



# **ANNUAL REPORT 2011-12**

**D & H INDIA LIMITED**  
Formerly 'D & H Welding Electrodes (India) Ltd'

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### **BOARD OF DIRECTORS**

<b>Mr. Jagdish C. Kapur</b>	- Director
<b>Mr. Sushil Rawka</b>	- Director
<b>Mr. Vimal Lunia</b>	- Director
<b>Mr. Nirmal Lunia</b>	- Director
<b>Mr. Surjit Singh</b>	- Director
<b>Mr. Basant Singh Johari</b>	- Director
<b>Mr. Vasudeo S. Bhate</b>	- Director (Technical)
<b>Mr. Madhusudan Jain</b>	- Whole Time Director
<b>Mr. Harsh Vora</b>	- Managing Director

### **COMPANY SECRETARY**

**Mr. Rajesh Sen**

### **REGISTERED OFFICE**

A - 204, Kailash Esplanade,  
Opposite Shreyas Cinema, L.B.S. Marg,  
Ghatkopar (West), Mumbai - 400086

### **ADMINISTRATIVE OFFICE CUM WORKS**

Plot 'A', Sector 'A', Industrial Area,  
Sanwer Road, Indore - 452015  
Madhya Pradesh

### **BANKERS**

State Bank of India  
HDFC Bank

### **AUDITORS**

M/s. ABN & Co.  
Indore

### **REGISTRAR & SHARE TRANSFER AGENT**

M/s Ankit Consultancy Private Ltd  
Plot No. 60, Electronic Complex  
Pardeshipura, Indore (M.P.) - 452 010

## NOTICE OF TWENTY SEVENTH ANNUAL GENERAL MEETING

**Notice** is hereby given that the **Twenty Seventh Annual General Meeting** of the members of **D & H India Limited** will be held on Saturday the 29<sup>th</sup> day of September, 2012 at 10:00 a.m. at A-505, Kailash Esplanade, Opposite Shreyas Cinema, L.B.S. Marg, Ghatkopar (West), Mumbai - 400086 to transact the following business:-

### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2012 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. J.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, 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, as may be required, and subject to such terms, conditions, modifications, and changes as Central Government may direct while according its approval 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 re-appointment of Mr. Madhusudan Jain as Whole Time Director of the Company for a further period of Three Years (3 Years) w.e.f 24<sup>th</sup> January 2013, 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 aforesaid Remuneration as may be approved by the Member/ Central Government as the case may be shall be consider as the minimum remuneration payable by the company to the Whole Time directors.

**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 re-appointment of Mr. Madhusudan Jain, including remuneration payable to him in accordance with the provisions of the Companies Act, 1956 as the Board of Directors may deem fit and as may be agreed by the Whole Time Director Mr. Madhusudan Jain.

**RESOLVED FURTHER THAT** Mr. Madhusudan Jain shall not be subject to retirement by rotation during his tenure as 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".

**BY ORDER OF THE BOARD**

**PLACE: INDORE** **RAJESH SEN**  
**DATE: 11<sup>th</sup> August, 2012** **(COMPANY SECRETARY)**

**NOTES:**

1. 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 OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Company has already notified closure of Register of Members and Share Transfer Books from 24th Sept., 2012 to 29th Sept., 2012 (both days inclusive) for the determining the names of members eligible for dividend on equity shares, if declared at the meeting. The Dividend on equity shares if declared at the meeting, will be credited/dispatched to those members whose names shall appear on the Company's Register of Members on 29th Sept., 2012 in respect of the shares held in dematerialized form, the dividend will be paid to members, those names are furnished by NSDL/CDSL as beneficial owners as on that date.
3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
4. Relevant documents referred into the accompanying notice are open for inspection by the members at the registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M. up to the date of meeting.
5. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company shall transfer the unpaid dividend amount for the year 2006-07 after expiry of 7 years period from transfer of the same to the Unpaid Dividend account. The Members are requested to please submit their request for revalidation of the dividend warrants for the unpaid dividend if any for the year 2006-07 and onward.
6. 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.
7. 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.
8. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, mandates, nominations, power of attorney, change of address, change of name and e-mail address etc., to their Depository Participants. Changes intimated to the Depository Participants will be automatically reflected in the Company's record which will help the Company and M/s. Ankit Consultancy Pvt. Ltd. to provide efficient and better services. Members holding shares in physical form are also requested to intimate such changes to M/s. Ankit Consultancy Pvt. Ltd. under the signatures of first/joint holder(s).
9. The Ministry of Corporate Affairs has introduced 'Green Initiative' whereby the documents are Permitted to be served on the members through electronic mode i.e., e-mail. This initiative is a step towards protection of environment and enabling faster communication with the members.  
Accordingly, the Company proposed to serve all the documents to e-mail addresses of the members. Members are requested to provide/update their e-mail addresses with their respective Depository Participants (DP) or send an e-mail at [companysecretary@dnhindia.com](mailto:companysecretary@dnhindia.com) to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to register their e-mail address on Website of M/s. Ankit Consultancy Pvt. Ltd. through login on [http://www.wix.com/harsh\\_ng/ankitonline](http://www.wix.com/harsh_ng/ankitonline).
10. Pursuant to the Clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto

Name and Designation of Appointee	Age / Qualifications	Expertise/ Experience	Date of appointment	Other Directorship	No of shares held & %age
Mr. Madhusudan Jain (Whole Time Director)	46 Year Mechanical Engineer	He has rich experience in the Industry.	24/01/2004	4	60500 i.e 0.81%
Mr. J.C. Kapur (Non Executive Director)	86 Year Science graduate	He has rich experience in the Industry.	11/08/2003	Nil	Nil
Mr. Nirmal Lunia (Non Executive Director)	54 Year Commerce graduate	He has rich experience in the various field	20/09/2003	1	Nil

**BY ORDER OF THE BOARD****PLACE: INDORE**  
**DATE: 11<sup>th</sup> August, 2012****RAJESH SEN**  
**(COMPANY SECRETARY)**

## **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **ITEM NO. 6:**

Mr. Madhusudan Jain was re-appointed as Whole Time Director for a period of three years w.e.f 24<sup>th</sup> January, 2010 by the Board of Directors at their meeting held on 21<sup>st</sup> July, 2009 which was approved by the Shareholders of the Company at their Annual General Meeting held on 30<sup>th</sup> September, 2009, therefore his tenure as Whole Time Director shall be over on 23<sup>rd</sup> January, 2013.

Mr. Madhusudan Jain is a Mechanical Engineer and having rich experience in the industry. He is one of the core promoters of the Company and is key instrumental of the Company and the Company has grown under his dynamic leadership and strong management. Therefore the remuneration committee of the Board at its meeting held on 25<sup>th</sup> July, 2012 has considered and approved his re-appointment for a further period of 3 years on the remuneration, terms and conditions as mentioned herein under.

The Board has also consider that re-appointment of Mr. Madhusudan Jain, would be immense benefit to the Company and accepted the recommendation/approval of the Remuneration Committee at their meeting held on 11<sup>th</sup> August, 2012 and has approved re-appointment of Mr. Mr. Madhusudan Jain as Whole Time Director on the remuneration as below:-

**1. Gross Salary:** Rs. 4,00,000/- p.m.

**2. Perquisites upto 150% or Rs.6,00,000/- p.m. which ever is lower**

The Whole Time director shall be entitled for the following perquisites and other benefits within the above said limit as may be decided by the Board and the same may be by way of perquisites and allowances payable or reimbursement, such as;

- (a) house rent allowance/rent free accommodation, house maintenance allowance,
- (b) allowances for utilities such as gas, electricity, water, furnishing, repairs,
- (c) servants' salaries,
- (d) medical reimbursement,
- (e) group medi claim/accidental insurance / life insurance / keyman insurance,
- (f) leave travel concession for himself and his family,
- (g) club fees,

### **3. Other exempted benefits:**

In addition top above he shall be entitled for the following benefits, which shall not be considered as remuneration within the provisions of the Schedule XIII of the Companies Act, 1956:

- (a) Payment of gratuity as per the rules of the Company.
- (b) Contribution to PF, FBF and Supper annuation funds as per rules of the Company.
- (c) Leave encashment upto 15 days for every one year completed in the employment, payable in each year as per rules of the Company.

### **4. Facilities:**

- (a) The Company shall provide a Company's Car with driver for the Company's work and if the Car is not provided, the company shall reimburse of car/taxi expenses on actual basis.
- (b) The Company shall provide telephone at the residence of the Whole Time Director and a Cell phone with internet facility.

As per the provisions of the Schedule XIII to the Companies Act, 1956, the Company proposes to pay the remuneration in excess of the limit as prescribed under Part II, Section II of the said Schedule and the proposed aforesaid remuneration/salary may in excess of the ceiling prescribed under section 198 read with section 309, i.e. more than 5% / 10% or 11% of the net profits of the Company, which can be paid by way of approval of the members as special resolution and subject to the approval of the Central Government. Your directors submit the following

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

**I. General Information:**

The Company is engaged in the manufacturing and dealing in welding electrodes which is being the backbone of infrastructure industry. The Company is in the manufacturing activities since Incorporation and is pioneer in its field. The Company's growth continues improved and the past financial performance as well future projections are as under:

(Rs. in Lacs)

Particulars	2010-11 Actual	2011-12 Actual	2012-13 Projected	2013-14 Projected	2014-2015 Projected
Gross Turnover (Domestic)	6143.29	7128.73	8876.00	10660.00	13325.00
Gross Turnover (Export)	6.03	68.21	50.00	100.00	150.00
Other Income	14.55	82.50	26.00	35.00	55.00
Total Turnover and Receipts	6163.87	7279.44	8952.00	10795.00	13530.00
Profits before Interest, Dep. & Tax	325.56	467.12	837.12	1047.70	1257.24
Interest	22.70	24.58	7.50	5.00	7.50
Depreciation	69.21	87.47	95.00	100.00	110.00
Tax	76.20	115.86	220.38	282.81	341.92
Net Profit after Tax	157.45	239.21	514.46	659.89	797.82
Cash Profits generated	226.66	326.68	609.46	759.89	907.82
Paid up Share Capital	694.00	740.00	1000.00	1000.00	1000.00
Dividend (amount/%)	5%	5%	10%	10%	10%
EPS	2.49	3.34	5.14	6.60	7.98

**II. Information about the appointee:**

- (1) Mr. Madhusudan Jain, aged about 46 year, is a Mechanical Engineer and having more than 8 years of experience in the Company and he is the Whole Time Director of the Company since 2004 with his vision, your Company has come out with so many challenges in the domestic and international market and grown to this level. Mr. Madhusudan Jain is also one of the core promoters of the Company. His vision is to make your company within top 10 welding electrodes manufacturer and achieve turnover of Rs.100 Crores in the year 2013-14.
- (2) Mr. Madhusudan Jain was paid Rs.29,76,823/- during the year 2011-2012.
- (3) Not Applicable.
- (4) Mr. Madhusudan Jain is the most suitable and dedicated towards the growth of the Company. He is having capacity to accept the challenges of any nature and capable to achieve the visionary target to become one of the top 10 manufactures in the world for electrodes and achieve turnover of Rs.100 Crores.

- (5) It is proposed to pay him, Gross remuneration upto of Rs. 10,00,000 p.m. during his tenure in the manner of Salary of Rs.4,00,000 p.m. and allowances and other perks upto Rs. 6,00,000/- p.m. or 150% of the salary.
- (6) The Company is manufacturing Welding Electrodes and pioneer in the industry and listed with the BSE and continuing paying dividend to its members since last five year with the sound financial track records. There is no comparable data for matching the remuneration of the Whole Time Director remuneration in the industry in the Country  
There has been phenomenal increase in the package of CEO/WTd all around the manufacturing 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 needs to be considered.
- (7) Mr. Madhusudan Jain is the core promoter and holding 60,500 Equity Shares consisting 0.82 % of the paid up share capital in the Company and is not drawing any other benefits except the remuneration as the Whole Time director and getting dividend together with the other members of the Company. Mr. Harsh Vora, Managing Director and promoter of the Company is a relative of Mr. Madhusudan Jain

**III. Other information:**

- (1) The Company is a profit making, dividend paying Company; however, with the tremendous increase in cost of raw material, stiff competition from the domestic and China the Company's profitability is lower, further that during the past three year due to worldwide financial recession including India, resulting the demand, margin and positive result and profitability has been affected.
- (2) To increase the profitability, the Company is trying hard to pass on the increased cost of raw material to its customer, develop export market, improve in the quality and develop some more ranges in the manufacturing line, which will give positive results in the years to come.
- (3) Your company is expecting to achieve the above said projected target in the next three years.

The explanatory statement together with the accompanying Notice should be treated as an abstract of the terms of contract of revised remuneration 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. The draft of the agreement to be entered into with the Whole-Time Director is available for inspection.

None of the Directors except Mr. Harsh Vora is deemed to be interested in this resolution.

**BY ORDER OF THE BOARD**

**RAJESH SEN**  
**(COMPANY SECRETARY)**

**PLACE: INDORE**

**DATE: 11<sup>th</sup> August, 2012**

## DIRECTORS' REPORT

To

The Members

Your directors have pleasure in presenting **Twenty Seventh Annual Report** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2012.

## OPERATIONAL PERFORMANCE

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

	Year ended 31.03.2012 (Rs. in lacs)	Year ended 31.03.2011 (Rs. in lacs)
Gross Sales and other Income	7279.44	6163.87
Profit before Interest & Depreciation	467.12	325.56
Interest and Financial Charges	24.58	22.70
Depreciation	87.47	69.21
Net Profit for the year	355.07	233.65
Provision for Income tax (Current)	115.86	76.20
Balance carried from previous year	677.70	611.59
Profit available for appropriation	916.91	768.16
Provision for dividend & Dividend distribution tax	43.00	40.46
Transfer to General Reserve	50.00	50.00
Balance carried to Balance sheet	823.91	677.70

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.

## DIVIDEND

Your directors are pleased to recommend a dividend of 5 % (Re. 0.50 per share) absorbing a sum of Rs 37.00 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.

## EXPANSION

Company is in the process of expanding its capacity and is also entering into allied business. The Company had already taken steps for the purpose of expansion and diversification and for this funds have been arranged through internal sources.

## DIRECTORS

Mr. J.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 the 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: -

- (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 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;
- (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 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.

Foreign Exchange earning was 68.21 Lacs and the outgo was Rs. 127.06 Lacs during the Year.

#### **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 is 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 VORA**  
**MANAGING DIRECTOR**

**VASUDEO S. BHATE**  
**TECHNICAL DIRECTOR**

**PLACE: INDORE**

**DATE : 11th August, 2012**

## 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. Benefit 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 turnover.

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 : 11th August, 2012

HARSH VORA  
MANAGING DIRECTOR

VASUDEO S. BHATE  
TECHNICAL DIRECTOR