None	5	Yes	1	Nil	2

\* 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.

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, it's promoters, it's directors, it's senior management or it's holding company, it's 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.
- b) **APPOINTMENT/REAPPOINTMENT OF DIRECTORS:-**

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 re-appointment at the 26th Annual General Meeting 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 Systems	He has a sharp business acumen, stronghold in export Board and President – Power 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

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

The meetings of the Board of Directors are held in Mumbai at the registered office of the company. 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.

Five meetings were held during the year ended 31st March 2009. They were on 28.04.2008, 28.06.2008, 31.07.2008, 25.10.2008, and 31.01.2009.

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 B lower 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 31.03.2009 on 28.06.2008, 31.07.2008, 25.10.2008 and 31.01.2009.

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	4
2.	Mr. Anil Lohia	4
3.	Mr. Satish Mody	3
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:**

During the financial year 2008-09 one Remuneration Committee meeting was held on 28.06.08:

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

c) **Remuneration Policy:**

i) 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 / Wholtime Directors.

The Company is having a Remuneration Committee.

The Managing Director remuneration is approved by the Central Government. The Wholtime 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 / Wholtime 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 / Wholtime Director during the year ended 31<sup>st</sup> March 2008 is as follows:-

Amount in Rupees

Name of Director	Sitting Fees	Salary	Perquisites	Gratuity Provision	Contribution to PF	Total
G. L. Modi	-	8,160,000	154,356	201,923	11,520	8,527,799
Rajkumar Modi	-	1,943,600	65,682	132,693	11,520	2,153,495

ii) **Service Contracts, Severance Fees and Notice Period:**

The appointment of the Managing Director is for a period of 3 years from 09.07.2006 to 08.07.2009 and the appointment of Wholtime Director is for a period of 5 years, from 01.04.2006 to 31.03.2011.

There is no provision for separate payment of severance fee under the resolution appointing the Managing Director and Wholtime Director.

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 also paid Professional Charges of Rs.15,60,000 for F.Y. 2008-09 (from 01-10-08 he is being paid Professional charges @ Rs. 10,000/- p.m.) for rendering professional services.

Mr. Suresh Mody is also paid Professional Charges of Rs.300,000/- for the F.Y. 2008-09.

The details of Sitting Fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2008-09 are given below:

Name of the Director	Director Sitting Fees (Rs)
Ranjan Dasgupta	17,000
S. M. Mody	17,000
Suresh Mody	22,000
Shravan Sharma *	47,000
Satish Mody *	37,000
Mr. Ramavtar Goenka	12,000
Mr. Anil Lohia*	47,000

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

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

Name of the Director	No. of Shares
Mr. Ranjan Dasgupta	Nil
Mr. S. M. Mody	4,609,390
Mr. Suresh Mody	227,240
Mr. Shravan Sharma	20,000
Mr. Satish Mody	54,500
Mr. Ramavtar Goenka	1,000

**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
2005-06	26.09.2006	11.30 A.M.	Radio Room, Bombay Presidency Radio Club Ltd., Arthur Bunder Road, Colaba, Mumbai
2006-07	25.09.2007	11.30 A.M.	
2007-08	26.08.2008	11.30 A.M.	

**Extraordinary General Meetings:**

	07.07.2007	11.30 A.M.	Radio Room, Bombay Presidency Radio Club Ltd., Arthur Bunder Road, Colaba, Mumbai
	09.06.2008	11.30 A.M.	

The following Special Resolutions were passed at the AGM held on 26.09.2006

- (i) Re-appointment and Remuneration of Mr. G. L. Modi, managing director of the Company:
- (ii) Appointment of Mr. Ranjan Dasgupta, Director of the Company, as a Consultant.
- (iii) Increase the Sitting Fees within prescribed limit.

The following Special Resolutions were passed at the Extraordinary General Meeting on 07.07.2007:-

- (i) Sub-division of Equity Shares of the company from Rs.10/- each into Equity Shares of Rs.1/- each.
- (ii) To alter existing clauses of the Memorandum of Association for Authorised Share Capital of the company.
- (iii) To alter existing clauses of Articles of Association for Authorised Share Capital of the company.

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.

**b) Postal Ballots:**

No Resolutions were put through postal ballot during Financial Year: 2008-09.

- 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 of Schedule 'T' 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) **26<sup>th</sup> AGM Date and time:** **Tuesday, 25<sup>th</sup> August 2009**  
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: 18<sup>th</sup> August 2009 to 25<sup>th</sup> August 2009 (Both days inclusive)
- d) Listing on Stock Exchanges: Bombay Stock Exchange Ltd., Mumbai.

- e) Stock Code: 506261 (Bombay Stock Exchange Ltd.)
- f) Payment of annual Listing: Listing Fees for the Financial Year: 2008-09 has been paid to the Bombay Stock Exchange.
- 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 24<sup>th</sup> September 2009 to the Shareholders.
- h) Financial Calendar (provisional):
- |                                  |                           |
|----------------------------------|---------------------------|
| 1 <sup>st</sup> Quarterly Result | Last week of July 2009    |
| 2 <sup>nd</sup> Quarterly Result | Last week of October 2009 |
| 3 <sup>rd</sup> Quarterly Result | Last week of January 2010 |
| Annual Results                   | Last week of June 2010    |
- 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.)
April 2008	46.80	37.00	17,480.74	15,297.96
May 2008	40.00	36.25	17,735.70	16,196.02
June 2008	41.10	26.85	16,632.72	13,405.54
July 2008	33.85	24.00	15,130.09	12,514.02
Aug. 2008	35.35	27.90	15,579.78	14,002.43
Sept. 2008	31.95	24.95	15,107.01	12,153.55
Oct. 2008	28.00	15.25	13,203.86	7,697.39
Nov. 2008	20.30	17.65	10,945.41	8,316.39
Dec. 2008	20.00	14.45	10,188.54	8,467.43
Jan. 2009	16.60	12.50	10,469.72	8,631.60
Feb. 2009	12.50	6.66	9,724.87	8,619.22
Mar. 2009	7.24	5.01	10,127.09	8,047.17

- 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 31.03.2009

Slab	No. of shareholders		No. of Equity Shares	
	Total	%	Total	%
1 ~ 100	433	26.68	28,384	0.09
101 ~ 200	192	11.83	35,813	0.11
201 ~ 500	331	20.39	133,597	0.41
501 ~ 1000	248	15.28	227,246	0.70
1001 ~ 5000	225	13.86	600,894	1.85
5001 ~ 10000	61	3.76	519,453	1.60
10001 & Above	133	8.19	30,904,613	95.24
Total:	1,623	100	32,450,000	100

- k) Shareholding Pattern: As on 31<sup>st</sup> March, 2009
- | Category                        | No. of Equity shares | %     |
|---------------------------------|----------------------|-------|
| Promoters Holding:              | 24,653,240           | 75.97 |
| Non-Promoters Holding           |                      |       |
| FII's                           | 65,000               | 0.20  |
| Mutual Funds                    | 1,250,749            | 3.85  |
| Private Corporate Bodies        | 3,493,064            | 10.77 |
| NRI's / OCBs [NRI (repatriate)] | 24,366               | 0.08  |
| Indian Public                   | 2,963,581            | 9.13  |
| 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 31.03.2009 is 14,266,290.
- 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) Chairman's Office :  
A Chairman Office with requisite facility is provided and maintained at the Company's expense for use by its non-executive chairman.
- ii) 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.
- iii) 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 : 27<sup>th</sup> June, 2009

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 : 27<sup>th</sup> June, 2009

The above Report was adopted by the Board of Directors at their meeting held on 27<sup>th</sup> June, 2009.

**G.L.MODI**

**Managing Director**

Place: Mumbai

Date: 27<sup>th</sup> June, 2009

- (v) On the basis of written representations received from the Directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2009 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 2009;
  - b. in the case of the Profit and Loss Account, 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

J. P. Bairagra  
Partner  
Membership No. 12839

Place: Mumbai  
Date: June 27<sup>th</sup>, 2009



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 2009.

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) (a) As informed to us, the Company has taken unsecured loans from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. The details of unsecured loans taken are as follows :

Number of parties	Amount (Rs.)	Maximum Amount outstanding during the year (Rs.)	Outstanding balance as on 31.03.2009 (Rs.)
22	2,85,20,090	10,21,01,728	6,99,88,355

The rate of interest and other terms and conditions on such loans are prima facie not prejudicial to the interest of the Company. The Company is regular in repayment of principal amount and payment of interest. There is no amount overdue as on 31<sup>st</sup> March 2009.

- (b) According to the information and explanations given to us, the Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- (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) 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) *There is no formal internal audit system in the Company.* 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 not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
- (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 Income tax, Service tax, Sales Tax, Wealth Tax and Cess, which have not been deposited on account of any dispute except Custom Duty the details of which is as under:

Sr. No.	Name of the Statute	Nature of Dues	Amount (Rs.)	Forum at which pending
1	Custom Act, 1962	Penalty & Fine on import of Capital Goods	25,00,000	Custom, Excise & Service Tax Appellant Tribunal

- (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, 2009 and in the immediately preceding financial year ended March 31, 2008.

- (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

J. P. Bairagra  
Partner  
Membership No. 12839

Place: Mumbai  
Date: June 27<sup>th</sup>, 2009

**MODISON METALS LIMITED  
BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	SCHEDULE	AS AT 31.03.2009		AS AT 31.03.2008	
		RUPEES	RUPEES	RUPEES	RUPEES
<b>SOURCES OF FUNDS :</b>					
<b>SHAREHOLDER'S FUNDS :</b>					
SHARE CAPITAL	A	32,450,000		32,450,000	
RESERVES & SURPLUS	B	<u>495,382,290</u>	527,832,290	<u>418,334,975</u>	450,784,975
<b>LOAN FUNDS :</b>					
SECURED LOANS	C	46,064,138		69,949,026	
UNSECURED LOANS	D	<u>69,988,355</u>	116,052,493	<u>76,730,375</u>	146,679,401
DEFERRED TAX LIABILITY (NET) (Refer Note 13 of Schedule 'T')			57,089,168		49,199,325
TOTAL			<u>700,973,951</u>		<u>646,663,701</u>
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS :</b>					
GROSS BLOCK	E	630,118,060		574,150,750	
LESS: ACCUMULATED DEPRECIATION/ AMORTISATION		<u>220,707,497</u>		<u>193,020,870</u>	
NET BLOCK		409,410,563		381,129,880	
CAPITAL WORK IN PROGRESS		<u>860,361</u>	410,270,924	<u>5,892,566</u>	387,022,446
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>					
INVENTORIES	F	157,972,184		163,559,979	
SUNDRY DEBTORS	G	68,123,002		155,968,276	
CASH & BANK BALANCES	H	89,707,347		3,240,201	
OTHER CURRENT ASSETS	I	3,544,082		1,585,395	
LOANS & ADVANCES	J	<u>175,174,435</u>		<u>179,427,717</u>	
(A)		494,521,050		503,781,568	
LESS:					
<b>CURRENT LIABILITIES AND PROVISIONS:</b>					
CURRENT LIABILITIES	K	29,587,179		68,283,400	
PROVISIONS	L	<u>174,230,844</u>		<u>175,856,913</u>	
(B)		203,818,023		244,140,313	
NET CURRENT ASSETS (A) - (B)			290,703,027		259,641,255
TOTAL			<u>700,973,951</u>		<u>646,663,701</u>
<b>NOTES ON ACCOUNTS T</b>					

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

AS PER OUR REPORT ATTACHED OF EVEN DATE  
FOR M. L. BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

J. P. BAIRAGRA  
PARTNER

SURESH MODY  
DIRECTOR

G. L. MODI  
MANAGING DIRECTOR

Membership No. 12839

Mumbai, 27th June, 2009

Mumbai, 27th June, 2009

**MODISON METALS LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED	
		31.03.2009	31.03.2008
		RUPEES	RUPEES
<b>INCOME</b>			
SALES (GROSS)		856,211,381	1,176,034,197
LESS: EXCISE DUTY		<u>84,750,729</u>	<u>125,178,627</u>
LABOUR CHARGES		771,460,652	1,050,855,570
OTHER INCOME	M	707,463	1,773,354
		9,835,500	4,757,760
		<u>782,003,615</u>	<u>1,057,386,684</u>
<b>EXPENDITURE</b>			
COST OF MATERIAL	N	472,456,263	633,750,880
SALARIES, WAGES AND OTHER BENEFITS	O	42,460,488	37,525,189
MANUFACTURING & OTHER EXPENSES	P	60,689,192	69,904,670
SALES, ADMINISTRATION & OTHER EXPENSES	Q	38,726,483	47,482,092
IN-HOUSE R & D EXPENSES	R	864,397	668,722
FINANCE EXPENSES	S	17,046,828	22,098,440
DEPRECIATION / AMORTISATION		36,037,857	27,450,256
(Refer Note 1 B(d) of Schedule 'T')			
LESS: TRANSFER FROM REVALUATION RESERVE		<u>938,105</u>	(993,761)
		<u>667,343,403</u>	<u>837,886,488</u>
PROFIT BEFORE TAXATION		114,660,212	219,500,196
PROVISION FOR TAXATION			
- CURRENT TAX		32,042,000	70,407,000
[INCLUDING Rs. 42,000 (PREVIOUS YEAR: Rs.47,000) FOR WEALTH TAX ]			
- DEFERRED TAX		7,889,842	7,882,607
- FRINGE BENEFIT TAX		427,000	435,000
PROFIT AFTER TAXATION		<u>74,301,370</u>	<u>140,775,589</u>
PRIOR YEAR TAX ADJUSTMENT		(142,773)	(794,700)
BALANCE BROUGHT FORWARD		<u>366,831,962</u>	<u>256,037,024</u>
PROFIT AVAILABLE FOR DISTRIBUTION		<u>440,990,559</u>	<u>396,017,913</u>
<b>APPROPRIATIONS</b>			
PROPOSED DIVIDEND		12,980,000	12,980,000
PROVISION FOR CORPORATE DIVIDEND TAX		2,205,951	2,205,951
TRANSFERRED TO GENERAL RESERVE		7,416,000	14,000,000
BALANCE CARRIED TO BALANCE SHEET		<u>418,388,608</u>	<u>366,831,962</u>
		<u>440,990,559</u>	<u>396,017,913</u>
<b>BASIC AND DILUTED EARNING PER SHARE (Rs.)</b>		<b>2.29</b>	<b>4.31</b>
NOTES ON ACCOUNTS	T		

The Schedules referred above form an integral part of the Profit & Loss Account.

AS PER OUR REPORT ATTACHED OF EVEN DATE  
FOR M. L. BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

J. P. BAIRAGRA  
PARTNER

Membership No. 12839

Mumbai, 27th June, 2009

FOR AND ON BEHALF OF THE BOARD

SURESH MODY  
DIRECTOR

G. L. MODI  
MANAGING DIRECTOR

Mumbai, 27th June, 2009

**MODISON METALS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2009**

PARTICULARS	2008-2009 RUPEES	2008-2009 RUPEES	2007-2008 RUPEES	2007-2008 RUPEES
<b>A. CASH FLOW FROM OPERATIONAL ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary Item		114,660,212		219,500,196
<b>Adjustments for :</b>				
Depreciation / amortisation	35,099,752		26,456,495	
Interest Paid	17,046,828		22,098,440	
Interest Received	(2,832,567)		(430,979)	
(Profit) / Loss on Sale of Fixed Assets	7,449,139		(223,268)	
Dividend Receipt	(726,310)		-	
Sundry Balances written off / (back) (net)	(357,835)		(28,451)	
Provision for Leave Salary	(75,703)		(407,516)	
Provision for gratuity	108,085		732,599	
Unrealised Exchange rate fluctuation (net)	2,093,728		3,907,133	
		57,805,117		52,104,453
<b>Operating Profit Before Working Capital Changes</b>		172,465,329		271,604,650
<b>Adjustment for :</b>				
Trade Receivables	88,324,755		(59,058,029)	
Inventories	5,587,795		40,058,230	
Other Current/Assets	(199,564)		13,906	
Loans & Advances	7,547,717		(9,930,222)	
Current Liabilities and Provisions	(19,538,386)		(2,066,438)	
		81,722,317		(30,982,553)
<b>Cash Generated from Operations</b>		254,187,646		240,622,097
Direct Taxes Paid including FBT (Net of refund incl.interest)		(42,143,858)		(71,593,066)
<b>Cash Flow Before Extraordinary Items</b>		212,043,788		169,029,031
Extraordinary Item		-		-
<b>Net Cash From Operating Activities</b>		212,043,788		169,029,031
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets (including advances for capital goods)	(73,078,897)		(86,027,128)	
Sale of Fixed Assets	10,910,914		2,508,527	
Dividend Receipt	726,310		-	
Interest Income	1,073,444		395,135	
<b>Net Cash from / (Used) In Investment Activities</b>		(60,368,229)		(83,123,466)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES :</b>				
Proceeds from Borrowings (Net)	(33,328,986)			(57,036,280)
Interest Paid	(16,782,072)			(22,347,755)
Dividend Paid (Including Corporate Dividend Tax)	(15,097,355)			(9,491,219)
<b>Net Cash From Financing Activities</b>		(65,208,413)		(88,875,254)
<b>Net increase / (decrease) in Cash</b>		86,467,146		(2,969,690)
Opening Balance of Cash and Cash Equivalents	3,240,201		6,209,891	
Closing Balance of Cash and Cash Equivalents	89,707,347	86,467,146	3,240,201	(2,969,690)

Note: 1) Cash and Cash Equivalents include:

Cash on Hand	121,028	96,070
Balances with Scheduled Banks:		
In Current Accounts	2,426,741	1,370,534
In Margin Money Accounts	2,159,578	1,773,597
In Fixed Deposit Accounts	85,000,000	-
	<u>89,707,347</u>	<u>3,240,201</u>

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

AS PER OUR REPORT ATTACHED OF EVEN DATE  
FOR M. L. BHUWANIA & CO.  
CHARTERED ACCOUNTANTS

J. P. BAIRAGRA  
PARTNER

FOR AND ON BEHALF OF THE BOARD

SURESH MODY                      G. L. MODI  
DIRECTOR                      MANAGING DIRECTOR

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

	AS AT	
	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE 'A' : SHARE CAPITAL</b>		
<b><u>AUTHORISED CAPITAL:</u></b>		
32,500,000 EQUITY SHARES OF Rs. 1/- EACH (Previous Year: 32,500,000 Equity Shares of Rs.1/- each)	<u>32,500,000</u>	<u>32,500,000</u>
<b><u>ISSUED, SUBSCRIBED AND PAID UP :</u></b>		
32,450,000 EQUITY SHARES OF Rs.1/- EACH FULLY PAID (Previous Year: 32,450,000 Equity Shares of Rs.1/- each)	<u>32,450,000</u>	<u>32,450,000</u>
Note: 1) Out of the above shares 30,000,000 (Previous year 30,000,000) shares had been allotted as fully paid-up, pursuant to a Scheme of Amalgamation of erstwhile Modison Metals Limited, without payment being received in cash)		
<b>SCHEDULE 'B' : RESERVES &amp; SURPLUS</b>		
<b><u>CAPITAL RESERVE:</u></b>		
AS PER LAST BALANCE SHEET	71,000	71,000
ADD: ADDITION DURING THE YEAR (Refer Note 14 of Schedule 'T')	<u>19,016,980</u>	-
	<b>19,087,980</b>	<b>71,000</b>
<b><u>REVALUATION RESERVE:</u></b>		
AS PER LAST BALANCE SHEET	8,852,307	9,846,068
LESS : TRANSFERRED TO PROFIT & LOSS ACCOUNT	938,105	993,761
LESS : REVERSAL OF REVALUED WRITTEN DOWN VALUE OF ASSETS SOLD	<u>4,206</u>	-
	<b>7,909,996</b>	<b>8,852,307</b>
<b><u>GENERAL RESERVE :</u></b>		
AS PER LAST BALANCE SHEET	42,579,706	28,703,399
ADD: TRANSFERRED FROM PROFIT & LOSS ACCOUNT	7,416,000	14,000,000
LESS: ADJUSTMENT PURSUANT TO ACCOUNTING STANDARD 15 (REVISED) ON "EMPLOYEES BENEFITS"	-	123,693
	<b>49,995,706</b>	<b>42,579,706</b>
<b><u>PROFIT &amp; LOSS ACCOUNT:</u></b>		
BALANCE AS PER PROFIT & LOSS ACCOUNT	<b>418,388,608</b>	<b>366,831,962</b>
	<u><b>495,382,290</b></u>	<u><b>418,334,975</b></u>

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

	AS AT	
	31.03.2009	31.03.2008
	Rs.	Rs.
<b><u>SCHEDULE 'C' : SECURED LOANS</u></b>		
<b>TERM LOANS FROM BANK (Refer Note 1)</b>		
RUPEE LOAN	-	20,690,203
FOREIGN CURRENCY LOAN	46,064,138	27,784,311
<b>WORKING CAPITAL LOAN FROM BANK (Refer Note 2)</b>		
RUPEE LOAN	-	8,370,243
FOREIGN CURRENCY LOAN	-	13,063,578
<b>VEHICLE LOAN FROM ICICI BANK (Refer Note 3)</b>	-	40,691
	<u>46,064,138</u>	<u>69,949,026</u>

**NOTES:-**

- 1) TERM LOAN FROM BANK OF INDIA IS SECURED BY FIRST CHARGE ON ALL THE MOVABLE AND IMMOVABLE PROPERTY SITUATED AT VAPI FACTORY AND FURTHER SECURED BY HYPOTHECATION OF PLANT & MACHINERY.

FOREIGN CURRENCY TERM LOAN FROM CITIBANK N.A AND BANK OF INDIA IS SECURED BY FIRST PARI PASSU CHARGE ON ALL (PRESENT AND FUTURE) FIXED ASSETS OF THE COMPANY INCLUDING EQUITABLE MORTGAGE ON FACTORY LAND & BUILDING AT VAPI.

- 2) WORKING CAPITAL FACILITIES ARE SECURED BY HYPOTHECATION OF STOCKS & BOOK DEBTS AND FURTHER SECURED BY COLLATERAL SECURITY OF ALL MOVABLE AND IMMOVABLE PROPERTY.
- 3) SECURED AGAINST HYPOTHECATION OF VEHICLE.

NOTE: THE ABOVE LOANS ARE FURTHER SECURED BY PERSONAL GUARANTEES OF SOME OF THE DIRECTORS.

**SCHEDULE 'D' : UNSECURED LOANS**

FROM DIRECTORS	2,147,900	13,181,436
FROM PROMOTORS	67,840,455	63,548,939
	<u>69,988,355</u>	<u>76,730,375</u>



**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**
**SCHEDULE 'E' : FIXED ASSETS**

FIGURES IN RUPEES

PARTICULARS	AS ON 01.04.2008	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
		THIS YEAR		AS ON 31.03.2009	PROVIDED UPTO 31.03.2008	THIS YEAR		UPTO 31.03.2009	TOTAL AS ON 31.03.2009	AS ON 31.03.2008
		ADDITION	SALES			DEDU- CTION	PROVI- SION			
LEASEHOLD LAND	2,508,000	0		2,508,000	0		0	0	2,508,000	2,508,000
LEASEHOLD LAND	4,455,481	25,723		4,481,204	0		0	0	4,481,204	4,455,481
LAND: PLOT 85 D&E	2,438,060	19,150		2,457,210	0		0	0	2,457,210	2,438,060
OFFICE PREMISES	6,030,910	0		6,030,910	1,397,978		231,647	1,629,625	4,401,285	4,632,932
FACTORY BUILDING	27,308,514	0		27,308,514	15,523,064		1,178,545	16,701,609	10,606,905	11,785,450
FACTORY BUILDING (SF6)	9,431,050	0		9,431,050	4,046,839		314,997	4,361,836	5,069,214	5,384,211
FACTORY BUILDING [Plot No.85B]	20,043,836	0		20,043,836	2,516,492		669,464	3,185,956	16,857,880	17,527,344
FACTORY BUILDING [Plot No.85 D&E]	29,168,002	772,208		29,940,210	624,981		987,107	1,612,088	28,328,122	28,543,021
QUARTERS	176,356	0		176,356	115,239		3,056	118,295	58,061	61,117
PLANT & MACHINERY AG	198,124,638	55,307,334	5,730,999	247,700,973	74,647,358	2,106,251	18,353,566	90,894,673	156,806,300	123,477,280
PLANT & MACHINERY (SF6)	208,275,942	23,525,813	18,588,839	213,212,916	63,229,254	4,547,493	9,616,059	68,297,820	144,915,096	145,046,688
R & D PLANT & MACHINERY	14,226,841	139,315		14,366,156	2,389,402		679,919	3,069,321	11,296,835	11,837,439
FURNITURE & FIXTURE	6,649,227	421,900		7,071,127	3,894,809		658,295	4,553,104	2,518,023	2,754,418
R & D FURNITURE	91,339	0		91,339	43,815		8,602	52,417	38,922	47,524
MOTOR CAR	11,490,194	1,836,079	2,221,846	11,104,427	6,391,475	1,598,866	1,572,702	6,365,311	4,739,116	5,098,719
MOTOR CYCLE	620,456	0	118,701	501,755	469,754	97,530	34,243	406,467	95,288	150,702
ELECTRICAL INSTALLATION	5,166,032	0		5,166,032	3,072,110		291,264	3,363,374	1,802,658	2,093,922
ELECTRICAL INSTALLATION (SF6)	11,558,500	0	55,102	11,503,398	1,691,229	1,090	547,283	2,237,422	9,265,976	9,867,271
COMPUTER	11,886,757	348,899		12,235,656	10,777,096		511,596	11,288,692	946,964	1,109,661
R & D COMPUTER	255,676	0		255,676	231,944		9,493	241,437	14,239	23,732
AC/ COOLER/ REFRIGERATOR/OTHER OFFICE EQUIPMENTS	1,907,927	231,587		2,139,514	839,167		171,142	1,010,309	1,129,205	1,068,760
R&D AC/ COOLER/ REFRIGERATOR	159,675	0		159,675	79,478		11,155	90,633	69,042	80,197
TEL INSTALLATION	763,603	44,939		808,542	408,522		53,630	462,152	346,390	355,081
FAX MACHINE	198,071	9,850		207,921	114,573		12,185	126,758	81,163	83,498
XEROX MACHINE	210,124	0		210,124	60,991		20,744	81,735	128,389	149,133
CAMERA SYSTEMS	196,852	0		196,852	50,955		20,294	71,249	125,603	145,897
KNOW HOW	808,687	0		808,687	404,345		80,869	485,214	323,473	404,342
<b>TOTAL</b>	<b>574,150,750</b>	<b>82,682,797</b>	<b>26,715,487</b>	<b>630,118,060</b>	<b>193,020,870</b>	<b>8,351,230</b>	<b>36,037,857</b>	<b>220,707,497</b>	<b>409,410,563</b>	<b>381,129,880</b>
PREVIOUS YEAR :	447,894,433	130,395,862	4,139,545	574,150,750	167,424,900	1,854,286	27,450,256	193,020,870	381,129,880	
CAPITAL WORK IN PROGRESS									860,361	5,892,566

**NOTES:**

- Capital work in progress includes Plant & Machinery: Rs.860,361 (Previous year: Rs.5,892,566)
- Office Premises include Rs.250 (Previous Year: Rs.250) being face value of Investment in shares of Co-operative Premises Society.

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009**

	AS AT	
	31.03.2009	31.03.2008
	Rs.	Rs.
<b><u>SCHEDULE 'F': INVENTORIES</u></b>		
<i>As taken, valued and certified by a Director, at lower of cost and net realisable value unless otherwise stated)</i>		
CONSUMABLE TOOLS	860,814	816,714
FINISHED GOODS	1,329,736	2,753,527
RAW MATERIAL	31,063,485	29,539,025
STORES & SPARES	711,621	297,891
PACKING MATERIAL	49,599	33,941
WORK IN PROGRESS	119,713,706	126,483,724
SCRAP ( AT NET REALISABLE VALUE )	4,243,223	3,635,157
	<b>157,972,184</b>	<b>163,559,979</b>
<b><u>SCHEDULE 'G': SUNDRY DEBTORS</u></b>		
<i>(Unsecured, considered good)</i>		
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS	6,127,478	7,804,515
OTHER DEBTS	61,995,524	148,163,761
	<b>68,123,002</b>	<b>155,968,276</b>
<b><u>SCHEDULE 'H': CASH &amp; BANK BALANCES</u></b>		
CASH ON HAND	121,028	96,070
BALANCES WITH SCHEDULED BANKS:		
IN CURRENT ACCOUNTS	2,426,741	1,370,534
IN MARGIN MONEY ACCOUNT	2,159,578	1,773,597
IN FIXED DEPOSITS	85,000,000	-
	<b>89,707,347</b>	<b>3,240,201</b>
<b><u>SCHEDULE 'I': OTHER CURRENT ASSETS</u></b>		
INTEREST RECEIVABLE	1,978,463	219,340
DUTY DRAWBACK RECEIVABLE	487,338	1,290,220
OTHER CURRENT ASSETS	1,078,281	75,835
	<b>3,544,082</b>	<b>1,585,395</b>
<b><u>SCHEDULE 'J': LOANS &amp; ADVANCES</u></b>		
<i>(Unsecured, considered good)</i>		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	4,183,657	2,776,435
ADVANCE AGAINST CAPITAL GOODS	902,273	5,473,968
ADVANCE TO SUPPLIERS	24,230	920,645
ADVANCES TO STAFF	780,021	768,811
ADVANCE INCOME TAX & TAX DEDUCTED AT SOURCE	153,847,268	145,859,935
ADVANCE FRINGE BENEFIT TAX	1,430,000	1,538,319
DEPOSIT WITH GOVT. AUTHORITIES	3,667,209	3,671,718
BALANCE WITH CENTRAL EXCISE DEPT.	7,448,417	15,188,527
OTHER DEPOSITS	2,891,360	3,229,360
	<b>175,174,435</b>	<b>179,427,717</b>
<b><u>SCHEDULE 'K': CURRENT LIABILITIES</u></b>		
SUNDRY CREDITORS (Refer Note 4 of Schedule 'T')		
FOR CAPITAL GOODS	1,287,504	29,758,492
FOR PURCHASE OF GOODS	1,444,106	3,928,519
FOR OTHERS	2,642,549	4,868,661
ADVANCE RECEIVED FROM CUSTOMERS	16,012,961	20,962,636
OTHER LIABILITIES	7,619,834	8,538,220
INVESTOR EDUCATION & PROTECTION FUND:*		
-UNPAID DIVIDEND	88,596	-
INTEREST ACCRUED BUT NOT DUE	491,629	226,873
	<b>29,587,179</b>	<b>68,283,400</b>
<b><u>SCHEDULE 'L': PROVISIONS</u></b>		
FOR GRATUITY	2,665,649	2,557,564
FOR INCOME TAX	154,453,389	156,060,000
FOR WEALTH TAX	42,000	47,000
FOR FRINGE BENEFIT TAX	1,428,160	1,475,000
FOR PROPOSED DIVIDEND	12,980,000	12,980,000
FOR CORPORATE DIVIDEND TAX	2,205,951	2,205,951
FOR LEAVE SALARY	455,695	531,398
	<b>174,230,844</b>	<b>175,856,913</b>

\* Amount due to be deposited as on 31/03/2009 is Rs.Nil

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	AS AT	
	31.03.2009	31.03.2008
	Rs.	Rs.
<b>SCHEDULE 'M' : OTHER INCOME</b>		
INTEREST RECEIVED (TDS Rs. 561,474, Previous Year: Rs.32,829) (on Fixed Deposits, Customers & Interest on I.Tax Refund)	2,832,567	430,979
EXCHANGE RATE FLUCTUATION (NET)	-	1,865,028
PROFIT ON SALE OF FIXED ASSETS (NET)	-	223,268
DUTY DRAWBACK RECEIVED	2,431,891	1,958,556
DIVIDEND RECEIVED ON LONG TERM (NON TRADE) INVESTMENTS	726,310	-
PROFIT ON HEDGING A/C	3,349,607	-
MISCELLANEOUS INCOME	495,125	279,929
	9,835,500	4,757,760
<b>SCHEDULE 'N' : COST OF MATERIAL</b>		
<b>RAW MATERIAL CONSUMED</b>		
OPENING STOCK	29,539,025	77,946,210
ADD: PURCHASE	465,934,668	594,138,426
	495,473,693	672,084,636
LESS: SALE OF RAW MATERIAL	320,482	1,522,950
LESS: CLOSING STOCK	31,063,485	29,539,025
	464,089,726	641,022,661
PURCHASE FOR RESALE	-	-
<b>VARIATION IN STOCK :</b>		
<b>OPENING STOCK:</b>		
FINISHED GOODS	2,753,527	5,823,554
WORK IN PROGRESS	126,483,724	113,501,127
SCRAP	3,635,157	4,681,640
	132,872,408	124,006,321
<b>LESS : CLOSING STOCK</b>		
FINISHED GOODS	1,329,736	2,753,527
WORK IN PROGRESS	119,713,706	126,483,724
SCRAP	4,243,223	3,635,157
	125,286,665	132,872,408
	7,585,743	(8,866,087)
	471,675,469	632,156,574
INCREASE/(DECREASE) ON A/C OF EXCISE DUTY ON FINISHED GOODS	(170,590)	(165,840)
PACKING MATERIAL CONSUMED	951,384	1,760,146
<b>TOTAL</b>	<b>472,456,263</b>	<b>633,750,880</b>
<b>SCHEDULE 'O' : SALARIES, WAGES AND OTHER BENEFITS</b>		
SALARIES, WAGES & BONUS	39,029,586	34,301,412
CONTRIBUTION TO OTHER FUNDS	2,036,856	1,907,712
STAFF WELFARE EXPENSES	1,394,046	1,316,065
	42,460,488	37,525,189

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the year	
	2008-09 Rs.	2007-08 Rs.
<b><u>SCHEDULE 'P' : MANUFACTURING &amp; OTHER EXPENSES</u></b>		
STORES & SPARES CONSUMED	7,753,949	9,548,213
CONSUMABLE TOOLS & DIES	7,624,003	8,752,665
PROCESSING CHARGES	4,744,891	9,532,738
POWER & FUEL EXPENSES	23,424,073	23,815,983
REPAIRS & MAINTENANCE :		
ON PLANT & MACHINERY	5,717,799	9,749,359
ON BUILDING	2,196,500	662,907
ON OTHERS	1,147,931	1,231,293
RATES & TAXES	287,903	257,307
RENT	559,982	583,543
INSURANCE	1,152,691	1,863,075
PROFESSIONAL CHARGES	2,969,296	477,290
LABOUR CHARGES PAYMENT	1,832,016	2,114,704
OTHER MANUFACTURING EXPENSES	1,278,158	1,315,594
	<b><u>60,689,192</u></b>	<b><u>69,904,670</u></b>

**SCHEDULE 'Q': SALES, ADMINISTRATION & OTHER EXPENSES**

ADVERTISEMENT & SALES PROMOTION	660,628	912,295
BANK CHARGES	2,374,920	1,784,297
COMMISSION ON SALES	4,460,233	6,648,080
FOREIGN TRAVELLING EXPENSES	2,912,865	3,132,972
TRAVELLING & CONVEYANCE	758,830	445,503
LEGAL & PROFESSIONAL CHARGES	678,937	634,642
AUDITORS' REMUNERATION (Refer Note 6 of Schedule 'T')	191,185	188,185
OFFICE RENT	2,400,000	2,400,000
TELEPHONE & TELEX EXPENSES	772,905	801,502
VEHICLE EXPENSES	1,391,673	1,317,129
LOSS ON HEDGING A/C	-	4,806,210
LOSS ON SALE OF FIXED ASSETS (NET)	7,449,139	-
LOSS ON EXCHANGE FLUCTUATION (NET)	2,754,622	-
MISCELLANEOUS EXPENSES	11,920,546	24,411,278
	<b><u>38,726,483</u></b>	<b><u>47,482,092</u></b>

**SCHEDULE 'R' : IN-HOUSE R&D EXPENSES**

SALARIES & OTHER BENEFITS	824,367	603,758
OTHER EXPENSES	40,030	64,964
	<b><u>864,397</u></b>	<b><u>668,722</u></b>

**SCHEDULE 'S' : FINANCE EXPENSES**

INTEREST ON TERM LOANS FROM BANK	2,442,787	3,380,260
OTHER INTEREST		
TO BANK	7,488,839	9,402,663
TO OTHERS*	7,115,202	9,315,517
	<b><u>17,046,828</u></b>	<b><u>22,098,440</u></b>

\* Includes Interest paid to Managing Director Rs. 37,814 (Previous Year : Rs.108,226)

**SCHEDULE 'T':****NOTES ON ACCOUNTS:****1. ACCOUNTING POLICIES:**

A. The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the applicable Accounting Standards and the relevant provisions of the Companies Act, 1956.

**B. FIXED ASSETS:**

a) 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.

b) 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.

c) No amortisation is provided in accounts in respect of Leasehold Land.

d) 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 profit and loss account.

e) 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.

**C. INVENTORIES:**

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.

**D. 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.

**E. FOREIGN CURRENCY TRANSACTIONS:**

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 Profit & Loss Account except in case of transactions covered by forward exchange contracts where exchange difference is recognized over the life of the contract.

**F. REVENUE RECOGNITION:**

Dividend is accounted as and when received.

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.

**G. EMPLOYEE BENEFITS:**

- a) Short Term Employee benefits are recognised as an expense at the undiscounted amounts in the Profit & Loss Account of the year in which the related service is rendered.
- b) Contribution payable to the recognised Provident Fund which is Defined Contribution Scheme is charged to Profit & Loss Account.
- c) 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 Profit & Loss Account.
- d) 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.

**H. TAXATION:**

- a) Provision for Current Tax is made in the accounts on the basis of estimated Tax Liability, as per the applicable provision of the Income Tax Act, 1961.
- b) 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.
- c) Provision for Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act, 1961.

**I. LEASE:**

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

**J. 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 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 Profit and Loss Account. 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.

**K. PROVISION AND CONTINGENT LIABILITIES:**

The company creates a provision where 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. Disclosure of 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.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) is Rs. 1,433,737 (previous year Rs. 3,415,166)

**3. CONTINGENT LIABILITIES:**

		(Amount in Rupees)	
		<u>2008-09</u>	<u>2007-08</u>
a)	Disputed Custom Duty *	2,500,000	Nil
	* No provision has been considered necessary for Custom Duty Demand which is disputed in appeal in respect of which management is confident of getting favorable decision.		
4.	The Company has not received information from Vendors regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given. The same has been relied upon by the Auditors.		
5.	Balances of Sundry Debtors, Loans & Advances and Creditors are subject to confirmation and consequential adjustment, if any.		
6.	<b><u>AUDITORS' REMUNERATION:</u></b>		

(Amount in Rupees)

	<u>2008-09</u>	<u>2007-08</u>
Audit Fees (Including Limited Review)	121,000	121,000
Tax Audit Fees	50,000	50,000
Certification and Other Services	20,000	17,000
Towards Service Tax (Refer Note below)	<u>20,513</u>	<u>23,240</u>
	<b><u>211,513</u></b>	<b><u>211,240</u></b>

*Note: Out of above Service Tax credit of Rs.20,328 (Previous year: Rs. 23,055) has been taken and the same has not been debited to Profit & Loss Account.*

**7. DIRECTORS' REMUNERATION:**

		(Amount in Rupees)	
		<u>2008-09</u>	<u>2007-08</u>
	Salaries	10,103,600	9,960,000
	Perquisites	220,038	229,816
	Provision For Gratuity	334,616	288,461
	Contribution to Provident Fund	<u>23,040</u>	<u>23,040</u>
		<b><u>10,681,294</u></b>	<b><u>10,501,317</u></b>

**8. Employee Benefits:**

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

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

(Amount in Rupees)

a)	<b>Defined Contribution Plan</b>	<b>31.03.09</b>	<b>31.03.08</b>
	<b>Contribution to Provident Fund</b>	<b>1,289,823</b>	<b>1,178,047</b>
b)	<b>Defined Benefit Plans:-</b>		
	<b>I Gratuity (Funded Plan)</b>		
	<b>1. Assumptions</b>		
	Discount Rate	8%	8%
	Salary Escalation	4%	5%
	<b>2. Table showing changes in present value of obligations</b>		
	Present value of obligations as at beginning of year	2,492,317	2,518,271
	Interest cost	199,385	188,870
	Current Service Cost	176,415	225,611
	Benefits Paid	(552,659)	(134,650)
	Actuarial (gain)/Loss on obligations	717,877	349,790
	Present value of obligations as at end of year	3,033,335	3,147,892
	<b>3. Table showing changes in the fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	2,647,057	2,330,885
	Expected return on plan assets	256,573	225,211
	Contributions	477,291	225,611
	Benefits paid	(552,659)	(134,650)
	Actuarial Gain / (Loss) on Plan assets	Nil	Nil
	Fair value of plan assets at the end of year	2,828,262	2,647,057
	<b>4. Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year	2,647,057	2,330,885
	Actual return on plan assets	256,573	225,211
	Contributions	477,291	225,611
	Benefits Paid	(552,659)	(134,650)
	Fair value of plan assets at the end of year	2,828,262	2,647,057
	Funded status	(205,073)	(500,835)
	Excess of Actual over estimated return on plan assets	Nil	Nil
	(Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
	<b>5. Actuarial Gain/Loss recognized</b>		
	Actuarial gain/(Loss) for the year –Obligation	(717877)	(349,790)
	Actuarial (gain)/Loss for the year - plan assets	Nil	Nil
	Total (gain)/Loss for the year	717,877	349,790
	Actuarial (gain)/Loss recognized in the year	717,877	349,790
	<b>6. The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
	Present value of obligations as at the end of year	3,033,335	3,147,892
	Fair value of plan assets as at the end of the year	2,828,262	2,647,057
	Funded status	(205,073)	(500,835)
	Net Asset/(liability) recognized in balance sheet	205,073	500,835
	<b>7. Expenses Recognised in statement of Profit &amp; loss</b>		
	Current Service cost	176,415	225,611
	Interest Cost	199,385	188,870
	Expected return on plan assets	(256,573)	(225,211)
	Net Actuarial (gain)/Loss recognised in the year	717,877	349,790
	Expenses recognised in statement of Profit & loss	837,104	539,060



		(Amount in Rupees)	
<b>II Leave Encashment</b>	<b>31.03.09</b>	<b>31.03.08</b>	
	<b>Leave Encashment (Funded Plan)</b>	<b>Leave Encashment (Non-Funded Plan)</b>	
<b>1. Assumptions</b>			
Discount Rate	8%	8%	
Salary Escalation	3%	3%	
<b>2. Table showing changes in present value of obligations</b>			
Present value of obligations as at beginning of year	303,713	222,694	
Interest cost	24,297	0	
Current Service Cost	55,682	40,675	
Benefits Paid	(109,117)	0	
Actuarial (gain)/Loss on obligations	86,782	39,835	
Present value of obligations as at end of year	361,357	303,204	
<b>3. Table showing changes in the fair value of plan assets</b>			
Fair value of plan assets at beginning of year	0	0	
Expected return on plan assets	21,218	0	
Contributions	359,349	0	
Benefits paid	(109,117)	0	
Actuarial Gain / (Loss) on Plan assets	Nil	Nil	
Fair value of plan assets at the end of year	272,610	0	
<b>4. Table showing fair value of plan assets</b>			
Fair value of plan assets at beginning of year	0	0	
Actual return on plan assets	21,218	0	
Contributions	359,349	0	
Benefits Paid	(109,117)	0	
Fair value of plan assets at the end of year	272,610	0	
Funded status	(88,747)	(303,204)	
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil	
<b>5. Actuarial Gain/Loss recognized</b>			
Actuarial gain/(Loss) for the year –Obligation	(86,782)	(39,835)	
Actuarial (gain)/Loss for the year - plan assets	Nil	Nil	
Total (gain)/Loss for the year	86,782	39,835	
Actuarial (gain)/Loss recognized in the year	86,782	39,835	
<b>6. The amounts to be recognized in the balance sheet and statements of profit and loss</b>			
Present value of obligations as at the end of year	361,357	303,204	
Fair value of plan assets as at the end of the year	272,610	0	
Funded status	(88,747)	(303,204)	
Net Asset/(liability) recognized in balance sheet	88,747	303,204	
<b>7. Expenses Recognised in statement of Profit &amp; loss</b>			
Current Service cost	55,682	40,675	
Interest Cost	24,297	0	
Expected return on plan assets	(21,218)	0	
Net Actuarial (gain)/Loss recognised in the year	86,782	39,835	
Expenses recognised in statement of Profit & loss	145,543	80,510	

**9. 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:

Currency	Buy or Sell	Amount in Rs.		Amount in Foreign Currency	
		31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
EURO	BUY	6,314,750	9,436,625	1,00,000	150,000
CHF	BUY	6,267,308	9,333,783	153,333	230,000

**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 31.03.2009		As on 31.03.2008		Foreign Currency
	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	
Export	6,647,197	99,242	39,176,268	627,925	EUR
Receivables	Nil	Nil	2,241,054	28,411	GBP
	13,970,609	275,446	21,471,813	541,397	USD

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

Particulars	As on 31.03.2009		As on 31.03.2008		Foreign Currency
	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	
Creditors	109,436	1,608	19,125,714	301,715	EUR
For	601,846	11,764	2,080,300	51,878	USD
Imports	—	—	8,074,000	200,000	CHF
Loan Liability	13,574,600	26,000,000	—	—	JPY
	19,907,480	443,275	—	—	CHF
	—	—	4,944,420	78,000	EURO
	—	—	17,109,868	426,680	USD
Interest accrued but not due	57,998	852	87,818	1,385	EURO
	—	—	65,768	1,640	USD
	389,828	8,680	51,971	1,287	CHF
	43,288	829	—	—	JPY

**10. SEGMENT REPORTING:**

The company has two primary business segments, viz. Electrical Contacts and Silver Flatware. Since the segment revenue, segment result and segment assets of the segment 'Silver Flatware' is less than 1% of the respective totals, the same is considered insignificant and accordingly no primary segment is considered reportable. Since the 'sales outside India' is more than 10% of the total sales, geographical segment is reported as the secondary segment.

(Amount in Rupees)

	2008 - 09		2007 - 08	
	Within India	Outside India	Within India	Outside India
Segment Revenue	647,313,271	124,147,381	764,038,419	286,817,151
Segment Assets	885,143,146	20,617,806	828,965,255	62,889,135
Addition to Fixed Assets	82,682,797	-	130,395,862	-

**11. RELATED PARTY DISCLOSURES:****a) LIST OF RELATED PARTIES AND RELATIONSHIPS:****I PARTIES WHERE CONTROL EXIST:**

Companies / Partnership Firms / Proprietorship Concerns where the company's director (s) along with their relatives are Director(s) / Partner(s) / Proprietor hold more than 50% voting power or share:

- i) Modison Pvt. Limited
- ii) Modison Copper Pvt. Ltd.
- iii) Modison Chemtech Pvt. Ltd.
- iv) Modison Contacts Pvt. Ltd.
- v) Modison
- vi) Modison Investments
- vii) Modison International
- viii) Anujay Corporation

**II KEY MANAGEMENT PERSONNEL:**

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

**III RELATIVES OF KEY MANAGEMENT PERSONNEL:**

Mr. S. M. Mody, Mr. P. C. Modi, Mr. Kumar Jay Modi, Mrs. Rama S. Modi, Mr. Anand Modi, Mr. O. P. Modi, Mrs. Chandramani Devi Modi, Mr. Vijaykumar Modi, Mrs. Gini Devi Modi, Mrs. Lalita Devi Modi, Mr. Amit Modi, Mrs. Sarla G Modi, Mohanlal Modi H.U.F., G. L. Modi H.U.F., S. M. Mody H.U.F. and Mohanlal Modi (Estate).

**b) DETAILS OF TRANSACTIONS WITH RELATED PARTIES:**

(Amount in Rupees)

Sr.No	Particulars	Parties Under Control	Key Personnel Management Personnel	Relatives of Key Management Personnel	Total
<b>A) TRANSACTION DURING THE YEAR:</b>					
1.	Purchase of goods	<b>243,791,133</b> (277,186,608)	- (-)	- (-)	<b>243,791,133</b> (277,186,608) 0
2.	Sales of goods	<b>57,252,157</b> (74,338,776)	- (-)	- (-)	<b>57,252,157</b> (74,338,776)
3.	Purchase of Fixed Assets	<b>665,417</b> (327,433)	- (-)	- (-)	<b>665,417</b> (327,433)
4.	Sale of Fixed Assets	<b>10,078,112</b> (2,633,480)	- (-)	- (-)	<b>10,078,112</b> (2,633,480)
5.	Rendering of Services	<b>28,543</b> (72,214)	- (-)	- (-)	<b>28,543</b> (72,214)
6.	Receiving of Services	<b>1,976,614</b> (712,194)	- (-)	- (-)	<b>1,976,614</b> (712,194)
7.	Loans Taken	— (2,522,527)	<b>1,157,656</b> (1,463,895)	<b>26,639,929</b> (12,834,773)	<b>27,797,585</b> (16,821,195)
8.	Loans Repaid	— (4,167,727)	<b>9,500,000</b> (13,375,000)	<b>25,638,085</b> (12,890,000)	<b>35,138,085</b> (30,432,727)
9.	Interest Payment on Loans	— (194,572)	<b>177,802</b> (1,650,947)	<b>6,125,073</b> (6,726,548)	<b>6,302,875</b> (8,572,067)
10.	Rent Paid	<b>2,400,000</b> (2,400,000)	- (-)	<b>1,50,000</b> (150,000)	<b>2,550,000</b> (2,550,000)
11.	Remuneration & Sitting Fees	- (-)	<b>10,681,294</b> (10,501,317)	<b>119,480</b> (8,000)	<b>10,800,774</b> (10,509,317)
<b>B) <u>OUTSTANDING BALANCE AS ON 31.03.2009</u></b>					
1.	Loan Payable	-	<b>562,122</b> (8,904,466)	<b>61,432,255</b> (60,430,411)	<b>61,994,377</b> (69,334,877)
2.	Remuneration Payable	- (-)	<b>567,580</b> (558,080)	<b>560</b> (-)	<b>568,140</b> (558,080)

(Figures in brackets are in respect of previous year)

NOTE: Related Party relationship is as identified by the Company and relied upon by the Auditors.

c) **DISCLOSURE OF RELATED PARTY TRANSACTION, THE AMOUNT OF WHICH IS IN EXCESS OF 10% OF TOTAL RELATED PARTY TRANSACTIONS OF THE SAME TYPE:**

PARTICULARS			Amount (Rs)	
Sr. No.	Nature of Transaction	Name of the Related Party	31.03.2009	31.03.2008
01.	Purchase of Goods	Modison Pvt. Ltd.	96,272,284	148,338,835
		Modison Copper Pvt. Ltd	147,518,849	128,847,773
02.	Sale of Goods	Modison Copper Pvt. Ltd.	55,950,982	74,338,776
03.	Purchase of Fixed Assets	Modison Copper Pvt. Ltd.	293,117	237,818
		Anujay Corporation	—	89,615
		Modison Pvt. Ltd.	3,72,300	—
04.	Sale of Fixed Assets	Modison Copper Pvt. Ltd.	596,700	2,633,480
		Modison Pvt. Ltd.	9,481,412	-
05.	Services Rendered	Modison Copper Pvt. Ltd.	28,543	66,944
06.	Services Received	Modison Pvt. Ltd.	1,360,819	-
		Modison Copper Pvt. Ltd.	6,15,795	687,894
07.	Interest Paid	R.K. Modi	139,988	1,542,721
		S. M. Mody	89,620	1,082,275
		M/s Mohanlal Modi (Estate)	1,619,950	1,241,965
		Chandramanidevi Modi	792,925	662,724
		S.M. Mody HUF	679,469	550,621
08.	Rent Paid	Modison	2,400,000	2,400,000
09.	Remuneration Paid	G. L. Modi	8,527,799	8,544,738
		R. K. Modi	2,153,495	1,956,579
10.	Loans Taken	Modison	—	2,522,527
		S. M. Mody	79,466	3,459,653
		M/s Mohanlal Modi (Estate)	25,36,410	4,601,250
		Chandramanidevi Modi	18,111,254	594,463
11.	Loans Repaid	R. K. Modi	9,500,000	12,275,000
		S. M. Mody	2,775,000	10,515,000
		Modison	—	4,167,727
		M/s Mohanlal Modi (Estate)	17,438,085	50,000
		Kumar Jay G. Modi	5,100,000	600,000

12.	<b>EARNINGS PER SHARE (EPS):</b>	<b>2008-09</b>	<b>2007-08</b>
i)	Profit Attributable to Equity Shareholders (in Rs.)	<b>74,158,597</b>	139,980,888
ii)	Weighted Average number of Equity Shares	<b>32,450,000</b>	32,450,000
iii)	Basic and Diluted Earnings per share (in Rs.)	<b>2.29</b>	4.31
iv)	Face value of Equity Shares (in Rs.)	<b>1</b>	1

**13. DEFERRED TAX LIABILITY (Net):**

		(Amount in Rupees)		
		Opening As on 01.04.2008	Current Year Charge / Credit	Closing As on 31.03.2009
<b>Deferred Tax Liabilities:</b>				
i)	On account of difference between depreciation as per Books and as per Income Tax Act, 1961.	50,274,922	7,783,223	58,058,145
	(A)	<u>50,274,922</u>	<u>7,783,223</u>	<u>58,058,145</u>
<b>Deferred Tax Assets:</b>				
i)	On account of expenses allowable on payment basis.	1,075,597	(106,619)	968,977
ii)	On account of difference between interest expensed out in books, but capitalized under the Income Tax Act, 1961.	-	-	-
	(B)	<u>1,075,597</u>	<u>(106,619)</u>	<u>968,977</u>
<b>Deferred Tax Liability (Net)</b>	<b>(A) - (B)</b>	<u>49,199,325</u>	<u>7,889,842</u>	<u>57,089,168</u>

14. Addition to Capital Reserve represents Forfeiture of Liability related to Capital Assets.

**15. INVESTMENT PURCHASED & SOLD DURING THE YEAR:**

Sr. No.	Nature of Investments	No. of Units	Purchase Amount (Rs.)
1	Kotak Flexi Debt Scheme- Daily Dividend	1,528,937.104	15,336,921
2	Reliance Money Manager Fund Institutional Option- Weekly Dividend Plan	55,270.388	55,389,389

**16. INFORMATION AS REQUIRED TO BE GIVEN BY PART -II OF SCHEDULE VI TO THE COMPANIES ACT 1956:-**

**A) LICENSED & INSTALLED CAPACITY:**

	UNIT	Licensed Capacity #		Installed Capacity *	
		2008-09	2007-08	2008-09	2007-08
Electrical Contacts / Contacts for SF6 Circuit Breakers #	MT	N.A	N.A	450	450
Silver Flatware #	MT	N.A	N.A	5	5

# Licensed Capacity is not applicable as the industry has been de-licensed.

\* Installed Capacity is as certified by the management and relied upon by the Auditors.

**B) PARTICULARS OF STOCK, SALES AND PRODUCTION OF FINISHED GOODS:-**

Items	Unit	Opening Stock		Production Qty	Turnover		Closing stock		Purchase for resale	
		Qty	Value (Rs.)		Qty	Value (Rs.)	Qty	Value (Rs.)	Qty	Value (Rs.)
Electrical contacts / Contacts for SF6 Circuit Breakers	Kgs			41,156.977	41,107.582		49.395	872,444		
	Pcs.	3,229	2,199,163	81069688	81066459	7,95,886,351	-	-		
	Kgs			(31,761.959)	(31,761.959)	-	(3,229)	(2,199,163)		
	Pcs.	(6,655)	(4,949,904)	(126,039,365)	(126,042,791)	(1,022,838,422)				
Silver Flatware	Pcs.	1386	554,364	-	225	329,585	1161	457,292		
		(1,862)	(789,783)	-	(476)	(709,538)	(1,386)	(554,364)		
Silver Bar	Kg			(2,001.398 *)	(2001.398)	(5,263,8979)				
Others			(83,867)			59,995,445		-		
						(9,9847,258)		-		
Total			2,753,527			856,211,381		1,329,736		
			(5,823,554)			(1,176,034,197)		(2,753,527)		

**NOTES:**

- The Company sells Electrical Contacts / Contacts for SF6 Circuit Breakers in kgs as well as in pcs. The above quantitative information is accordingly bifurcated into units measured in kgs. and in pieces.
- \* Silver refined during the previous year.
- Figures in brackets are in respect of previous year.

**C) RAW MATERIAL CONSUMED:**

<u>ITEMS</u>	<u>UNIT</u>	<u>2008-09</u>		<u>2007-08</u>	
		<u>Qty.</u>	<u>Value (Rs)</u>	<u>Qty.</u>	<u>Value (Rs)</u>
Silver	Kgs	11,145.508	257,240,564	19,284.834	3,78,064,976
Copper Chromium / Zirconium Billets	Kgs	61,277.600	29,013,642	159,092.600	70,375,593
Tungsten Metal Powder	Kgs	28,199.000	51,177,674	34,823.000	62,567,472
Copper Chromium / Zirconium Rods	Kgs	103,900.980	62,553,359	66,913.900	36,604,583
Copper Billets	Kgs	21,380.600	7,117,764	80,620.800	27,853,555
Others			56,986,723		65,556,482
			<u>464,089,726</u>		<u>641,022,661</u>

**D) VALUE OF IMPORTED AND INDIGENOUS MATERIAL CONSUMED:**

<u>RAW MATERIAL</u>	<u>2008-09</u>		<u>2007-08</u>	
	<u>%</u>	<u>Rs.</u>	<u>%</u>	<u>Rs.</u>
Imported *	12.22	56,727,031	14.55	93,274,726
Indigenous	87.78	407,362,695	85.45	547,747,935
	<u>100.00</u>	<u>464,089,726</u>	<u>100.00</u>	<u>641,022,661</u>
<b><u>STORES &amp; SPARES:</u></b>				
Imported *	-	-	9.62	918,914
Indigenous	100.00	7,753,949	90.38	8,629,299
	<u>100.00</u>	<u>7,753,949</u>	<u>100.00</u>	<u>9,548,213</u>

\* Excludes local purchase of imported material.

**E) VALUE OF IMPORTS ON C.I.F. BASIS:**

	<u>2008-09</u>	<u>2007-08</u>
	<u>Rs.</u>	<u>Rs.</u>
Raw Material	48,329,104	51,596,541
Components & Spare Parts	2,184,683	3,305,303
Capital Goods	49,030,124	48,688,053

**F) EXPENDITURE IN FOREIGN CURRENCY:**

Foreign Travelling	788,126	828,495
(Out of the above Rs. Nil has been capitalized (Previous Year: Rs. 136,720))		
Commission	4,303,483	6,573,515
Interest	2,048,127	2,187,486
Others (Out of above, Rs. Nil has been capitalized (Previous Year: Rs. 114,933))	1,149,148	787,739

**G) EARNING IN FOREIGN EXCHANGE:**

Exports at F.O.B. Value	119,441,023	277,152,966
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**H) R&D EXPENDITURE:**

Capital Expenditure included in Fixed Assets	139,315	2,993,161
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**17. OPERATING LEASES DISCLOSURE :****Assets Taken On Lease:**

The company's major leasing arrangements are in respect of residential / office premises taken on Leave and Licence basis. The aggregate lease rentals of Rs.559,982 and Rs.2,400,000 (Previous Year: 583,543 and Rs. 2,400,000) are charged as Rent and shown under the Schedule of "Manufacturing Expenses" and "Sales, Administrative & Other Expenses" respectively. 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.

18. Previous year figures have been re-grouped / rearranged / restated wherever considered necessary to make them comparable with those of the current year.

**AS PER OUR REPORT ATTACHED OF EVEN DATE****For M. L. BHUWANIA & CO.****Chartered Accountants****FOR AND ON BEHALF OF THE BOARD****J. P. BAIRAGRA****PARTNER**

Membership No: 12839

**SURESHMODY****DIRECTOR****G. L. MODI****MANAGING DIRECTOR**Mumbai, 27<sup>th</sup> June, 2009Mumbai, 27<sup>th</sup> June, 2009



**19. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956:**

**A) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE: Rs. In '000**

REGISTRATION NO. 29783  
STATE CODE 11  
BALANCE SHEET DATE 31<sup>st</sup> MARCH 2009

**B) CAPITAL RAISED DURING THE YEAR:**

PUBLIC ISSUE	NIL	RIGHTS ISSUE	NIL
BONUS ISSUE	NIL	PRIVATE PLACEMENT	NIL

**C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:**

TOTAL LIABILITIES:	<b>904,792</b>	TOTAL ASSETS	<b>904,792</b>
<u>SOURCES OF FUNDS</u>		<u>APPLICATION OF FUNDS</u>	
PAID UP CAPITAL	<b>32,450</b>	NET FIXED ASSETS	<b>410,270</b>
RESERVES & SURPLUS	<b>495,382</b>	INVESTMENTS	-
SECURED LOANS	<b>46,064</b>	NET CURRENT ASSETS	<b>290,703</b>
UNSECURED LOANS	<b>69,988</b>	MISC. EXPENDITURE	-
DEFERRED TAX LIABILITY (NET)	<b>57,089</b>		

**D) PERFORMANCE OF THE COMPANY:**

TURNOVER / OTHER INCOME	<b>782,004</b>	TOTAL EXPENDITURE	<b>667,343</b>
PROFIT / (LOSS) BEFORE TAX	<b>114,660</b>	PROFIT / (LOSS) AFTER TAX	<b>74,159</b>
EARNING PER SHARE (Rs.)	<b>2.29</b>	DIVIDEND RATE:	<b>40%</b>

**E) GENERIC NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY (AS PER MONETORY TERMS):**

ITEM CODE NO	:	85.38
PRODUCT DESCRIPTION	:	SILVER ALLOY CONTACT, SILVER TUNGSTEN CONTACT, SILVER GRAPHITE CONTACT, BIMETAL CONTACT, COPPER CHROMIUM CONTACT, COPPER TUNGSTEN CONTACT, ELECTRICAL CONTACT ETC.
ITEM CODE NO.	:	710160, 710170
PRODUCT DESCRIPTION	:	PURE SILVER WIRE & STRIPS, SILVER BRAZING ALLOY, SILVER ALLOY WIRE & STRIP, ARTICLES OF SILVER (Silver Flatware).

**FOR AND ON BEHALF OF THE BOARD,**

**SURESH MODY**  
DIRECTOR

**G. L. MODI**  
MANAGING DIRECTOR

Mumbai, 27<sup>th</sup> June, 2009

**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-sixth ANNUAL GENERAL MEETING** of the Company at **Radio Room, The Bombay Presidency Radio Club Ltd., 157, Arthur Bunder Road, Colaba, Mumbai – 400005** on Tuesday, 25<sup>th</sup> August, 2009 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.

-----Tear Here-----

**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 Tuesday, 25<sup>th</sup> August 2009 at 11.30 A.M and at any adjournment thereof.

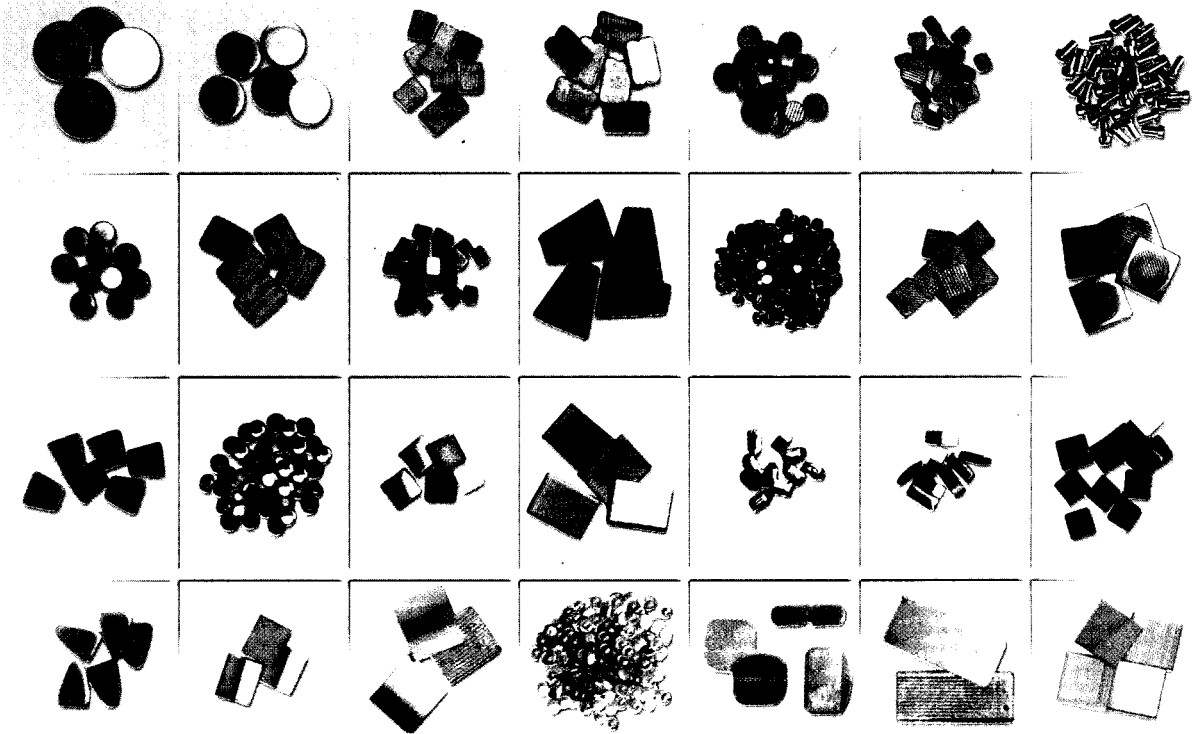
Signed this ..... day of ..... 2009.

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.

Book - Post / U.P.C.



If undelivered, Please return to :

**MODISON**

THE SILVER PEOPLE

**Modison Metals Limited**

33-Nariman Bhavan, 227-Nariman Point, Mumbai 400 021, India.

Tel.: 0091-22-2202 6437 • Fax.: 0091-22-2204 8009 • Email: sales@modison.com • Web: www.modison.com