

D&H

INDIA

ANNUAL REPORT 2004-05

D & H WELDING ELECTRODES (INDIA) LTD.

BOARD OF DIRECTORS

Shri J. C. Kapur	- Director
Shri Sushil Rawka	- Director
Shri Vimal Lunia	- Director
Shri Nirmal Lunia	- Director
Shri Surjeet Singh	- Additional Director
Shri Basant Singh Johari	- Additional Director
Shri Madhusudan Jain	- Whole time Director
Shri Vasudeo S. Bhate	- Director (Technical)
Shri Harsh Kumar Vora	- Managing Director

COMPANY SECRETARY

Ms. **Saloni Shrimal**

REGISTERED OFFICE

A - 204, Kailash Esplanade,
Opposite Shreyas Cinema, L.B.S. Marg,
Ghatkopar (West), Mumbai - 400 086

WORKS & ADMINISTRATIVE OFF.

Plot 'A', Sector 'A',
Industrial Area, Sanwer Road,
Indore - 452 015 (M.P.)

BRANCH OFFICE & SALES DEPOT

Mumbai, Chandigarh, Chennai,
Kanpur, Vadodara, Bilaspur

BANKERS

State Bank of India

AUDITORS

M/s. ABN & Co.
Indore

**REGISTRAR & SHARE
TRANSFER AGENT**

Ankit Consultancy Pvt. Ltd.,
2nd Floor, Alankar Point,
Geeta Bhawan, A.B. Road,
Indore.

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of **D & H Welding Electrodes (India) Limited** will be held on Friday the 30th day of September, 2005 at 11.00 a.m. at the Registered office of the Company at A-204, Kailash Esplanade, Opposite Shreyas Cinema, L. B. S. Marg, Ghatkopar (West), Mumbai - 400 086 to transact the following business :-

As Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005, the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri Sushil Rawka**, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri Vimal Lunia**, Director who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to the provisions of the Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s ABN & Co. Chartered Accountants, Indore the Retiring Auditors of the Company, from whom a certificate under section 224 (1B) of the companies Act, 1956 has been obtained, be and are hereby re-appointed, to hold office till the conclusion of next Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors, from time to time and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit."

As Special Business

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT Mr. Surjeet Singh, an additional director of the Company, who under section 260 of the Companies Act, 1956, holds office only upto the date of forthcoming Annual General Meeting, and in respect of whom the Company has received notice in terms of provisions of Section 257, read with Listing Agreement, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT Mr. Basant Singh Johari, an additional director of the Company, who under section 260 of the Companies Act, 1956, holds office only upto the date of forthcoming Annual General Meeting, and in respect of whom the Company has received notice in terms of provisions of Section 257, read with Listing Agreement, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of the Companies Act, 1956, Securities Contract (Regulation) Act, 1956 and the rules framed thereunder, the Securities and Exchange Board of India (Delisting of securities) Guidelines - 2003, and all other applicable laws, rules and regulations, approval of members be and is hereby accorded to the delisting of the Equity Shares of the Company from Madhya Pradesh Stock Exchange, Indore and The Stock Exchange, Ahmedabad (Non - Regional Stock Exchanges)".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps and action which it may deem fit and necessary to give effect to the above resolution."

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING. A PROXY NEED NOT BE A MEMBER OF THE COMPANY, PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
- B. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2005 to 30th of September, 2005 (both days inclusive).
- C. Explanatory Statement under Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting, is annexed hereto.
- D. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.
- E. Members are requested to bring their copies of Annual Report with them, since separate copies will not be distributed at the venue of the Annual General Meeting.

The logo for Report Junction.com, featuring the text "Report" in grey and "Junction.com" in green, with a stylized yellow and green diamond shape in the background.**BY ORDER OF THE BOARD**

PLACE: INDORE
DATE : 25th Aug, 2005

HARSH KUMAR VORA
Managing Director

Regd. Office:

A- 204, Kailash Esplanade, Opp. Shreyas Cinema,
L.B.S. Marg, Ghatkopar (West), Mumbai- 400 086.

**Explanatory Statement under Section 173(2)
of the Companies Act, 1956****ITEM NO. 5**

Mr. Surjeet Singh was appointed as an Additional Director by the Board of Directors at their meeting held on 22nd of June, 2005 and his tenure as such expires on the date of forthcoming annual general meeting.

Mr. Surjeet Singh is a retired IPS. He has more than 45 years' experience in Administration and Public Service. Board is of the opinion that his induction on the Board will strengthen the functioning of the Company.

Mr. Surjeet Singh doesn't hold any Share in your Company as on the date of notice. Your Board of Directors recommends his appointment as a director liable to retire by rotation on the Board of Company. Pursuant to the provisions of the Listing Agreement, he will be designated as an Independent Director.

None of the directors of the Company are concerned or interested in the said resolution.

ITEM NO. 6

Mr. Basant Singh Johari was appointed as an Additional Director by the Board of Directors at their meeting held on 30th of July, 2005 and his tenure as such expires on the date of forthcoming annual general meeting.

Mr. Basant Singh Johari is an Industrialist. He has about 40 years' experience in the Industry. Board is of the opinion that his induction on the Board will strengthen the functioning of the Company.

Mr. Basant Singh Johari holds 3300 Equity Shares in your Company as on the date of notice. Your Board of Directors recommends his appointment as a director liable to retire by rotation on the Board of Company. Pursuant to the provisions of the Listing Agreement, he will be designated as an Independent Director.

None of the directors of the Company are concerned or interested in the said resolution.

ITEM NO. 7

At present the Company's Equity shares are listed at The Stock Exchange, Mumbai (BSE), Madhya Pradesh Stock Exchange, Indore (MPSE) & The Stock Exchange, Ahmedabad (ASE). Out of three stock exchanges the equity shares are traded at The Stock Exchange, Mumbai only, having nationwide trading terminals. There is no trading on other two stock exchanges.

As per SEBI (Delisting of Securities) Guidelines, 2003, Company's securities can be delisted from the stock exchanges including the Regional stock exchange without giving an exit option to the shareholders of that region, if the shares of the company continue to be listed on stock exchanges having nationwide online trading facility.

As per the above guidelines no exit option is required to be given to any shareholder of Madhya Pradesh and Ahmedabad region, as the shares of the Company are listed on The Stock Exchange, Mumbai having nation wide online trading facility,

With a view to control the expenditure and conserve resources for the operations of the company it is proposed to delist the equity shares of the company from the ASE & MPSE. Delisting on these stock exchanges will help in reducing the cost by way of listing fees and other incidental costs. Also the benefits accruing to the investors, by keeping the equity shares listed on these Stock exchanges, are not commensurate with the cost incurred by the company for the continued listing on these Stock Exchanges.

The shareholders in the region of the two stock exchanges will not suffer due to delisting since with the existence of screen based nationwide trading terminals on the BSE, trading in shares can be easily done across the country.

Members' approval is being accordingly sought by this Resolution to enable delisting of the company's shares from said stock exchanges.

None of the directors of the Company are interested in the resolution.

BY ORDER OF THE BOARD
HARSH KUMAR VORA
Managing Director

PLACE: INDORE
DATE : 25th Aug, 2005

DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure in presenting **Twentieth Annual Report** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

OPERATIONAL PERFORMANCE

The operational performance is as below :-

	Year ended 31.03.2005 (Rs. In lacs)	Year ended 31.03.2004 (Rs. In lacs)
Sales and other Income	2203.68	1500.11
Profit before Interest & Depreciation	127.33	77.41
Interest and Financial Charges	21.30	25.11
Depreciation	29.62	26.58
Net Profit for the year	76.41	25.72
Provision for Income tax (Current)	31.50	11.50
Balance carried from previous year	70.15	54.23
Profit available for appropriation	115.56	70.15
Transfer to General Reserve	Nil	Nil
Balance carried to Balance sheet	115.56	70.15

BUSINESS RESULT

The Company has achieved the sales target of Rs. 22 Crores, which is quite encouraging looking to previous year's sale of Rs. 14.99 crores. The Board of Directors looks forward for further better results in the next year. The net profit has increased by about 200%, to Rs. 76.41 lacs, (previous year figure: 25.72 lacs). This has been contributed to a great extent by increase in overall sales volume and reduced proportion of fixed as well as variable expenses. The Earning Per Share for current year is Rs. 0.81 (previous year 0.28).

DIVIDEND

In order to conserve the financial resources your directors regret their inability to declare any dividend for the Financial Year 2004-05.

DIRECTORS

During the year Mr. Vinod Vora, Director of the company retired by rotation at the Annual General Meeting of the Company and it was resolved that vacancy caused due to his retirement not to be filled up. Mr. Madhusudan Jain, an additional Director, was appointed as Whole-time Director at that meeting.

Mr. Sushil Rawka and Mr. Vimal Lunia, directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE

Schedule on corporate governance is enclosed as a part of Directors' Report.

FIXED DEPOSITS

Company has not accepted any deposits within the meaning of Section 58A & 58A A of the Companies Act, 1956 and the rules made there under.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 your directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of financial year and of the profit of your Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with respect to the Conservation of Energy and Technology Absorption under the Company (Disclosure of particulars in the report of Board of Directors) Rules 1988, are given as Annexure to this report.

There is no Foreign Exchange earning and outgo during the Year

AUDITORS

M/s ABN & Co. Chartered Accountants, Indore, Statutory Auditors of the company retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. Your board recommends their re-appointment.

AUDITORS' REPORT

Report of the Auditors and their observations on the Accounts of the Company for the year under review are attached herewith.

PARTICULARS OF EMPLOYEES

There is no information to be given in terms of section 217(2A) of the Companies Act, 1956, read with the Rules framed there under.

INDUSTRIAL RELATIONS

The relations with the Employees and the workers continued to be cordial during the year. The Directors wish to place on record their sincere appreciation for the excellent team spirit, with which the employees have worked.

ACKNOWLEDGMENT

The Directors wish to place on record their appreciation for the sincere cooperation extended by the Shareholders, Bankers, Auditors, Government Agencies etc. in carrying out the business of the Company.

FOR AND ON BEHALF OF THE BOARD

PLACE: INDORE

DATE : 25th Aug, 2005

HARSH KUMAR VORA

Managing Director

V. S. BHATE

Director Technical

ANNEXURE TO THE DIRECTORS' REPORT**FORM 'A'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

The company is not covered under the list of specified industries. However, required energy conservation measures have already been taken to ensure optimum power consumption to the extent necessary.

FORM 'B'**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

1. Specific areas in which R & D carried out by the company
2. Benefits derived as a result above R & D
3. Future plan of action
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as percentage of total turn-over.

No R&D carried out.
Therefore no
expenses were
incurred on R&D

Technology absorption adaptation and innovation.

1. Efforts in brief made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts e.g. product improvement, product development import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)
 - a) Technology
 - b) Year of import
 - c) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.

NIL

FOR AND ON BEHALF OF THE BOARD

PLACE: INDORE
DATE : 25th Aug, 2005

HARSH KUMAR VORA
Managing Director

V. S. BHATE
Director Technical