

D & H

INDIA

ANNUAL REPORT 2005-06

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	- Director
Shri Basant Singh Johari	- Director
Shri Madhusudan Jain	- Whole time Director
Shri Vasudeo S. Bhate	- Director (Technical)
Shri Harsh Kumar Vora	- Managing Director

COMPANY SECRETARY

Mrs. Aradhana Kulkarni

REGISTERED OFFICE

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

WORKS & ADMINISTRATIVE OFF.

Unit No. I

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

Unit No. II

Village Sejbaya, Ghata Billod
Dist. Dhar - 454 773 (M.P.)

BRANCH OFFICE & SALES DEPOT

Mumbai, Chandigarh, Chennai,
Kanpur, Vadodara, Bilaspur,
Bangalore, Hyderabad

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 Square, A.B. Road,
Indore (M.P.) - 452 001

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NOTICE

Notice is hereby given that the **Twenty First Annual General Meeting** of the Members of **D & H Welding Electrodes (India) Limited** will be held on Thursday the 28th day of September, 2006 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 on 31st March, 2006, and Profit & Loss Account of the Company for the year and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of **Shri J.C. Kapur**, Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Shri Nirmal Lunia**, Director who retires by rotation and being eligible, offers himself for re-appointment.
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, has been obtained, be and are hereby re-appointed as Statutory Auditors of the Company to hold office till the conclusion of next Annual General Meeting of the Company, at such a remuneration as may be fixed by the Board of Directors of the company from time to time based on the recommendation of Audit Committee plus service tax and other such tax(es) as may be applicable and reimbursement of out-of-pocket expenses incurred by them for carrying out the Audit."

As Special Business

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

"RESOLVED THAT pursuant to the provisions of Section 198, Schedule XIII (approval of Central Government not required) of and all other applicable provisions, if any, of the Companies Act, 1956 read with the Articles of Association of the Company and Ordinary Resolution passed by the members in Seventeenth Annual General Meeting of the Company, approval of members of the Company be and is hereby accorded for the increased remuneration of Mr. Harsh Kumar Vora, Managing Director of the Company in the scale of Rs. 85000-23000-200000 per month along with the revised terms and conditions of his appointment, approved by the Board of Directors in the Board Meeting and as recommended by the Remuneration Committee of the Company w.e.f 1st October, 2005 for the remaining part of his tenure;

RESOLVED FURTHER THAT the agreement to be entered into by the Company with Mr. Harsh Kumar Vora, Managing Director of the Company in regard to the above be and is hereby approved;

RESOLVED FURTHER THAT Mr. Harsh Kumar Vora shall not be subject to retirement by rotation during his tenure as Managing Director."

6. To consider & if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, Schedule XIII (approval of Central Government not required) of and all other applicable provisions, if any, of the Companies Act, 1956 read with the Articles of Association of the Company and Ordinary Resolution passed by the members in Seventeenth Annual General Meeting of the Company, approval of members of the Company be and is hereby accorded for the increased remuneration of Mr. V. S. Bhate, Technical Director of the Company in the scale of Rs. 40000-10000-70000 per month along with the revised

terms and conditions of his appointment, approved by the Board of Directors in the Board Meeting and as recommended by the Remuneration Committee of the Company w.e.f 1st October, 2006 for the remaining part of his tenure;

RESOLVED FURTHER THAT the agreement to be entered into by the Company with Mr. V. S. Bhate, Technical Director of the Company in regard to the above be and is hereby approved;

RESOLVED FURTHER THAT Mr. V. S. Bhate shall not be subject to retirement by rotation during his tenure as Technical Director."

7. To consider & if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, Schedule XIII (approval of Central Government not required) of and all other applicable provisions, if any, of the Companies Act, 1956 read with the Articles of Association of the Company and Ordinary Resolution passed by the members in Eighteenth Annual General Meeting of the Company, approval of members of the Company be and is hereby accorded for the increased remuneration of Mr. Madhusudan Jain, Whole time Director of the Company in the scale of Rs. 40000-10000-70000 per month along with the revised terms and conditions of his appointment, approved by the Board of Directors in the Board Meeting and as recommended by the Remuneration Committee of the Company w.e.f. 1st October, 2006 for the remaining part of his tenure;

RESOLVED FURTHER THAT the agreement to be entered into by the Company with Mr. Madhusudan Jain, Whole time Director of the Company in regard to the above be and is hereby approved."

8. To consider & if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 198 and other applicable provisions of the Companies Act, 1956, if any read with Schedule XIII (approval of Central Government not required) of the said Act and provisions of the Articles of Association of the Company approval of the members of the Company be and is hereby accorded for re-appointment of Mr. Madhusudan Jain as a Whole time Director of the Company on increased remuneration and revised terms and conditions, in the scale of Rs. 40000-10000-70000 per month approved by the Board of Directors in the Board Meeting and as recommended by the Remuneration Committee of the Company, for a period of THREE years w.e.f. 24/01/2007, provided that the Board of Directors be authorized to enter into, alter, cancel any agreement entered into with any Director and to take action against any breach of agreement subject to the conditions of the Companies Act, 1956;

RESOLVED FURTHER THAT Mr. Madhusudan Jain shall not be subject to retirement by rotation during his tenure as Whole time Director, provided that if, at any time, the number of Directors not subject to retirement by rotation exceed one-third of the total number of Directors for the time being, then Mr. Madhusudan Jain shall be liable to retire by rotation in accordance with Article 112 of the Article of Association of the Company to the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being. Provided further that if Mr. Madhusudan Jain is re-appointed as a Director immediately on retirement by rotation, he shall continue to hold his office as a Whole time Director and such re-appointment as a Director shall not be deemed to constitute a break in his appointment as a Whole time Director."

BY ORDER OF THE BOARD

PLACE: INDORE
DATE : 18th Aug, 2006

HARSH KUMAR VORA
Managing Director

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 AT THE REGISTERED OR CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September, 2006 to 28th September, 2006 (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 to enable the Company to keep the information ready 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 Meeting.

**BY ORDER OF THE BOARD**

PLACE: INDORE
DATE : 18th Aug, 2006

HARSH KUMAR VORA
Managing Director

Explanatory Statement under Section 173(2) of the Companies Act, 1956

ITEM NO. 5

Reappointment and remuneration of Mr. Harsh Kumar Vora as the Managing Director of the Company was approved by the members of the Company in the Seventeenth Annual General Meeting held on 20th September, 2003.

On recommendation of the Remuneration Committee and looking to the performance of the Company, the Board of Directors of the Company approved the revised remuneration and revised terms and conditions of Mr. Harsh Kumar Vora, Managing Director of the Company w.e.f. 1st October 2005 for the remaining part of his tenure on the following terms and conditions:

1. Remuneration :

Salary : In the scale of Rs. 85000-23000-200000 per month subject to limits mentioned in section 198 of the Companies Act, 1956 read with schedule XIII thereof.

Perquisites and Allowances : In addition to salary, perquisites and allowances will also be payable, such as house rent allowance/rent free accommodation, house maintenance allowance, allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, medical reimbursement, group medical/accident insurance, leave travel concession for himself and his family, club fees, free use of vehicle, telephone etc. and such other perquisites & allowances and other benefits as per the policy of the Company, which in aggregate will not exceed 100 % of the total annual salary.

For the purpose of above calculation of perquisites and allowances, Provident Fund, Gratuity, and Leave Encashment will not be considered.

Provision for use of Company's Car with driver for official duties and cell phone and telephone at residence will not be considered as perquisites. Use of Car for private purposes and personal long distance calls shall be billed by the Company to the Managing Director.

2. In case of inadequate profits:

In case of inadequate profits, the above said remuneration will be subject to the provisions of Schedule XIII of the Companies Act, 1956.

3. Other Terms and Conditions:

- a) Mr. Harsh Kumar Vora as Managing Director shall be entrusted with the overall management and control of the Company under the direction, superintendence and control of the Board of Directors of the Company.
- b) Further his tenure as Managing Director will not be affected by the alternations in the terms and conditions of his appointment.
- c) The agreement may be terminated by Mr. Harsh Kumar Vora by giving three months' advance notice and in case of short notice; he will deposit an amount of his salary for the period short of three months. However, if the Company wishes to remove him, it will be liable to pay compensation as per the provisions of section 318 and 320 of the Companies Act, 1956.

Board/ Remuneration Committee of the Company is authorized to alter, modify or null all or any of the Components of the remuneration of Mr. Harsh Kumar Vora, subject to the provisions of Section 318 and 320 of the Companies Act, 1956 or as may be agreeable to Mr. Harsh Kumar Vora.

The explanatory statement together with the accompanying Notice should be treated as an abstract of the change in terms of the contract of appointment of the Managing Director in accordance with the provisions of Section 302 of the Companies Act, 1956.

None of the Directors of the Company are interested in the said Resolution except Mr. Madhusudan Jain, Mr. Vimal Lunia, Mr. Nirmal Lunia and Mr. Harsh Kumar Vora himself.

ITEM NO. 6

Reappointment and remuneration of Mr. V.S. Bhate as Technical Director of the Company was approved by the members of the Company in the Seventeenth Annual General Meeting held on 20th September 2003.

On recommendation of the Remuneration Committee and looking to the performance of the Company, the Board of Directors of the Company approved the revised remuneration and revised terms and conditions of Mr. V.S. Bhate, Technical Director of the Company w.e.f. 1st October, 2006 for the remaining part of his tenure on the following terms and conditions:

1. Remuneration:

Salary : In the Scale of Rs. 40000-10000-70000 per month subject to the limits mentioned in Section 198 of the Companies Act, 1956 read with Schedule XIII thereof.

Perquisites and Allowances : In addition to salary, perquisites and allowances will also be payable to an amount equivalent to Rs. 1,50,000/- per annum upon production of supporting bills, if any. Perquisites are classified into three categories viz, Part A, B & C as follows : -

Part A & B

HRA @ 20% of Basic Salary (not included in the abovementioned figure of Rs. 1,50,000/-)

Leave Travel Allowance for him and his family for an amount not exceeding to one month basic salary in a year. Medclaim / Medical Reimbursement for him and his family for an amount not exceeding to one month basic salary in a year. Club Fee or other Recreation Fee is limited to Rs. 10000/-. Payment of Life Insurance Premium within the ceiling of Rs. 1,50,000/- towards perquisites.

In addition to above, Technical Director shall be entitled to P.F., Bonus, Gratuity, Super Annuation & Leave Encashment, as applicable, as per the rules of the Company for time being in force.

Part C

Provision for use of Company's Car with driver for official duties and telephone at residence and cell phone will not be considered as perquisites. Use of Car for private purposes and personal long distance calls shall be billed by the Company to the Technical Director.

2. In case of inadequate profits:

In case of inadequate profits, the above said remuneration will be subject to the provisions of Schedule XIII of the Companies Act, 1956.

3. Other Terms and Conditions:

- a) Mr. V.S. Bhate, Technical Director shall be entrusted with the management of the Company under the direction, superintendence and control of the Board of Directors of the Company.
- b) Further, his tenure as Technical Director will not be affected by the alternations in the terms and conditions of his appointment.
- c) The agreement may be terminated by Mr. V.S. Bhate by giving three months' advance notice and in case of short notice; he will deposit an amount of his salary for the period short of three months. However, if the Company wishes to remove him, it will be liable to pay compensation as per the provisions of section 318 and 320 of the Companies Act, 1956.

Board/ Remuneration Committee of the Company is authorized to alter, modify or null all or any of the components of the remuneration of Mr. V.S. Bhate, subject to the applicable provisions of the Companies Act, 1956 or as may be agreeable to Mr. V. S. Bhate.

The explanatory statement together with the accompanying Notice should be treated as an abstract of the change in terms of the contract of appointment of the Technical Director in accordance with the provisions of Section 302 of the Companies Act, 1956.

None of the Directors of the Company are interested in the said Resolution except Mr. V.S. Bhate himself.

ITEM NO. 7

Appointment and remuneration of Mr. Madhusudan Jain as Whole time Director of the Company was approved by the members of the Company in the Eighteenth Annual General Meeting held on 29th September 2004.

On recommendation of the Remuneration Committee and looking to the performance of the Company, the Board of Directors of the Company approved the revised remuneration and revised terms and conditions of Mr. Madhusudan Jain, Wholetime Director of the Company w.e.f. 1st October, 2006 for the remaining part of his tenure on the following terms and conditions:-

1. Remuneration :

Salary : In the Scale of Rs. 40000-10000-70000 per month subject to the limits mentioned in Section 198 of the Companies Act, 1956 read with Schedule XIII thereof.

Perquisites and Allowances : In addition to salary, perquisites and allowances will also be payable to an amount equivalent to Rs. 1,50,000/- per annum upon production of supporting bills, if any. Perquisites are classified into three categories viz, Part A, B & C as follows : -

Part A & B

HRA @ 20% of Basic Salary (not included in the abovementioned figure of Rs. 1,50,000/-)

Leave Travel Allowance for him and his family for an amount not exceeding to one month basic salary in a year. Mediclaim / Medical Reimbursement for him and his family for an amount not exceeding to one month basic salary in a year. Club Fee or other Recreation Fee is limited to Rs. 10000/-, Payment of Life Insurance Premium within the ceiling of Rs. 1,50,000/- towards perquisites.

In addition to above, Whole time Director shall be entitled to P.F., Bonus, Gratuity, Super Annuation & Leave Encashment, as applicable, as per the rules of the Company for time being in force.

Part C

Provision for use of Company's Car with driver for official duties and telephone at residence and cell phone will not be considered as perquisites. Use of Car for private purposes and personal long distance calls shall be billed by the Company to the Whole time Director.

2. In case of inadequate profits :

In case of inadequate profits, the above said remuneration will be subject to the provisions of Schedule XIII of the Companies Act, 1956.

3. Other Terms and Conditions :

- a) Mr. Madhusudan Jain, Whole Time Director shall be entrusted with the management of the Company under the direction, superintendence and control of the Board of Directors of the Company.
- b) Further, his tenure as Whole Time Director will not be affected by the alternations in the terms and conditions of his appointment.
- c) The agreement may be terminated by Mr. Madhusudan Jain by giving three months' advance notice and in case of short notice; he will deposit an amount of his salary for the period short of three months. However, if the Company wishes to remove him, it will be liable to pay compensation as per the provisions of section 318 and 320 of the Companies Act, 1956.

Board/ Remuneration Committee of the Company is authorized to alter, modify or null all or any of the components of the remuneration of Mr. Madhusudan Jain, subject to the applicable provisions of the Companies Act, 1956 or as may be agreeable to Mr. Madhusudan Jain.

The explanatory statement together with the accompanying Notice should be treated as an abstract of the change in terms of the contract of appointment of the Whole time Director in accordance with the provisions of Section 302 of the Companies Act, 1956.

None of the Directors of the Company are interested in the said Resolution except Mr. Harsh Kumar Vora and Mr. Madhusudan Jain himself.

ITEM NO. 8

Appointment and remuneration of Mr. Madhusudan Jain as Whole time Director of the Company was approved by the members of the Company in the Eighteenth Annual General Meeting held on 29th September 2004.

On recommendation of the Remuneration Committee of the Company, the Board of Directors of the Company approved the increased remuneration and revised terms and conditions of re-appointment of Mr. Madhusudan Jain, Whole time Director of the Company w.e.f. 24/01/2007 on the following terms and conditions: -

1. Remuneration :

Salary : In the Scale of Rs. 40000-10000-70000 per month subject to the limits mentioned in Section 198 of the Companies Act, 1956 read with Schedule XIII thereof.

Perquisites and Allowances : In addition to salary, perquisites and allowances will also be payable to an amount equivalent to Rs. 1,50,000/- per annum upon production of supporting bills, if any. Perquisites are classified into three categories viz, Part A, B & C as follows : -

Part A & B

HRA @ 20% of Basic Salary (not included in the abovementioned figure of Rs. 1,50,000/-)

Leave Travel Allowance for him and his family for an amount not exceeding to one month basic salary in a year. Mediclaim / Medical Reimbursement for him and his family for an amount not exceeding to one month basic salary in a year. Club Fee or other Recreation Fee is limited to Rs.10000/-. Payment of Life Insurance Premium within the ceiling of Rs. 1,50,000/- towards perquisites.

In addition to above, Whole time Director shall be entitled to P.F., Bonus, Gratuity, Super Annuation & Leave Encashment, as applicable, as per the rules of the Company for time being in force.

Part C

Provision for use of Company's Car with driver for official duties and telephone at residence and cell phone will not be considered as perquisites. Use of Car for private purposes and personal long distance calls, shall be billed by the Company to the Whole time Director.

2. In case of inadequate profits :

In case of inadequate profits, the above said remuneration will be subject to the provisions of Schedule XIII of the Companies Act, 1956.

3. Other Terms and Conditions :

- a) Mr. Madhusudan Jain, Whole time Director shall be entrusted with the management of the Company under the direction, superintendence and control of the Board of Directors of the Company.
- b) Further, his tenure as Whole time Director will not be affected by the alternations in the terms and conditions of his appointment.
- c) The agreement may be terminated by Mr. Madhusudan Jain by giving three months' advance notice and in case of short notice; he will deposit an amount of his salary for the period short of three months. However, if the Company wishes to remove him, it will be liable to pay compensation as per the provisions of section 318 and 320 of the Companies Act, 1956.

Board/ Remuneration Committee of the Company is authorized to alter, modify or null all or any of the Components of the remuneration of Mr. Madhusudan Jain, subject to the applicable provisions of the Companies Act, 1956 or as may be agreeable to Mr. Madhusudan Jain.

The explanatory statement together with the accompanying Notice should be treated as an abstract of the change in terms of the contract of appointment of the Whole time Director in accordance with the provisions of Section 302 of the Companies Act, 1956.

None of the Directors of the Company are interested in the said Resolution except Mr. Harsh Kumar Vora and Mr. Madhusudan Jain himself.

BY ORDER OF THE BOARD

PLACE: INDORE

DATE : 18th Aug, 2006

HARSH KUMAR VORA
Managing Director