

D&H

INDIA

ANNUAL REPORT 2008-09

D & H WELDING ELECTRODES (INDIA) LTD.

I N D E X

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BOARD OF DIRECTORS

Mr. Jagdish C. Kapur	- Director
Mr. Sushil Rawka	- Director
Mr. Vimal Lunia	- Director
Mr. Nirmal Lunia	- Director
Mr. Surjeet Singh	- Director
Mr. Basant Singh Johari	- Director
Mr. Madhusudan Jain	- Whole time Director
Mr. Vasudeo S. Bhate	- Director (Technical)
Mr. 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.)

BRANCH OFFICE & SALES DEPOT

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

BANKERS

State Bank of India

AUDITORS

M/s. ABN & Co.
Indore

REGISTRAR & SHARE

Ankit Consultancy Pvt. Ltd.,

TRANSFER AGENT

2nd Floor, Alankar Point, Geeta Bhawan Square,
A.B. Road, Indore (M.P.) - 452 001

NOTICE

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of the members of **D&H Welding Electrodes (India) Limited** will be held on Wednesday the 30th day of September, 2009 at 10:00 a.m. at the Registered Office of the Company situated 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, 2009 and Profit & Loss Account of the Company for the year and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Jagdish C. Kapur, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nirmal Lunia, Director who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, till the conclusion of next Annual General Meeting of the Company, at such 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 such other tax(es) as may be applicable and reimbursement of out of pocket expenses incurred by them for carrying out the Audit."

As Special Business

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII to the Act including any statutory amendment(s) or modification(s) or re-enactments thereof for the time being or from time to time in force and subject to the approval of Central Government, if required and subject to such conditions, modifications, and changes as Central Government may direct, require and approve and which the Directors be and are hereby authorized to accept at its sole and absolute discretion, consent of the members be and are hereby accorded for the revision in maximum amount of salary payable to Mr. Harsh Kumar Vora, Managing Director of the Company on the revised terms and conditions of his appointment as mentioned in the explanatory statement annexed with the notice of this meeting, w.e.f 1st October, 2009 and as approved by the Board of Directors of the Company in the Board meeting held on 31st July, 2009 and as recommended by the Remuneration Committee"

FURTHER RESOLVED THAT in the event of no profit or inadequacy of profits in any Financial Year, during the tenure of Mr. Harsh Kumar Vora as Managing Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Part II Section II of Schedule XIII of the Act and subject to the compliance of provisions thereof

FURTHER RESOLVED THAT the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter/revise the terms and conditions of the appointment of Mr. Harsh Kumar Vora, including remuneration payable to him in accordance with the provisions of the Schedule XIII to the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed by Mr. Harsh Kumar Vora

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to decide the yearly increment payable to Mr. Harsh Kumar Vora, Managing Director of the Company within agreed terms and conditions, on the recommendation of Remuneration

Committee and subject to any approval, as may be necessary in this regard.

FURTHER RESOLVED THAT the Board of Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be required in this regard to give effect to this resolution"

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

"RESOLVED THAT in partial modification of Resolution no. 8 passed at the Annual General Meeting of the Company held on 28th September, 2006 for the appointment and remuneration of Mr. Madhusudan Jain as Whole Time Director of the Company and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII of the Act including any statutory amendment(s) or modification(s) or re-enactments thereof for the time being or from time to time in force and subject to the approval of Central Government, if required, and subject to such conditions, modifications, and changes as Central Government may direct, require and approve and which the Directors be and are hereby authorized to accept at its sole and absolute discretion, the members hereby accord their approval for the revision in the maximum amount of salary payable to Mr. Madhusudan Jain, Whole Time Director of the Company on the revised terms and conditions of his appointment w.e.f 1st October, 2009 for the remainder of the tenure of his contract i.e. upto 23rd January, 2010, as set out in the explanatory statement annexed to the notice of this meeting and as approved by the Board of Directors in the Board Meeting held on 31st July 2009 and as recommended by the Remuneration Committee

FURTHER RESOLVED THAT in the event of no profit or inadequacy of profits in any Financial Year, during the tenure of Mr. Madhusudan Jain as Whole Time Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Part II Section II of Schedule XIII of the Act and subject to the compliance of provisions thereof

FURTHER RESOLVED THAT the Board of Director of the Company be and is hereby authorized to do all such acts, deeds and

things as may be required in this regard to give effect to this resolution"

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act including any statutory amendment(s) or modification(s) or re-enactments thereof for the time being or from time to time in force and subject to the approval of Central Government, if required, and subject to such conditions, modifications, and changes as Central Government may direct, require and approve and which the Directors be and are hereby authorized to accept at its sole and absolute discretion, the members hereby accord their approval for the reappointment of Mr. Madhusudan Jain as Whole Time Director of the Company for a period of Three Years (3 Years) w.e.f 24th January, 2010, on such terms and conditions as set out in the explanatory statement annexed to the notice convening this meeting

FURTHER RESOLVED THAT in the event of no profit or inadequacy of profits in any Financial Year, during the tenure of Mr. Madhusudan Jain as Whole Time Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Part II Section II of Schedule XIII of the Act and subject to the compliance of provisions thereof

FURTHER RESOLVED THAT the approval of the members of the Company be and is hereby accorded to the Board of Directors to alter/ revise the terms and conditions of the reappointment of Mr. Madhusudan Jain, including remuneration payable to him in accordance with the provisions of the Schedule XIII to the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed by Mr. Madhusudan Jain

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to decide the yearly increment payable to Mr. Madhusudan Jain, Whole Time Director of the Company within agreed terms and conditions, on the recommendation made by Remuneration Committee from time to time and subject to such approval, as may be necessary in this regard

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FURTHER RESOLVED THAT Mr. Madhusudan Jain shall not be subject to retirement by rotation during his tenure as Whole time Director. However, in order to comply with the provisions of the Articles of Association of the Company and the Companies Act, 1956, he shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceed one-third of the total number of Directors. If he is re-appointed as a Director immediately on retirement by rotation, he shall continue to hold his office as a Whole time Director and re-appointment shall not be deemed to constitute a break in his appointment as a Whole time Director

FURTHER RESOLVED THAT the Board of Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be required in this regard to give effect to this resolution"

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

"RESOLVED THAT pursuant to the provisions of Section 31, 310, and other applicable provisions, if any, of the Companies Act, 1956 read with Rule 10B of Companies (Central Government) General Rules and Forms, 1956, Article 118(3) of Article of Association of the Company be and is hereby substituted by following:

118(3) The fee payable to a Director for attending a meeting of the Board or Committee thereof shall be a sum not exceeding Rs. 20,000/- as may be decided by the Board of Directors or such other sum as the Company in General Meeting may from time to time determine

FURTHER RESOLVED THAT the Board of Director of the Company be and is here by authorized to do all such acts, deeds and things as may be required in this regard to give effect to this 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 VALID AND 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, 2009 to 30th September, 2009 (both days inclusive).
- C. 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.
- D. 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.
- E. Mr. Harsh Kumar Vora is a commerce graduate having more than 24 years of experience in production & marketing and working of the company.
- F. Mr. Madhusudan Jain is a Mechanical Engineer and has been associated with the Company since long time. He has rich experience in the Industry.
- G. Mr. Jagdish C. Kapur science graduate and has been associated with the Company since long time. He has rich experience in the Industries.
- H. Mr. Nirmal Lunia commerce graduate and has been associated with the Company since long time. He has rich experience in the various fields.

BY ORDER OF THE BOARD

HARSH KUMAR VORA
Managing Director

PLACE : INDORE
DATE : 8th Aug, 2009

BY ORDER OF THE BOARD

HARSH KUMAR VORA
Managing Director

PLACE : INDORE
DATE : 8th Aug, 2009

Explanatory Statement under Section 173(2) of the Companies Act, 1956**ITEM NO. 6**

Mr. Harsh Kumar Vora was reappointed as Managing Director of the Company for a period of Three years by the Board of Directors at their meeting held on 22nd August 2008 which was approved by the shareholders of the Company at their Annual General Meeting held on 22nd September, 2008. As a Managing Director his tenure ends on 28th October, 2011. Mr. Harsh Kumar Vora is a commerce graduate having more than 24 years of experience in the industry. He is instrumental, since beginning in the growth of the Company.

The Board considers that revision of remuneration of Mr. Harsh Kumar Vora, Managing Director of the Company would be of immense benefit to the Company. After considering the performance of the Company and on the recommendation made by the Remuneration Committee at their meeting held on 21st July, 2009, the Board of Directors at their meeting held on 31st July, 2009 has approved the revision of remuneration and terms and conditions of the appointment of Mr. Harsh Kumar Vora, Managing Director of the Company w.e.f 1st October, 2009 for the remaining part of his tenure. The remuneration and terms and conditions are enumerated below:

Gross Salary : Maximum upto Rs. 5,00,000/- p.m. as may be decided by the Board of Directors on the basis of recommendation of Remuneration Committee of the Company from time to time.

Perquisites: In addition to salary, perquisites and allowances will also be payable or reimbursed, such as house rent allowance/rent free accommodation, house maintenance allowance, allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, medical expenses, group mediclaim / accidental insurance / life insurance / keyman 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 150 % of the total annual salary.

As per Schedule XIII to the Companies Act, 1956 in case of absence of profits or inadequacy of profits, payment of prescribed remuneration requires approval of members of the Company by way of Special Resolution subject to the prior approval of Central Government and hence this a Special Resolution.

The explanatory statement together with the accompanying notice should be treated as an abstract of the terms of contract of revised remuneration of the Managing Director in accordance with the provisions of sub-section(2) of the section 302 of the Companies Act, 1956.

The Board of Directors recommends the proposed resolution for your approval as Special Resolution subject to the prior approval of Central Government, if required.

None of the Directors except Mr. Harsh Kumar Vora, Mr. Madhusudan Jain, Mr. Vimal Lunia & Mr. Nirmal Lunia are deemed to be interested in this resolution.

Information pursuant to Section II of Part II of Schedule XIII to the Companies Act, 1956**General Information:**

Your Company is in the manufacturing of welding electrodes which is being the backbone of infrastructure industry. Export turnover of your company was Rs. 28.89 Lacs during the previous financial year 2008-2009.

II. Information about the appointee:

- (1) Mr. Harsh Kumar Vora is a commerce graduate having more than 24 years of experience. With his vision only your Company has grown to this level. His vision is to make your company within top 10 welding electrodes manufacturer.
- (2) Mr. Harsh Kumar Vora was paid Rs. 22,18,617/- during the year 2008-2009.
- (3) Your Company is ISO -9001:2000 certified
- (4) Mr. Harsh Kumar Vora is managing the whole affairs of the Company. He is one of the founder member of the company.
- (5) It is proposed to pay him, Gross Salary upto a maximum of Rs. 5,00,000 p.m. during remaining part of his tenure.
- (6) There has been phenomenal increase in the package of CEO / WTD all around the industries in India and World, your industry is no more exception to it. In order to retain good talent, it is inevitable to increase the remuneration of Mr. Harsh Kumar Vora also.
- (7) Mr. Madhusudan Jain, Vimal Lunia and Nirmal Lunia, Directors of the Company are relative of Mr. Harsh Kumar Vora, being his brother in laws.

III. Other information:

- (1) With the tremendous increase in cost of raw material it is expected that there may not be adequate profit in terms of Section 198 of the Companies Act, 1956 read with Schedule XIII

to the Companies Act, 1956.

- (2) Company is trying hard to pass on the increased cost of raw material to its customer.
- (3) Your Company is expecting to pass on the increased cost to its customers, so as to improve the profitability.

ITEM NO. 7 & 8

Mr. Madhusudan Jain was reappointed as Whole Time Director of the Company for a period of Three years by the Board of Directors at their meeting held on 18th August 2006 which was approved by the shareholders of the Company at their Annual General Meeting held on 28th September, 2006, in the pay scale of Rs. 40000-10000-70000 per month. Remuneration Committee at their meeting held on 9th October, 2008 increased the basic Salary of Mr. Madhusudan Jain to Rs. 70,000/- per month with effect from 1st October, 2008. As a Whole Time Director his tenure ends on 23rd January, 2010.

Mr. Madhusudan Jain is a Mechanical Engineer having rich experience in the industry. He has been associated with the Company since long time. The Board considers his re-appointment as well as recommends that the amendment in terms and conditions of appointment of Mr. Madhusudan Jain for balance tenure would be of immense benefit to the Company. Remuneration Committee at their meeting held on 21st July, 2009 & the Board of Directors at their meeting held on 31st July, 2009 has approved the re-appointment of Mr. Madhusudan Jain as Whole Time Director with effect from 24th January, 2010 as well as approved the amendment in terms and conditions of his appointment w.e.f 1st October, 2009 for his balance tenure on the remuneration as below:-

Gross Salary: Maximum upto a Rs. 2,50,000/- p.m. as may be decided by the Board of Directors on the basis of recommendation made by Remuneration Committee of the Company from time to time.

Perquisites: In addition to salary, perquisites and allowances will also be payable or reimbursed, such as house rent allowance/rent free accommodation, house maintenance allowance, allowances for utilities such as gas, electricity, water, furnishing, repairs, servants' salaries, medical expenses, group mediclaim / accidental insurance / life insurance / Keyman 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 150 % of the total annual salary.

As per Schedule XIII to the Companies Act, 1956 in case of absence of profits or inadequacy of profits, payment of prescribed remuneration requires approval of members of the Company by way of Special Resolution and hence this Special Resolution.

The explanatory statement together with the accompanying notice should be treated as an abstract of the terms of contract of appointment of the Whole Time Director in accordance with the provisions of sub-section (2) of the section 302 of the Companies Act, 1956.

The Board of Directors recommends the proposed resolution for your approval as Special Resolution subject to the prior approval of Central Government, if required.

None of the Directors except Mr. Madhusudan Jain and Mr. Harsh Kumar Vora are deemed to be interested in this resolution.

Information pursuant to Section II of Part II of Schedule XIII to the Companies Act, 1956

General Information:

Your Company is in the manufacturing of welding electrodes which is being the backbone of infrastructure industry. Export turnover of your company was Rs. 28.89 Lacs during the previous year 2008-2009.

II. Information about the appointee:

- (1) Mr. Madhusudan Jain is a Mechanical Engineer having rich experience in the industry. He has been associated with the Company since long time. Board considers that re-appointment of Mr. Madhusudan Jain would be of immense benefit to the Company.
- (2) Mr. Madhusudan Jain was paid Rs.10,14,000/- during the year 2008-2009.
- (3) Your Company is ISO -9001:2000 certified.
- (4) It is proposed to pay him, Gross Salary upto a maximum of Rs. 2,50,000 p.m. during his tenure.
- (5) There has been phenomenal increase in the package of CEO / WTD all around the industries in India and World, your industry is no more exception to it. In order to retain good talent, it is inevitable to increase the remuneration of Mr. Madhusudan Jain also.

- (6) 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.
- (7) Mr. Harsh Kumar Vora, Managing director of the Company is relative of Mr. Madhusudan Jain, being his brother in law.

III. Other information:

- (1) With the tremendous increase in cost of raw material it is expected that there may not be adequate profit in terms of Section 198 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956.
- (2) Company is trying hard to pass on the increased cost of raw material to its customer.
- (3) Your Company is expecting to pass on the increased cost to its customers so as to improve the profitability.

ITEM NO. 9

As per the provisions of Rule 10-B of the Companies (Central Government) General Rules and Forms, 1956, the Companies having paid up share capital and free reserves of Rs. 10 Crores and above or turnover of Rs. 50 Crores and above, can pay sitting fee upto Rs. 20,000 to Directors for each meeting of the Board of Directors or Committee thereof.

Your Board of Directors devotes their valuable time in attending the meeting and considering the businesses of the Company. Considering the level of devotion given by the Directors of the Company and their active participation in the meeting of Board, your Company proposes to alter the Articles of Association of the Company so as to extend the maximum limit of sitting fees upto Rs. 20,000, payable to the Board of Directors for attending each Board meeting or Committee.

All the Directors except Mr. Harsh Kumar Vora, Mr. Madhusudan Jain, Mr. Vasudeo Bhate are interested in the resolution.

The Board of Directors recommends the proposed resolution for your approval as Special Resolution.

BY ORDER OF THE BOARD

HARSH KUMAR VORA
Managing Director

PLACE : INDORE**DATE : 8th Aug, 2009****DIRECTORS' REPORT**

To,
The Members

Your Directors have pleasure in presenting **Twenty Fourth Annual Report** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2009.

OPERATIONAL PERFORMANCE

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

	Year ended 31.03.2009 (Rs. In lacs)	Year ended 31.03.2008 (Rs. In lacs)
Gross Sales and other Income	5454.40	4560.71
Profit before Interest & Depreciation	458.08	469.20
Interest and Financial Charges	39.22	25.12
Depreciation	45.82	40.69
Net Profit for the year	373.03	403.39
Provision for Income tax (Current)	120.00	133.75
Balance carried from previous year	467.20	372.10
Profit available for appropriation	708.21	632.83
Provision for dividend & Dividend declaration tax	68.55	65.63
Transfer to General Reserve	100.00	100.00
Balance carried to Balance sheet	539.66	467.20

The sales performance of the Company has shown improvement over the last year. The cost effective measures have also contributed to the improved performance 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 are pleased to recommend a dividend of 10% (Re. 1 per share) absorbing a sum of Rs 58.60 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 a 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 its capacity. The cost of this expansion is proposed to be financed through internal accruals.

DIRECTORS

Mr. Jagdish C. Kapur and Mr. Nirmal 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 orders and thus earned Foreign Exchange during the Year. Foreign Exchange Earning during the year was Rs. 28.89 Lacs and Outgo was Rs. 60.17 Lacs.

AUDITORS

M/s ABN & Co. Chartered Accountants, Indore being 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.

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

HARSH KUMAR VORA
Managing Director

PLACE : INDORE
DATE : 8th Aug, 2009

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 imports 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 therefore and future plans of action.

NIL

FOR AND ON BEHALF OF THE BOARD

PLACE : INDORE
DATE : 8th Aug, 2009

HARSH KUMAR VORA
Managing Director

V. S. BHATE
Technical Director