

# **D&H INDIA**

**ANNUAL  
REPORT  
2007-08**

**D & H WELDING ELECTRODES (INDIA) LTD.**

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### 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

Mr. Rajesh Sen

### REGISTERED OFFICE

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

### ADMINISTRATIVE OFFICE CUM WORKS

Plot 'A', Sector 'A',  
Industrial Area, Sanwer Road,  
Indore - 452 015 ( M.P.)  
Mumbai, Chandigarh, Chennai, Kanpur,  
Vadodara, Bilaspur, Bangalore, Hyderabad

### BRANCH OFFICE & SALES DEPOT

### BANKERS

State Bank of India

### AUDITORS

M/s. ABN & Co.  
Indore

### REGISTRAR & SHARE

### TRANSFER AGENT

Ankit Consultancy Pvt. Ltd.,  
2<sup>nd</sup> Floor, Alankar Point, Geeta Bhawan Square,  
A.B. Road, Indore (M.P.) - 452 001

**DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting **Twenty Third Annual Report** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008.

**OPERATIONAL PERFORMANCE**

The operational performance of the company for the period under review is as below :-

	Year ended 31.03.2008 (Rs. In lacs)	Year ended 31.03.2007 (Rs. In lacs)
Gross Sales and other Income	4560.71	3728.23
Profit before Interest & Depreciation	469.20	501.68
Interest and Financial Charges	25.12	20.63
Depreciation	40.69	36.65
Net Profit for the year	403.39	444.40
Provision for Income tax (Current)	133.75	155.00
Balance carried from previous year	372.10	248.07
Profit available for appropriation	632.83	533.37
Provision for dividend & Dividend declaration tax	65.63	65.63
Transfer to General Reserve	100.00	95.64
Balance carried to Balance sheet	467.20	372.10

The sales performance of the Company has shown improvement over the last year. The cost effective measures have also contributed in terms of profitability, inspite of significant increase in the cost of raw materials. However the profit of the company has been adversely affected, mainly on account of substantial increase in the prices of raw material.

**DIVIDEND**

Your directors pleased to recommend a dividend of 10 % (Re. 1 per share) absorbing a sum of Rs 56.10 Lacs. The dividend will be paid to all shareholders whose names appear in the Register of Members as on the book closure date.

**EXPORT**

Your company has chalked out an plan to grow in the export market. This segment of the business is expected to grow at a faster rate, in the coming years. During the year the Company has successfully executed few export orders.

**EXPANSION**

Company is in the process of expanding capacity. The cost of this expansion is proposed to be financed through internal accruals.

**DIRECTORS**

Shri Sushil Rawka and Shri Vimal Lunia Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

**CORPORATE GOVERNANCE**

Report on Corporate Governance is enclosed and is forming part of the Directors' Report. A certificate from the Statutory Auditors of the Company regarding Compliance of the Conditions of the Corporate Governance is attached to this report.

**FIXED DEPOSITS**

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

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that they 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;
- c) 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;
- d) the Directors had prepared the annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Details of Conservation of Energy and Technology Absorption under 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, are given as Annexure to this report.

Company had accomplished its many export order and thus earned Foreign Exchange during the Year. Foreign Exchange Earning during the year was Rs. 3.10 Lacs and Outgo was Rs. 34.69 Lacs.

**AUDITORS**

M/s ABN & Co. Chartered Accountants, Indore Statutory Auditors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and who being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

**AUDITOR'S 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 Board of Directors takes their sincere appreciation for the dedicated efforts put in by the employees for continued good performance.

**ACKNOWLEDGMENT**

The Directors thank the customers, vendors, investors, business associates and bankers for their support to the company.

The Directors also thank the Government of India, the Concerned State Governments and other Government Departments and Government Agencies for their cooperation.

**FOR AND ON BEHALF OF THE BOARD**

PLACE : INDORE  
DATE : 22/08/2008

**HARSH KUMAR VORA**  
Managing Director

**V. S. BHATE**  
Technical Director

**ANNEXURE TO 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 were already 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 of 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 : 22/08/2008

HARSH KUMAR VORA  
Managing Director

V. S. BHATE  
Technical Director

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Performance

The overall production of the Company was increased by about 20.73% and sales increased by 23.14% to Rs. 45.54 crores, as against 36.98 crores in the last year. The Profit before tax for the year is Rs. 4.03 crores.

### Opportunities & Threats

Although the Company is facing a stiff competition from SSI Units, it is posed to enter into new ventures in the welding line to add more products into its product range. The profit-oriented business is given a thrust and hopefully Company is all positive to make in roads in market leading of first rung companies. The bigger problem is the unsteady pricing factor of ferrous items of which prices are decided by London Metal Market.

### Risks & Concerns

Dependability on Raw Material, supplies continues to be a big risk for the Company to face. It is pertinent to ensure easy availability of raw materials such as Rutile, Steel and Metals at fair prices.

### Internal Control System

The company has adequate internal control systems commensurate with the nature and size of the business. All the transactions are properly authorized and recorded. The Company has an Audit Committee, which regularly meets to review the Financial Reports and Statements of the Company. It also invites the Statutory Auditors of the Company to get their opinions and suggestions on the Company's system of preparing and maintaining financial statements and on the adequacy of its internal control system.

### Quality Management System ISO – 9001 : 2000

Your company's administrative office and works situated at Indore has been certified as ISO 9001 : 2000 by International Certification Services for Quality Management System. The above Certification is valid upto December 2008.

## CORPORATE GOVERNANCE

### I. Company's Philosophy on Code of Corporate Governance

The Company believes in the practice of good Corporate Governance acting as a good corporate citizen. The spirit of Corporate Governance has been prevailing in the Company. The company believes in the values of transparency, professionalism and accountability. The Company recognizes the acceptability of the Board and importance of the decisions relating to its customers, dealers, employers, shareholders etc.

The Company always strives to achieve performance at all levels by adhering to corporate governance practices.

### II. Board of Directors

The strength of Board of Directors as on 31<sup>st</sup> March, 2008 was 9 out of which 3 were Executive Directors, 3 were Non Executive Directors and 3 were Non Executive Independent Directors.

Shareholding of Non Executive Directors in the Company as on 31.03.2008 :

Shri Sushil Rawka	:	63,300
Shri J. C. Kapur	:	NIL
Shri Nirmal Lunia	:	NIL
Shri Vimal Lunia	:	NIL
Shri B. S. Johari	:	3,300
Shri Surjit Singh	:	NIL

The Board of Directors duly met Five times during the Financial Year 2007 – 2008 and the gap between two meetings did not exceed four months. Dates on which the Board meetings were held are 30/04/07, 31/07/07, 9/08/07, 31/10/07 and 31/01/08. Attendance of directors during Board Meetings is shown in Table A. The Categories of directors are also mentioned in the same table.

**III. Audit Committee :**

The Audit Committee of the Company comprised of Shri Surjit Singh, Director of the Company as Chairman, Shri Sushil Rawka, Shri J. C. Kapur, Directors of the Company as its members. The members have financial and accounting knowledge. The Committee members duly met Five times during the Financial Year 2007-08 on 20/04/07, 20/07/07, 03/08/07, 15/10/07 and 14/01/08.

The attendance of members, at the meeting of Audit Committee held during the Financial Year under review, are as shown in TABLE A.

The Audit Committee has adequate powers and detailed terms of reference, to play effective role as required under the provisions of the Companies Act, 1956 and clause 49 of the Listing Agreement entered into with Stock Exchange.

**IV. Share Transfer Cum Investor Grievance Committee :**

Share Transfer Cum Investor Grievance Committee consist of Shri Sushil Rawka, Director of the Company as Chairman, Shri J. C. Kapur & Shri Madhusudan Jain, Directors of the Company, as its members. Twenty Four Shareholders' Complaints were received during the Financial Year. All of them were resolved within 30 days of receipt and no complaints were pending at the end of the year.

The members duly met Four times during the Financial Year 2007-08 on 17/04/07, 21/05/07, 06/10/07, and 04/01/08.

The attendance of members, at the meetings held during the Financial Year under review, are as shown in TABLE A.

**TABLE A**

Sr. No.	Name of Director	Status	Attendance of Board & Committee Meetings				Annual General Meeting	Outside Directorship & Committee Positions	
			No. of Board Meetings	No. of Audit Committee Meetings Attended	No. of STCIGC Meetings Attended	No. of RC Meetings Attendance		Directorships	Committee Positions
1.	Shri Harsh Vora	Executive	5	N.A.	N.A.	N.A.	Yes	2	Nil
2.	Shri Vasudeo Bhate	Executive	5	N.A.	N.A.	N.A.	Yes	Nil	Nil
3.	Shri Sushil Rawka	Non Executive	5	5	4	N.A.	No	Nil	Nil
4.	Shri Nirmal Lunia	Non Executive	Nil	N.A.	N.A.	N.A.	No	1	Nil
5.	Shri J.C. Kapur	Non Executive & Independent	5	5	4	Nil	No	Nil	Nil
6.	Shri Vimal Lunia	Non Executive	Nil	N.A.	N.A.	N.A.	No	2	Nil
7.	Shri Madhusudan Jain	Executive	5	N.A.	4	N.A.	Yes	3	Nil
8.	Shri Surjit Singh	Non Executive & Independent	4	5	N.A.	Nil	No	Nil	Nil
9.	Shri B.S. Johari	Non Executive & Independent	5	N.A.	N.A.	Nil	No	Nil	Nil

Abbreviation : STCIGC = Share Transfer - cum - Investor Grievance Committee  
RC = Remuneration Committee

**V. Remuneration of Directors**

Break-up of Directors' remuneration:

S. No.	Name of Director	Salary including Employers' Contribution to Provident Fund	Perquisites	Sitting Fees
1.	Mr. Harsh Kumar Vora (Executive Director)	17,24,300	8316	NIL
2.	Mr. Vasudeo S. Bhate (Executive Director)	6,51,500	NIL	NIL
3.	Mr. Madhusudan Jain (Executive Director)	6,51,500	81643	NIL
4.	Mr. Sushil Rawka (Non-Executive Director)	NIL	NIL	15,000
5.	Mr. J.C. Kapur (Non-Executive Director)	NIL	NIL	15,000
6.	Mr. Nirmal Lunia (Non-Executive Director)	NIL	NIL	NIL
7.	Mr. Vimal Lunia (Non-Executive Director)	NIL	NIL	NIL
8.	Mr. B.S. Johari (Non-Executive Director)	NIL	NIL	15,000
9.	Mr. Surjit Singh (Non-Executive Director)	NIL	NIL	12,000
	<b>Total</b>	<b>30,27,300</b>	<b>89959</b>	<b>57,000</b>

**VI. General Body Meeting**

Financial Year	Date	Location of Meeting	Time	Whether any special resolution passed
2006-2007	24.09.2007	At Registered Office at Mumbai	10.00 A.M	No
2005-2006	28.09.2006	At Registered Office at Mumbai	11.00 A.M	Yes
2004-2005	30.09.2005	At Registered Office at Mumbai	11.00 A.M	Yes

There was no matter requiring postal ballot as recommended by Clause 49 of the Listing Agreement read with Section 192 A of the Companies Act, 1956.

**VII. Disclosures**

- Disclosures on materially significant related party transactions, i.e. transaction of the Company of material nature, with its promoters, directors or the management, their subsidiary or relatives etc that may have potential conflict with the interests of the Company at large : NIL
- Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority , on any matter related to capital , markets, during the last three years.

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/stricture have been imposed against it during the last three years.

**VIII. Corporate Governance Compliance Certificate**

The Certificate regarding compliance of condition of clause 49 of the Listing Agreement received from the Auditors of the Company is annexed hereto.