

D&H

INDIA

A N N U A L

R E P O R T

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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

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"

BY ORDER OF THE BOARD

HARSH KUMAR VORA
Managing Director

PLACE : INDORE
DATE : 8th Aug, 2009

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

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Performance

The overall production of the Company was increased by about 3.08% and sales increased by 19.38% to Rs. 54.37 crores, as against 45.54 crores in the last year. However the Profit before tax is Rs. 3.73 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.

Human Resources and Industrial Relations

The Company assigns a great deal of importance to its human resources. Industrial relations with the employees remained cordial during the year. Human Resource Development activities had received considerable focus during the year. The Directors wish to acknowledge the contribution of all the employees in raising the performance of the Company.

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 2011.

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 31st March, 2009 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 31.03.2009 :

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

The Board of Directors duly met Six times during the Financial Year 2008 – 2009 and the gap between two meetings did not exceed four months. Dates on which the Board meetings were held are 30.04.2008, 31.07.2008, 22.08.2008, 07.10.2008, 31.10.2008 and 30.01.2009. 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 Mr. Surjit Singh, Director of the Company as Chairman, Mr. Sushil Rawka and Mr. Jagdish 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 2008-09 on 14.04.2008, 12.07.2008, 18.08.2008, 17.10.2008 and 15.01.2009.

The attendance of members, at the meeting of Audit Committee held during the Financial Year under review, is 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 Bombay Stock Exchange.

IV. Share Transfer and Investor Grievance Committee :

Share Transfer and Investor Grievance Committee consist of Mr. Sushil Rawka, Director of the Company as Chairman, Mr. Jagdish C. Kapur & Mr. Madhusudan Jain, Directors of the Company, as its members. Forty two 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 2008-09 on 14.04.2008, 12.07.2008, 15.10.2008 and 12.01.2009.

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

V. Remuneration Committee:

The Remuneration Committee of the Company comprised of Mr. Jagdish C. Kapur, Director of the Company as Chairman, Mr. Surjit Singh and Mr. B.S.Johari, Directors of the Company as its members. The Committee members duly met two times during the Financial Year 2008-09 on 13.08.2008 and 9.10.2008.

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

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

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 STC IGC Meetings Attended	No. of R C Meetings Attendance		Attended during the Year	Directorships
1.	Mr. Harsh Vora	Executive	5	N.A.	N.A.	N.A.	Yes	2	Nil
2.	Mr. Vasudeo Bhate	Executive	6	N.A.	N.A.	N.A.	No	Nil	Nil
3.	Mr. Sushil Rawka	Non Executive	6	5	4	N.A.	Yes	Nil	Nil
4.	Mr. Nirmal Lunia	Non Executive	Nil	N.A.	N.A.	N.A.	No	1	Nil
5.	Mr. J.C. Kapur	Non Executive & Independent	6	5	4	2	No	Nil	Nil
6.	Mr. Vimal Lunia	Non Executive	Nil	N.A.	N.A.	N.A.	No	2	Nil
7.	Mr. Madhusudan Jain	Executive	6	N.A.	4	N.A.	Yes	3	Nil
8.	Mr. Surjit Singh	Non Executive & Independent	6	5	N.A.	2	No	Nil	Nil
9.	Mr. B.S. Johari	Non Executive & Independent	5	N.A.	N.A.	2	No	Nil	Nil

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

VI. 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)	21,74,400	44,217	NIL
2.	Mr. Vasudeo S. Bhate (Executive Director)	8,64,000	69,805	NIL
3.	Mr. Madhusudan Jain (Executive Director)	8,64,000	1,50,000	NIL
4.	Mr. Sushil Rawka	NIL	NIL	18,000
5.	Mr. J.C. Kapur	NIL	NIL	18,000
6.	Mr. Nirmal Lunia	NIL	NIL	NIL
7.	Mr. B.S. Johari	NIL	NIL	15,000
8.	Mr. Surjit Singh	NIL	NIL	18,000
9.	Mr. Vimal Lunia	NIL	NIL	NIL
	Total	39,02,400	2,64,022	69,000

VII. General Body Meeting

Financial Year	Date	Location of Meeting	Time	Whether any special resolution passed
2007-2008	22.09.2008	At Registered Office at Mumbai	10.00 A.M	Yes
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	No

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.

VIII. Disclosures

- a. 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
- b. 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 has been imposed against it during the last three years.

IX. Declaration of Code of Conduct

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has already been posted on the website of the Company. All Board Members and Senior Members have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Office is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the Financial Year 2008-2009"

Harsh Kumar Vora
Managing Director & CEO
8th August, 2009

X. 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.

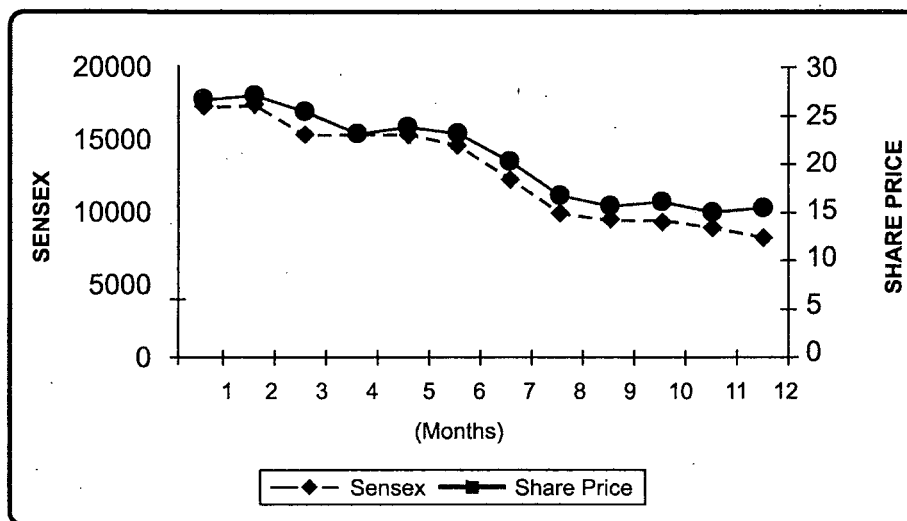
XI. Shareholders' information

- a. **Regd. Office:** A-204, Kailash Esplanade, Opp. Shreyas Cinema, Ghatkopar (W) Mumbai- 400 086
Annual General Meeting : Date and time : 30th September, 2009 At 10.00 A.M.
Venue : At Registered Office of the Company
- b. **Financial Calendar :** (*tentative*) Financial reporting for:
Quarter ending June 30, 2009 : On or before July 31, 2009
Half year ending Sept. 30, 2009 : On or before Oct. 31, 2009
Quarter ending Dec. 31, 2009 : On or before Jan. 31, 2010
Year ending March 31, 2010 : On or before April 30, 2010
Annual General Meeting for the year 2010 : End of September, 2010
Date of Book Closure : In the month of September, 2010
- c. **Listing of Stock Exchanges :** Presently the shares of the Company are listed at The Bombay Stock Exchange, Mumbai. **Scrip Code :** 517514 (Mumbai)

d. **Market Price Data** : The Stock Market data for the period from April, 2008 to March, 2009 are as below :- [As taken from the website of The Bombay Stock Exchange Ltd., Mumbai (BSE)]

Period	High (Rs.)	Low (Rs.)	Period	High (Rs.)	Low (Rs.)
April, 2008	25.45	20.50	October, 2008	17.95	9.85
May, 2008	25.65	21.05	November, 2008	14.40	9.15
June, 2008	22.65	16.25	December, 2008	13.95	11.00
July, 2008	22.45	15.50	January, 2009	13.60	10.10
August, 2008	22.60	19.50	February, 2009	13.06	10.13
September, 2008	21.60	15.00	March, 2009	12.00	9.28

e. **Performance of D & H (India) in comparison to BSE Sensex**



f. **Distribution of Shareholding as on March 31, 2009**

Nominal value of Equity share held (Rs.)	No. of Share Holders	Share Amount in (Rs.)	% of share holding
Up to 1000	3846	3622710	6.18
1001 to 2000	1278	2493120	4.25
2001 to 3000	434	1255430	2.14
3001 to 4000	150	580520	0.99
4001 to 5000	404	2008520	3.43
5001 to 10000	420	3595560	6.14
10001 to 20000	208	3178110	5.42
20001 to 30000	64	1612270	2.75
30001 to 40000	30	1026850	1.75
40001 to 50000	27	1290230	2.20
50001 to 100000	31	2350540	4.01
100000 above	50	35582140	60.72
TOTAL	6942	58596000	100.00

g. Categories of Shareholding as on 31st March, 2009

Category	No. of Share held	% of share holding
Promoters & Person acting in concert	2235921	38.16
Financial Institution, Mutual Fund and Banks	0.00	0.00
Private Corporate Bodies	1020136	17.41
Non Resident / OCBs	66572	1.14
Indian Public	2536971	43.29
TOTAL	5859600	100.00

h. Dematerialization of shares:

Trading in shares of D & H Welding Electrodes (India) Limited is permitted, only in dematerialized form, with effect from April 2001 as per notification issued by the Securities and Exchange Board of India (SEBI)

At present the Company's share are available for dematerialization with both NSDL and CDSL. As on 31st March 2009, an aggregate of 49, 99,675 Equity Shares, which amount to 85.32% of total Equity Share Capital of the Company exist under the Electronic form.

The International Securities Identification Number (ISIN) allotted to the Company is **INE589D01018**.

i. Registrar and Share Transfer Agents (Physical & Electronic Connectivity):

Ankit Consultancy Pvt. Ltd., is the Company's Registrar and Share Transfer Agent having its office at the following address:

2nd floor, Alankar Point, Geeta Bhawan Square,
A.B Road, Indore (M. P.) – 452 001
Contact No.: 0731-2491298

Share Transfer Forms can be lodged with Ankit Consultancy Pvt. Ltd. at its address mentioned above.

j. Address for Correspondence:

Head Office:
Plot A, Sector A, Industrial Area,
Sanwer Road, Indore 452 015 (M.P.)

k. Pursuant to the provision of Section 205-A of the Companies Act, 1956, dividend which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account, are required to be transferred to the Investor Education and Protection Fund of the Central Government.

Section 205C of the Act declares that no claims shall lie against the Fund of the Company in respect of individual amounts, which were unclaimed and unpaid for seven years as aforesaid and transferred to the fund.

Shareholders are therefore, advised that those who have not encashed their dividend warrant(s) so far for the year 2006-2007 and 2007-2008 may send their dividend warrants to the Company at its Work and administrative office situated at Sanwer Road (M.P), for the issue of Demand draft(s) in lieu thereof before the respective amounts become due for transfer to the fund.

l. Outstanding Convertible Warrants:

The company has issued and allotted 5,00,000 Convertible Warrants of Rs. 22.00 (Twenty Two Only) each on 7th October, 2008 on preferential basis to its promoter group, containing a right to subscribe to equal number of Equity Shares of Rs. 10.00 (Rupees Ten Only) each at a premium of Rs. 12.00 (Rupees Twelve Only) per Share. The above mentioned rights shall be exercised within a period of 18 months from the date of its allotment.

CEO / CFO CERTIFICATION AS PER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Board of Directors,
D & H Welding Electrodes (India) Limited, Mumbai

8th August, 2009

CERTIFICATE

- A. We have reviewed financial statements and the Cash flow Statement for the year and that to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
- i) significant changes in internal control during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes of the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Harsh Kumar Vora
Managing Director / CEO

Sanat Jain
G.M. Finance / CFO

CC : Audit Committee, D&H Welding Electrodes (India) Ltd.

AUDITORS' Certificate on Corporate Governance

To,
The Members,
D & H WELDING ELECTRODES (INDIA) LTD.

We have reviewed the compliance of conditions of Corporate Governance by D & H Welding Electrodes (India) Ltd. for the Financial Year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange. We have conducted our review on the basis of the relevant records and documents maintained by the Company for the year ended 31st March, 2009 and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of such review. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our review was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanation given to us, and the representation made by the Directors and management.

We hereby certify that the Company has complied with the condition of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for the period exceeding one month as on 31st March, 2009 against the Company as per the records maintained by the Share Transfer and Investor Grievance Committee of the Company.

We further state that such Certification is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of ABN & Co.
Chartered Accountants

PLACE : INDORE
DATE : 8th Aug, 2009

B.M. BHANDARI
Partner
(MEM. NO. 071232)

AUDITORS' REPORT

To,
The Members,

D & H WELDING ELECTRODES (INDIA) LTD.

We have audited the attached Balance Sheet of **D & H WELDING ELECTRODES (INDIA) LTD** as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the annexure, a statement on the matters specified in the paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that: -
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement have been prepared in compliance with the Accounting Standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956, to the extent applicable and mandatory in nature.
 - e) In our opinion and on the basis of information obtained and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31.03.2009 from being appointed as the director of the company in term of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to *Note No. B-06 regarding overdue debtors, of "Schedule -17"* read together with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009.
 - ii) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the Cash Flow of the company for the year ended on that date.

For and on behalf of **ABN & Co.**
Chartered Accountants

PLACE : INDORE
DATE : 8th Aug, 2009

CA **B.M. BHANDARI**
Partner
(MEM. NO. 071232)

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2009 of *D & H Welding Electrodes (India) Ltd.*

- I a. The proper records showing full particulars including quantitative details and situation of the fixed assets are being maintained by the company.
- b. All the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As per information and explanations given to us, no material discrepancies were noticed.
- c. In our opinion and according to the information and explanations given to us, any substantial part of fixed assets has not been disposed off by the company during the year and the going concern status of the company is not affected.
- II a. The inventory of the company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable & adequate, in relation to the size of the company & nature of its business.
- c. On the basis of our examination of records of inventory, in our opinion, the company has maintained proper record of inventory and as explained to us, the discrepancies noticed on physical verification of inventory, as compared to book records were not material and have been properly dealt with in the books of account.
- III a. The company has granted unsecured loan and advances repayable on demand to one firm covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.956015/- and year-end balance of loan and advances was Nil.
- b. In our opinion and according to information & explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to companies / firms or other parties listed in register maintained under section 301 of the Companies Act, 1956 are prima facie prejudicial to the interest of the company, as company has not entered into any covenants with regard to the repayment of loan and interest thereon.
- c. Neither any stipulation has been made for the interest repayment of loans/advances given by the company nor any amount recovered during the year from the companies, firms / other parties covered in the register maintained under section 301 of Companies Act, 1956, therefore we are unable to comment on regularity of repayment of loan & interest thereon.
- d. As no terms for repayment of loans/advances is decided, all advances given to company / firm / other parties listed in the register maintained under section 301 of the Companies Act, 1956 became overdue.
- e. The company has taken unsecured loan from one director, the maximum amount involved during the year was Rs.2,00,000/- and year-end balance of loan was Nil.
- f. The rate of interest and other terms and conditions of unsecured loans taken by the company, are prima-facie not prejudicial to the interest of the company.
- g. The unsecured loan taken from director was squared up during the year, hence no comments on regularity of payment of interest and principal of the loan.
- IV In our opinion and according to information & explanations given to us, there is adequate internal control system commensurate with the size of the company & nature of its business with regard to the purchase of inventory & fixed assets & for the sale of goods. Further on the basis of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have been informed of any instances of major weaknesses in the internal control system.
- V a. Based on audit procedures applied by us, to the best of our knowledge & belief and according to the information & explanations given to us. We are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b. In our opinion and according to information & explanations given to us, transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- VI In our opinion and according to the information & explanations given to us, the company has not accepted deposit from public, within the meaning of provisions of section 58A & 58AA of Companies Act, 1956 & Rules framed there under.

- VII In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII As informed to us and in our opinion the maintenance of cost records has not been prescribed by the Central Government U/s 209(1)(d) of the Companies Act, 1956 for any product of the company.
- IX a. According to the records of the company examined by us and the information & explanations given to us, in our opinion the company is, generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Wealth Tax, Custom Duty, cess and other statutory dues applicable to it. No undisputed amount payable as at 31.03.2009 for a period of more than 6 month from the date they became payable.
- b. According to records of the company examined by us and the information & explanations given to us, there are no statutory dues which have not been deposited on account of any dispute other than the followings.

Nature of Statute	Nature of the dues	Period to which the amount relates	Amount in Rs.	Forum where the dispute is pending
Income Tax Act	Regular Assessment	F.Y. 2002-2003	161179	CIT (Appeal), Mumbai

- X The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and immediately preceding financial year.
- XI Based on our audit procedure & on the basis of information & explanations given by the management, we are of the opinion that the company has not defaulted in payment of dues to the financial institution or bank during the year. The company does not have any borrowing by way of debentures.
- XII The company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII In our opinion and according to the information & explanations given to us, the company is not a chit fund and nidhi / mutual benefit fund / society. Therefore, provisions of this clause is not applicable to the company.
- XIV Based on our examination of records and the information & explanations given to us, the company has maintained proper records of the transactions & contracts in respect of dealing & trading in shares, securities, debentures and other investments and timely entries have been made. All the investments have been held by the company in its own name.
- XV According to the information & explanations given to us, the company has not given any guarantee for loans taken by others from the banks and financial institutions during the year.
- XVI According to the records of the company, examined by us and the information & explanations given to us, no term loans taken by the company during the year.
- XVII According to the information & explanations given to us and on the basis of an overall examination of balance sheet of the company, in our opinion no funds raised by company on short term basis, have been used for long term investments.
- XVIII During the year company has allotted 2,50,000 shares of Rs.10/- each at a premium of Rs.12/- per share on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
The company has also issued and allotted partly paid up 5,00,000 Convertible Warrants, the holders are entitled to exercise their option to convert the same into fully paid up Equity Shares of Rs.10/- each at a premium of Rs.12 per share within a period of 18 months from the date of allotment i.e. 7th October 2008. The amount paid on Convertible warrants @ Rs.2.20 per Warrant and the balance amount of Rs.19.80 per warrant will be paid on the exercise of option by the holder.
- XIX As explained to us, during the period covered by our audit, the company has not issued any debentures.
- XX The company has not raised any money through public issue during the year.
- XXI According to the information & explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For and on behalf of **ABN & Co.**
Chartered Accountants

PLACE : INDORE
DATE : 8th Aug, 2009

B.M. BHANDARI
Partner
(MEM. NO. 071232)

BALANCE SHEET
AS AT 31ST MARCH, 2009

	Schedule No.	As on 31.3.2009 Rupees	As on 31.3.2008 Rupees
SOURCES OF FUNDS			
Shareholder's funds			
Share Capital	1	5,96,96,000	5,60,96,000
Reserves & Surplus	2	9,19,65,949	7,17,20,393
Deferred Tax (Net)		64,92,784	57,94,698
Loan funds			
Secured Loans	3	1,49,27,308	1,76,61,536
Unsecured Loans		0	0
TOTAL		17,30,82,041	15,12,72,627
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	10,24,96,796	8,83,31,277
<u>Less: Depreciation</u>		<u>3,44,61,480</u>	<u>3,04,75,367</u>
Net Block		6,80,35,316	5,78,55,910
INVESTMENT			
Current Assets,			
Loans and Advances			
Inventories	6	7,10,22,881	7,32,08,954
Sundry Debtors		9,49,22,083	6,68,54,203
Cash and Bank Balances		52,72,853	45,27,906
Loans and Advances		91,43,128	1,45,09,610
		<u>18,03,60,945</u>	<u>1,59,100,673</u>
<u>Less: Current Liabilities & Provisions</u>	7		
Current Liabilities		6,71,14,180	5,92,99,404
Provisions		84,54,439	66,15,452
		<u>7,55,68,619</u>	<u>6,59,14,856</u>
Net Current Assets		10,47,92,326	9,31,85,817
TOTAL		17,30,82,041	15,12,72,627

Significant Accounting Policies and Notes on Accounts - Schedule 17
Schedules referred herein above form integral part of the Balance Sheet.

As per our Report of even date attached
For and on behalf of **ABN & Co.**
Chartered Accountants

For and on behalf of the Board

B.M.Bhandari
Partner
(M.No. 071232)

V.S. Bhate
Technical Director

Harsh Kumar Vora
Managing Director

PLACE : **INDORE**

Rajesh Sen
Company Secretary

Sushil Rawka
Director

DATE : 8th Aug, 2009

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	As on 31.3.2009 Rupees	As on 31.3.2008 Rupees
INCOME			
Gross Sales		54,37,19,031	45,54,34,284
Less: Excise Duty		<u>5,98,49,949</u>	<u>6,15,77,850</u>
Net Sales		48,38,69,082	39,38,56,434
Increase (Decrease) in Stock	8	41,69,337	94,20,646
Other Income	9	17,21,147	6,36,823
TOTAL		<u>48,97,59,566</u>	<u>40,39,13,903</u>
EXPENDITURE			
Cost of Trading Sales	10	34,02,461	21,62,470
Materials Consumed	11	34,50,27,863	26,69,65,428
Manufacturing Expenses	12	1,45,23,849	1,61,25,893
Employee's Remuneration & Benefits	13	2,75,62,710	2,17,62,702
Financial Charges	14	39,22,802	25,12,293
Administrative & Other Expenses	15	1,15,15,935	98,83,190
Selling & Distribution Expenses	16	2,34,29,525	2,23,01,164
Duties and Taxes		1,84,88,898	1,77,92,540
Depreciation	4	45,81,711	40,68,912
TOTAL		<u>45,24,55,754</u>	<u>36,35,74,591</u>
Net Profit For The Year		3,73,03,812	4,03,39,312
Provision for Income Tax (Current)		1,20,00,000	1,33,75,000
Provision for Deferred Tax Liability / (Assets)		6,98,086	2,95,948
Provision for Fringe Benefit Tax		3,60,000	3,50,000
Profit After Tax		2,42,45,726	2,63,18,364
Balance brought forward from previous year		4,67,20,393	3,72,10,039
Income Tax of earlier years less / (Add) adjusted		13,795	1,19,569
Previous years adjustment (Net)		1,30,936	1,25,489
TOTAL		<u>7,08,21,388</u>	<u>6,32,83,345</u>
APPROPRIATIONS			
Proposed Dividend on Equity Shares		58,59,600	56,09,600
Dividend Distribution Tax		9,95,839	9,53,352
Transfer to General Reserves		1,00,00,000	1,00,00,000
Surplus Carried to the Balance Sheet		5,39,65,949	4,67,20,393
TOTAL		<u>5,39,65,949</u>	<u>4,67,20,393</u>
Earnings per share (EPS) par value Rs. 10/- each Basic		4.11	4.65
No. of shares used in computing Basic EPS		58,59,600	56,09,600
Earnings per share (EPS) par value Rs.10/- each Diluted		4.21	-
No. of shares used in computing Diluted EPS		57,30,148	-

Significant Accounting Policies and Notes to the Accounts - Schedule 17
Schedules referred herein above form integral part of the Profit & Loss Account

As per our Report of even date attached

For and on behalf of **ABN & Co.**

Chartered Accountants

B.M.Bhandari

Partner

(M.No. 071232)

PLACE : INDORE

DATE : 8th Aug, 2009

For and on behalf of the Board

Harsh Kumar Vora

Managing Director

Sushil Rawka

Director

V.S. Bhate

Technical Director

Rajesh Sen

Company Secretary

**SCHEDULE 01 TO 17 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2009 AND THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

	As at 31.3.09 Rupees	As at 31.3.08 Rupees		As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 1			SCHEDULE - 3		
SHARE CAPITAL AUTHORISED			LOAN FUNDS		
1,00,00,000 Equity Shares of Rs.10/-each	10,00,00,000	6,00,00,000	SECURED LOANS		
(Previous Yr. 60,00,000 Equity Shares of Rs.10/-each)			Working Capital Loans		
Issued, Subscribed and Paid-up			SBI Factors and Commercial Services Pvt Ltd.		
58,59,600 Equity Shares of Rs. 10/- each (Fully Paid up)	5,85,96,000	5,60,96,000	32,52,909		51,58,051
(Previous Yr. 56,09,600 Equity Shares of Rs.10/- each)			State Bank of India		
(Ref. Point 18 of Notes to the Accounts)			Cash Credit Loan		
500000 Convertible Warrant (Partly Paid up)	11,00,000	0	1,12,90,228		1,18,36,591
(Ref. Point 18 of Notes to the Accounts)			Hire Purchase Loans		
			ICICI Bank Ltd.		
			3,84,171		6,66,894
TOTAL :	5,96,96,000	5,60,96,000	TOTAL :	1,49,27,308	1,76,61,536

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 2		
RESERVES & SURPLUS		
GENERAL RESERVE		
Opening Balance	2,50,00,000	1,50,00,000
Add: Transfer from Profit & Loss Account	1,00,00,000	1,00,00,000
	3,50,00,000	2,50,00,000
Add: Balance in Profit & Loss Account	5,39,65,949	4,67,20,393
	8,89,65,949	7,17,20,393
Share Premium	30,00,000	0
250000 Equity Shares of Rs. 12/- Each		
TOTAL :	9,19,65,949	7,17,20,393

NOTE:

- Cash Credit Loan from State Bank of India is secured by hypothecation of stocks, book debts, equitable mortgage of Land & Building of the Company at Plot A, Sector A, Industrial Area, Sanwer Road, Indore and a flat of Director, Pledge of existing and future plant & machinery and personal guarantee of two directors of the Company.
- Factoring facilities from SBI Factors and Commercial Services Pvt.Ltd. is secured by hypothecation of book debts, equitable mortgage of Land and Building at Ghatabillod and Plot 'B', Sector 'A', Industrial Area Sanwer Road, Indore and personal guarantee of two director of the Company.
- The loan for Hire Purchase (Vehicle) are secured by hypothecation of respective vehicles.

SCHEDULE - 4
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As on 01.04.08 Rs.	Addition Rs.	Adjust- ment Rs.	As on 31.03.09 Rs.	Upto 31.03.08 Rs.	Adjust- ment Rs.	Rate %	For the Year Rs.	Up to 31.03.09 Rs.	As on 31.03.09 Rs.	As on 31.03.08 Rs.
Lease Hold Land	89750		0	89750	0	0	0.00	0.00	0	89750	89750
Free Hold Land	435106		0	435106	0	0	0.00	0.00	0	435106	435106
Office Building	2504370			2504370	103370	0	1.63	40821.00	144191	2360179	2401000
Factory Building	18459473	4692873		23152346	6186624	0	3.34	690495.00	6877119	16275227	12272849
Plant & Machinery	52171659	6343516		58183111	18112169	0	4.75	2562752.00	20674921	37508190	34059490
Electric Installation	2187171	1916476		4435711	783404	0	4.75	142383.00	925787	3509924	1403767
Laboratory Equip.	701594	34205		735799	268986	0	4.75	33869.00	302855	432944	432608
Vehicles	5771332	1351366	972870	6149828	1798089	595598	9.50	512702.00	1715193	4434635	3973243
Furniture & Fixtures	2299356	449330		2748686	1232054	0	6.33	159109.00	1391163	1357523	1067302
Office Equipment	1513394	136871		1650265	586693	0	4.75	73584.00	660277	989988	926701
Computers	2198072	213753		2411825	1403978	0	16.21	365996.00	1769974	641851	794094
Total	88331277	15138389	972870	102496796	30475367	595598		4581711	34461480	68035316	57855910
Previous Year	78295878	1216629	2130893	88331277	27296082	889627		4068912	30475367	57855910	50999796

	As at 31.3.09 Rupees	As at 31.3.08 Rupees		As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 5			[B] LOANS AND ADVANCES		
INVESTMENTS			[Recoverable in cash or kind for value to be received, considered good]		
Quoted Shares	Qty.	Qty.	Sundry Deposits	6,25,430	4,77,393
Tata Consultancy Services			Advances	85,17,698	1,40,32,217
Face Value Re. 1.00	308	1,30,900	308	1,30,900	0
Hindalco Industries	200	8,810			0
National Aluminium	100	14,689			0
(Market Value of quoted shares as on 31.03.09 is Rs. 1,98,145)			TOTAL: [B]	91,43,128	1,45,09,610
Units of Mutual Fund			TOTAL: [A+B]	18,03,60,945	15,91,00,673
SBI One India	10000	1,00,000			
(NAV as on 31.03.09 is Rs. 54,700)					
TOTAL:	2,54,399	2,30,900			
SCHEDULE - 6			SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES			CURRENT LIABILITIES & PROVISIONS		
[A] CURRENT ASSETS			[A] CURRENT LIABILITIES		
INVENTORIES			Creditors for goods		
(As taken, valued & certified by the management)			supplied & expenses		
Raw Materials	2,69,21,675	3,41,16,760	Sundry Deposits (from Dealers)	15,22,911	13,48,601
Finished Goods	3,16,00,808	3,08,37,101	Other Liabilities	23,48,988	18,05,897
Semi-Finished Goods	97,85,117	63,79,487	Outstanding Expenses	67,47,028	87,41,202
Stores & Spares	10,13,611	8,52,061	TOTAL: [A]	6,71,14,180	5,92,99,404
Trading Stocks	17,01,670	10,23,545			
TOTAL:	7,10,22,881	7,32,08,954	[B] PROVISIONS		
SUNDRY DEBTORS			Provision for Income Tax (Net of advance tax)		
(Unsecured considered Good)			Provision for Fringe Benefit Tax (Net of advance tax)		
Outstanding Exceeding			Provision for Proposed Dividend	58,59,600	56,09,600
Six Months	76,45,637	93,77,234	Provision for Distribution Dividend Tax	9,95,839	9,53,352
Others	8,72,76,446	5,74,76,969	Provision for Wealth Tax	19,000	22,500
TOTAL:	9,49,22,083	6,68,54,203	TOTAL: [B]	84,54,439	66,15,452
CASH & BANK BALANCES			TOTAL: [A+B]		
Cash in Hand	3,26,569	1,72,283	7,55,68,619		
(As certified by the Management)					
With scheduled banks in India:					
Current Account	33,52,773	28,42,791			
Fixed Deposit	15,93,511	15,12,832			
TOTAL:	52,72,853	45,27,906			
TOTAL: [A]	17,12,17,817	14,45,91,063			
			SCHEDULE - 8		
			INCREASE (DECREASE) IN STOCKS		
			Closing Stock		
			Finished Goods		
			Semi Finished Goods		
			TOTAL: [A]		
			Less : Opening Stock		
			Finished Goods		
			Semi Finished Goods		
			TOTAL: [B]		
			Increase (Decrease) in Stock		
			TOTAL: [A-B]		

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 9		
OTHER INCOME		
Misc. & Other Receipts (Net)	5,00,522	1,04,416
Profit on sale of assets	50,000	0
Insurance Claim Received	1,84,624	1,97,969
Bad Debt Recovered	15,000	58,000
Interest Received	3,25,525	2,76,438
Profit on sale of Equity Share	75,087	0
Short Term Cap. Gain (Share Trading)	5,70,389	0
TOTAL:	17,21,147	6,36,823

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 10		
COST OF TRADING SALES		
Opening Stock	10,23,545	5,47,945
Add: Purchased during the year	40,80,586	26,38,070
	51,04,131	31,86,015
Less: Closing Stock	17,01,670	10,23,545
TOTAL:	34,02,461	21,62,470

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 11		
MATERIAL CONSUMED		
(Wire, Chemical & Packing Material)		
Opening Stock	3,41,16,760	2,35,00,218
Add: Purchased during the year (Net)	32,67,36,733	26,68,53,027
Expenses on purchase	1,10,96,045	1,07,28,943
	37,19,49,538	30,10,82,188
Less: Closing Stock	2,69,21,675	3,41,16,760
TOTAL:	34,50,27,863	26,69,65,428

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 12		
MANUFACTURING EXPENSES		
Power & Fuel	95,35,400	90,24,080
Stores, Spare Parts & Others	3,16,887	2,18,736
Repair's to Machinery	24,61,785	21,88,842
Repair's to Others	6,04,170	5,07,314
Repair's to Building	12,38,156	15,00,491
Laboratory Expenses	7,26,845	3,88,089
Packing & Other Expenses	12,43,559	10,92,273
Difference in Excise Duty on Opening / Closing Stock	(16,02,953)	12,06,068
TOTAL:	1,45,23,849	1,61,25,893

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 13		
EMPLOYEES REMUNERATION & BENEFITS		
Salary, Wages & Bonus	1,85,92,825	1,57,49,251
Allowances	65,02,070	39,81,825
Contribution to P.F & E.S.I.	17,80,491	14,04,392
Workmen & Staff welfare Exp.	6,87,324	6,27,234
TOTAL:	2,75,62,710	2,17,62,702

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 14		
FINANCIAL CHARGES		
Bank Charges	17,66,484	14,33,428
Interest on Working Capital Loans	20,99,401	10,13,825
Interest to others	56,917	65,040
TOTAL: [A]	39,22,802	25,12,293

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 15		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent Rates & Taxes	7,88,409	5,29,047
Printing & Stationery	5,05,482	9,43,622
Postage & Telegram	2,57,284	2,40,310
Telephone Charges	9,29,151	8,79,980
Travelling Exp. (Directors)	5,59,006	1,57,904
Travelling Exp. (Staff & Others)	19,11,087	14,65,402
Vehicle Expenses	15,99,814	13,48,938
Audit Fees	55,150	38,203
Legal & Professional Charges	10,64,065	7,44,226
Membership & Testing Fees	13,47,693	8,63,713
Insurance Expenses	10,07,477	10,63,787
Office General & Misc. Expenses	12,59,794	14,14,789
Loss on sale of assets	1,52,272	1,35,266
Director's Sitting Fees	69,000	57,000
Donation	10,251	1,003
TOTAL:	1,15,15,935	98,83,190

	As at 31.3.09 Rupees	As at 31.3.08 Rupees
SCHEDULE - 16		
SELLING & DISTRIBUTION EXPENSES		
Freight & Cartage Outward	85,28,929	97,75,624
Advertisement & Publicity	1,33,050	2,51,107
Sales Promotion etc.	10,81,065	12,49,430
Commission & Discount	1,29,97,865	1,08,98,224
Bad Debts Written off	6,88,616	1,26,779
TOTAL:	2,34,29,525	2,23,01,164

SCHEDULE - 17**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. METHOD OF ACCOUNTING**

The Company follows the mercantile system of accounting and all significant items of incomes and expenditure are accounted for on accrual basis. Claims / lodgments / refunds not ascertainable with certainty are accounted for on cash basis.

2. FIXED ASSETS AND CAPITAL WORK - IN - PROGRESS

All fixed assets are stated at historical cost, net of CENVAT if availed, less accumulated depreciation. Historical cost comprise the purchase price and all direct costs attributable to bring the assets to its working condition for intended use.

3. DEPRECIATION

Depreciation on all fixed assets is provided on the straight line method at the rate specified in schedule XIV of the Companies Act, 1956. Depreciation is not been charged on fixed assets sold during the year.

4. VALUE OF INVENTORIES

Inventories of Raw Material, Stores & Spares, Work-in-progress, Finished goods and Trading stock are valued at lower of cost and net realizable value. The cost of work in progress & finished goods is determined on absorption cost basis. Raw Material, Stores & Spares and trading stock is valued on FIFO method.

5. INVESTMENT

Long Term Investments are carried at cost less provision for diminution, only if, decline is other than temporary, in the opinion of the management.

6. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

7. REVENUE RECOGNITION

Revenue on sale of goods is recognized on passes of title to the consumers, Sales (gross) are inclusive of vat/sales tax, excise duty, and adjustment for rate difference.

8. PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events & it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

9. CASH FLOW STATEMENT

Cash flow are reported using indirect method. The cash flow from regular revenue generating, financing and investing activities of the company are segregated.

10. EMPLOYEES BENEFITS

Short term employee benefits have been charged to Profit & Loss Account on accrual basis. Post employment benefits such as Gratuity liability is funded as per group gratuity scheme of Life Insurance of Corporation of India.

11. TAXATION

Taxation comprise current Income tax, deferred tax, fringe benefit tax and wealth tax. Current Income Tax provision has been determined on the basis of relief, deductions available under the Income Tax Act. Deferred Tax is recognized for all timing differences subject to the consideration of prudence, applying the tax rates that have been substantially enacted by the Balance Sheet date. Wealth Tax is calculated on the basis of carrying value of wealth liable to tax after deducting basic exemption available.

12. FOREIGN CURRENCY TRANSACTIONS

i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

ii) Monetary items denominated in foreign currencies, if any, at the end of the year are restated at year end rates.

iii) Non monetary foreign currency items are carried at cost.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account, except in cases where they relate to acquisition of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

B. NOTES TO THE ACCOUNTS :-

1. Pursuant to accounting standard 28

"Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has reviewed its carrying cost of assets with value in use (determined based on future earnings) and Net realizable value on an approximate basis. Based on such review, the management is of the view that in the current financial year, Provision for impairment of assets is not considered necessary.

2. Previous year figures are regrouped and rearranged wherever found necessary to make them comparable. Figures have been rounded off to the nearest Rupee.
3. Various items included under the head Current Assets, Loan & Advances, as well as Current Liabilities are subject to confirmation / reconciliation.
4. In the opinion of the Management, the value on realization of loans and advances, and other current assets will be at least equal to the amounts stated in the books of accounts, if realized in the ordinary course of the business.
5. In the absence of information from suppliers of their status being small scale/ ancillary undertakings amount overdue and interest payable there on cannot be quantified.
6. Debtors outstanding exceeding six month includes Rupees Twenty Five lacs (Pr. Yr. Rs. Fifty lacs) against for the sale of shares to a Company in which directors are interested.
7. Loans and Advances includes Rs. NIL (Pr. Yr. Rs. 8,56,015/-) for advance to Firms/ Companies in which Directors are interested.
8. Amortization of lease hold land is not being done as the same is on perpetual lease.
9. The Excise duty related to the difference between the closing stock and opening stock Rs.16,02,953/- [Previous Year Rs.12,06,068/-] has been shown in other manufacturing expenses and excise duty related to sales amounting to Rs. 5,98,49,949/-. (Pr.Yr. Rs. 6,15,77,850/-) has been reduced from gross sales.
10. The Break- up of deferred tax assets and liabilities into major components at the year end is as under: -

Particulars	31.03.2009 (Rs.)	31.03.2008 (Rs.)
I) <u>Deferred Tax Liability</u>		
For timing difference on account of difference between written down value of fixed assets under the Companies Act, 1956 and the Income Tax Act, 1961	65,60,520	62,10,234
II) <u>Deferred Tax Asset</u>		
Expenditure U/s 43B of Income Tax Act, 1961	67,736	4,15,536
Deferred Tax (Net)	64,92,784	57,94,698
11. Director's Remunerations		
<i>(Included in Employees Remuneration & Benefits)</i>		
a) Salary & allowances	39,02,400	30,27,300
b) Perquisites & benefits	2,64,022	89,959
12. Earning Per Share		
a) No. of Equity shares at the beginning/at the end of year	56,09,600/58,59,600	
b) Net Profit/(Loss) after tax reported	Rs. 2,42,45,726.00	
c) Adjusted profit/(Loss) for the year	Rs. 2,41,00,995.00	
d) Basic earning per share	Rs. 4.11	
e) Diluted earning per share	Rs. 4.21	
13. Segment Reporting		
a) <u>Business Segment :</u>		
The Company is mainly engaged in the business of welding consumables. All other activities of the Company revolve around the main business and as such there is no separate reportable business segment.		
b) <u>Geographical Segment :</u>		
Since all the operations of the Company are conducted within India as such there is no separate reportable geographical segment.		

14. Related Party Disclosures

In accordance with Accounting Standard As-18 "Related Party Disclosures" issued by the Institute of Chartered Accountant of India, the Company has complied the required information is as under:

Associates :

- Vora Wires Industries (India) Limited
- Good creation Inv. & Fin. Ltd.
- International Steel
- Kanchan Marble & Granite
- Ennar Star Trade Limited
- V & H Fabricators Pvt. Ltd.

Key Managerial Persons :

- Shri Harsh Kumar Vora - *Managing Director*
- Shri V. S. Bhate - *Director - Technical*
- Shri Madhusudan Jain - *Whole Time Director*

TRANSACTIONS WITH RELATED PARTIES

	Associates/Key Management Persons	
	31.03.2009	31.03.2008
Sale of Goods	2,75,540	10,10,965
Sale of Assets	---	11,00,000
Purchase of Capital Goods	20,25,307	9,47,460
Purchase of Raw Material	50,47,965	11,75,137
Receiving of Services	---	28,76,364
Unsecured Loan Taken	2,00,000	20,00,000
Repayment of Unsecured Loan	2,00,000	20,00,000
Interest Paid	---	1,644
Managerial Remuneration	41,66,422	31,17,259
Advance Given	---	48,54,937
Outstanding Balances As on 31.03.2009		
Debit Rs.	25,89,656	58,62,557
Credit Rs.	13,95,361	1,48,321
	31.03.2009	31.03.2008
	(Rs.)	(Rs.)
15. SALES INCLUDES TRADING SALES		
a) Welding Equipments	4,10,887	5,07,809
b) Wire	44,81,569	23,10,559
c) Machine	---	9,05,625
16. AUDITOR'S REMUNERATION		
a) Audit fees	33,090	25,281
b) Tax audit fees	11,030	3,933
c) Other Services	11,030	8,989
d) Certificate Fees	21,000	----
17. CONTINGENT LIABILITIES		
a) Guarantees given on behalf of the Company	6,85,034	4,84,220
c) Income Tax Demand (in appeal)	1,61,179	3,00,313

18. PREFERENTIAL ALLOTMENT OF EQUITY SHARES AND CONVERTIBLE WARRANTS

The Company has issued and allotted 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs.10.00 each (Rs.Ten Only) at a premium of Rs.12.00 (Rs.Twelve only) on 7th October,2008 to the promoters of the Company on the Preferential Basis.

The Company has issued and allotted 5,00,000 (Five Lacs) Convertible Warrants on 7th October, 2008 at a price of Rs.22 each to the promoters of the Company on Preferential Basis. The holders are entitled to exercise their option to convert the same into fully paid up Equity Shares of Rs.10 each at a premium of Rs.12 per share at any time within a period of 18 months from the date of allotment. An amount of Rs.2.20 per warrant has been received against the above and the Company will receive the balance amount of Rs.19.80 per Warrant on the exercise of option by the holder.

19. Additional information pursuant to the Provisions of Paragraph 3 and 4 Part II of the Schedule VI of the Companies Act, 1956.

	31.03.2009 (Rupees)			31.03.2008 (Rupees)	
	Unit	Qty.	Amount	Qty.	Amount
A. Licensed and Installed capacity and production (Welding Electrodes, Fluxes etc.)					
Licensed capacity					
Installed capacity (As certified by the management)	M.T.	N.A.		N.A.	
(Electrodes are converted in weight approximately)	M.T.	8000		8000	
		TPA		TPA	
B. Production	M.T.	6874.34		6668.62	
C. Turnover (Sales)					
Electrodes, flux etc..	M.T.	6708.81	53,88,26,575	6607.74	45,17,10,291
Wires (Trading)	M.T.	55.81	44,81,569	44.38	23,10,559
Welding Equipments (Trading)	Nos.	14	4,10,887	17	5,07,809
Machine (Trading)	Nos.	—	—	1	9,05,625
D. Raw Material Consumed (Indigenous/ Imported)					
Wires & Chemicals	M.T	7363.29	32,38,14,006	7163.10	24,97,42,268
Packing Material			2,12,13,857		1,72,23,160
E. Opening Stock					
Electrodes, flux, etc.	M.T.	341.10	3,08,37,101	280.23	2,10,93,482
Welding Equipments (Trading)	Nos.	30	5,79,290	21	4,44,100
Wire (Trading)	M.T.	9.27	4,44,255	2.26	1,03,845
F. Closing Stock					
Electrodes, flux etc..	M.T	506.63	3,16,00,808	341.10	3,08,3,101
Welding Equipments (Trading)	Nos.	33	6,51,100	30	5,79,290
Wire Trading	M.T	18.27	10,50,570	9.27	4,44,255
G. Opening Stock in process					
Electrodes, Wires etc.,	M.T.	45.27	14,89,637	69.31	22,91,010
Flux	M.T.	111.57	48,89,850	121.53	44,11,450
H. Closing Stock in process					
Electrodes, Wires etc.,	M.T.	227.09	55,07,485	45.27	14,89,637
Flux	M.T.	93.72	42,77,632	111.57	48,89,850
I Value of Imports on (CIF basis)					
Raw Material			23,30,766		12,45,665
Capital Goods			NIL		NIL
Trading Goods			36,86,689		25,48,079
J Value of Raw Material					
Imported			1.71%		0.41%
Indigenous			98.29%		99.59%
K. Expenditure in Foreign Exchange					
			60,17,442	34,68,581	
L Earning in Foreign Exchange					
			28,88,742	3,10,931	

For and on behalf of **ABN & Co.**

Chartered Accountants

B.M.Bhandari

Partner

(M.No. 071232)

PLACE : **INDORE**

DATE : **8th Aug, 2009**

For and on behalf of the Board

V.S.Bhate

Technical Director

Rajesh Sen

Company Secretary

Harsh Kumar Vora

Managing Director

Sushil Rawka

Director

CASH FLOW STATEMENT

	As at 31.03.2009 Rupees in Lacs	As at 31.03.2008 Rupees in Lacs
A. Cash flow from Operating Activities		
Net profit before tax & Extraordinary items	373.04	403.36
Adjustment for : Depreciation	45.82	40.69
Deferred Revenue Expenditure	0.00	0.00
Preliminary Expenditure	0.00	0.00
Loss/(Profit) on sale of fixed assets	1.02	1.35
Other Income	(16.71)	(6.37)
Interest Paid / Bank Charges	39.23	25.12
Operating Profit before working Capital Changes Adjustment for:	442.39	464.16
Trade & other receivable	(280.68)	17.31
Inventories	21.86	(205.72)
Trade Payables	78.11	176.82
Cash generated from Operations	261.69	452.57
Direct Tax paid	(137.25)	(158.12)
Cash flow before extraordinary items	124.44	294.45
Extraordinary items	(1.45)	(2.45)
Net Cash from Operating Activities	122.99	292.00
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(151.38)	(121.66)
Loans & Advances	82.81	(93.14)
Sale of fixed Assets	2.75	11.06
Interest received / Misc Receipts	16.71	6.37
Purchase/ Sale of Investments	(0.23)	0.00
Net cash used in Investing Activities	(49.35)	(197.37)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	66.00	Nil
Proceeds from long term borrowings	(27.34)	(19.25)
Interest Paid	(39.23)	(25.12)
Dividend	(65.62)	(65.62)
Net cash used in Financing Activities	(66.19)	(109.99)
Net increase in Cash and Cash equivalent (A+B+C)	7.45	(15.37)
Cash & Cash Equivalents As at 01.04.2008	45.28	60.65
Cash & Cash Equivalents As at 31.03.2009	52.73	45.28

For and on behalf of **ABN & Co.**

Chartered Accountants

B.M.Bhandari

Partner

(M.No. 071232)

PLACE : **INDORE**

DATE : **8th Aug, 2009**

V.S.Bhate

Technical Director

Rajesh Sen

Company Secretary

For and on behalf of the Board

Harsh Kumar Vora

Managing Director

Sushil Rawka

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(i) Registration Details

Registration No.

1	1	0	3	5	8	2	2
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 State code

1	1
---	---

Balance Sheet Date

3	1	0	3	2	0	0	9
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(ii) Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Right Issue							
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	
N	I	L						
N	I	L						
Bonus Issue	Private Placement							
<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>6</td><td>0</td><td>0</td></tr></table>	3	6	0	0
N	I	L						
3	6	0	0					

(iii) Position of Mobilization and Deployment of funds.

	Total Liabilities	Total Assets																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>7</td><td>3</td><td>0</td><td>8</td><td>2</td><td>0</td><td>4</td><td>1</td></tr></table>	1	7	3	0	8	2	0	4	1	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>7</td><td>3</td><td>0</td><td>8</td><td>2</td><td>0</td><td>4</td><td>1</td></tr></table>	1	7	3	0	8	2	0	4	1
1	7	3	0	8	2	0	4	1												
1	7	3	0	8	2	0	4	1												
Sources of Funds	Paid-up Capital	Reserves & Surplus																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>5</td><td>9</td><td>6</td><td>9</td><td>6</td><td>0</td><td>0</td><td>0</td></tr></table>	5	9	6	9	6	0	0	0	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>9</td><td>1</td><td>9</td><td>6</td><td>5</td><td>9</td><td>4</td><td>9</td></tr></table>	9	1	9	6	5	9	4	9		
5	9	6	9	6	0	0	0													
9	1	9	6	5	9	4	9													
	Secured Loans	Unsecured Loans																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>4</td><td>9</td><td>2</td><td>7</td><td>3</td><td>0</td><td>8</td></tr></table>	1	4	9	2	7	3	0	8	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L							
1	4	9	2	7	3	0	8													
N	I	L																		
	Deferred Tax																			
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>4</td><td>9</td><td>2</td><td>7</td><td>8</td><td>4</td></tr></table>	6	4	9	2	7	8	4												
6	4	9	2	7	8	4														
Application of Funds	Net Fixed Assets	Investments																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>6</td><td>8</td><td>0</td><td>3</td><td>5</td><td>3</td><td>1</td><td>6</td></tr></table>	6	8	0	3	5	3	1	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>2</td><td>5</td><td>4</td><td>3</td><td>9</td><td>9</td></tr></table>	2	5	4	3	9	9				
6	8	0	3	5	3	1	6													
2	5	4	3	9	9															
	Net Current Assets	Misc. Expenditure																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>0</td><td>4</td><td>7</td><td>9</td><td>2</td><td>3</td><td>2</td><td>6</td></tr></table>	1	0	4	7	9	2	3	2	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L						
1	0	4	7	9	2	3	2	6												
N	I	L																		
(iv) Performance of the Company (Turnover including other income)	Total Expenditure																			
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>4</td><td>8</td><td>9</td><td>7</td><td>5</td><td>9</td><td>5</td><td>6</td><td>6</td></tr></table>	4	8	9	7	5	9	5	6	6	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>4</td><td>5</td><td>2</td><td>4</td><td>5</td><td>5</td><td>7</td><td>5</td><td>4</td></tr></table>	4	5	2	4	5	5	7	5	4
4	8	9	7	5	9	5	6	6												
4	5	2	4	5	5	7	5	4												
	Profit before Tax	Profit After Tax																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>3</td><td>7</td><td>3</td><td>0</td><td>3</td><td>8</td><td>1</td><td>2</td></tr></table>	3	7	3	0	3	8	1	2	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>2</td><td>4</td><td>2</td><td>4</td><td>5</td><td>7</td><td>2</td><td>6</td></tr></table>	2	4	2	4	5	7	2	6		
3	7	3	0	3	8	1	2													
2	4	2	4	5	7	2	6													
	Earning Per Share Rs.	Dividend Rate %																		
	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>4</td><td>.</td><td>1</td><td>1</td></tr></table>	4	.	1	1	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>1</td><td>0</td></tr></table>	1	0												
4	.	1	1																	
1	0																			

(v) Generic Name of Principal Production/Service of the Company (as per monetary terms)

Item Code No.

8	3	1	1
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Product Description

W	E	L	D	I	N	G
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E	L	E	C	T	R	O	D	E	S
---	---	---	---	---	---	---	---	---	---

For and on behalf of **ABN & Co.**
Chartered Accountants

B.M.Bhandari
Partner
(M.No. 071232)

PLACE : **INDORE**
DATE : **8th Aug, 2009**

For and on behalf of the Board

V.S. Bhate
Technical Director

Rajesh Sen
Company Secretary

Harsh Kumar Vora
Managing Director

Sushil Rawka
Director

D & H WELDING ELECTRODES (INDIA) LTD.

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

ADMISSION SLIP

Equity Folio No. :

DP ID* :

Client ID* :

No. of Shares held :

I hereby record my presence at the 24th Annual General Meeting of the Company being held at A-204, Kailash Esplanade, Opp. Shreyas Cinema. L.B.S. Marg, Ghatkopar (W), Mumbai - 400 086. on Wednesday, the 30th September, 2009 at 10.00 A.M.

Name of the Member _____
(In block letters)

Name of the Proxy holder _____
(In block letters)

Signature of the Member/Proxy

Note: 1. A member/proxy wishing to attend the meeting must complete this Admission slip before coming to the meeting and hand it over at the entrance.

* Applicable for shares held in electronic form

D & H WELDING ELECTRODES (INDIA) LTD.

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

PROXY FORM

I/We _____ of _____
being a member/members of D & H WELDING ELECTRODES (INDIA) LIMITED hereby appoint
Shri/Smt./Ku. _____ of _____ or failing him
Shri/Smt./Ku. _____ of _____ as my/our proxy
in my/our absence to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting
of the Company to be held on 30th September, 2009, at 10.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Equity Folio No. :

DP ID* :

Client ID* :

No. of Shares held :

Signature(s)

Affix
Re. 1/-
Revenue
Stamp

* Strike out whichever is not applicable.

Note : The Proxy, in order to be effective, should be duly completed, stamped, and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for the Meeting.

BOOK-POST

TO

If Undelivered, please return to :

D & H Welding Electrodes (India) Ltd.

Plot 'A', Sector 'A', Industrial Area,

Sanwer Road, Indore - 452 015 (M.P.)