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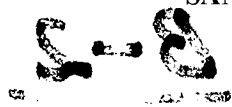
DHP FINANCIAL SERVICES LIMITED

For DHP FINANCIAL SERVICES LTD.

ashest
Director.



SEVENTH
ANNUAL REPORT
AND ACCOUNTS
1997-98



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DHP FINANCIAL SERVICES LIMITED

DIRECTORS : SHRI JOGINDER PAL KUNDRA, *Chairman*
SHRI HAIGREVE KHAITAN
SHRI ASHEESH DABRIWAL
SHRI VIVEK KUMAR BHARTIA
SHRI JANAK BHARDWAJ, *Works manager*

AUDITORS : M/S. N. JAIN & ASSOCIATES
21A, CORPORATION PLACE
CALCUTTA - 700 087

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REGISTERED OFFICE : 10, MIDDLETON ROW,
CALCUTTA - 700 071

FACTORY : 48, X ROAD
OFF BENARAS ROAD
BELGACHIA,
HOWRAH - 711 108
WEST BENGAL



DHP FINANCIAL SERVICES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Members of DHP FINANCIAL SERVICES LIMITED will be held at its Registered Office at 10, Middleton Row, Calcutta - 700071 on Tuesday, 15th September, 1998 at 11.00 A.M. for transaction of the following business:-

ORDINARY BUSINESS

- 1) To consider and adopt the Accounts of the Company for the financial year ended 31st March, 1998, the Balance Sheet as at that date and Reports of the Directors and Auditors thereon.
- 2) To declare dividend on equity shares for the financial year ended 31st March, 1998.
- 3) To appoint Directors in place of Sri Asheesh Dabriwal and Sri J. P. Kundra, who retire by rotation and, being eligible, offer themselves for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 5) To appoint a Director in place of Sri Janak Bhardwaj who was appointed as a Director-cum-Works Manager of the Company by the Board of Directors of the Company with effect from 25th day of June, 1998, he holds office until the conclusion of the Seventh Annual General Meeting and being eligible offers himself for re-appointment.

Calcutta
25th June, 1998.

By Order of the Board
ASHEESH DABRIWAL
Director

Registered Office
10, Middleton Row
Calcutta - 700071

NOTES :

- 1) The Register of Members of the Company shall remain closed from 7th September, 1998 to 14th September, 1998, both days inclusive. Share Transfers received in order by the Company at its Registered Office at 10, Middleton Row, Calcutta - 700 071 by the close of business on 5th September, 1998 (Saturday) will be eligible for payment of dividend, if declared.
- 2) A Member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at its Registered Office at 10, Middleton Row, Calcutta - 700071, not less than forty-eight hours before the Annual General Meeting.
- 3) Members are requested to bring their copies of the Reports and Accounts to the Meeting.
- 4) Members are requested to notify any change in their address immediately to the Company at its Registered Office.
- 5) Members are requested to send the particulars of their respective bank account numbers to the Company at its Registered Office to enable the Company to draw the dividend warrant to the respective bank accounts of the shareholders.



DHP FINANCIAL SERVICES LIMITED

**EXPLANATORY STATEMENT ATTACHED TO THE NOTICE AS REQUIRED
UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

Mr. Janak Bhardwaj, Works Manager of the Company, was appointed as a Director-cum-Works Manager of the Company with effect from 25th June, 1998 by the Board of Directors of the Company. He holds office up to the date of SEVENTH ANNUAL GENERAL MEETING of the Company.

Mr. Janak Bhardwaj is a Diploma holder in Mechanical Engineering (DME). He was appointed under whole-time employment of the Company as a Works Manager of the Manufacturing Unit. To appoint Mr. Janak Bhardwaj as occupier of the Manufacturing Unit his appointment as a director of the Company is necessary.

The Directors therefore recommend passing of the Ordinary Resolution contained in Item No. 5 of the accompanying Notice.

Except Mr. Janak Bhardwaj, none of the directors are interested in the resolution.





DHP FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Seventh Annual Report together with the Audited Accounts of the company for the year ended 31st March, 1998.

PERFORMANCE OF THE COMPANY

The year 1997-98 has been a watershed year and has been very crucial and important for your Company. During the year your Company has diversified into the field of Full Fledged Money Changing (FFMC) after being granted requisite licence by the Reserve Bank of India. Your Company has also started a manufacturing unit in Howrah District, West Bengal, just outside Calcutta for the manufacturing of Domestic Pressure Regulator for LPG Cylinders. However, both these activities are in their initial stages and the benefit from them shall start accruing to Company only during the current financial year 1998-99.

The Financial Services Industry as a whole (and your Company is not an exception), has to face a serve slow down in collection from hire purchase and lease rentals due to adverse industrial scenario all around. This has effected the bottom line of the Company and also a huge out flow due to larger incidence of tax has effected profitability.

The total income for 1997-98 stood at Rs.210.15 lacs, as against previous year of Rs.222.71 lacs. The profit after tax stood at Rs.10.45 lacs, as against Rs.64.56 lacs of the previous year after charging depreciation of Rs.49.41 lacs, as against Rs.74.77 lacs for the previous year. The Company's networth, stood at Rs.385.56 lacs, as on March 31, 1998 as against Rs.392.01 lacs for the previous year.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Year ended 31.03.98	Year ended 31.03.97
Total Income	210.15	222.71
Gross Operating Profit	148.41	161.42
Profit Before Tax	45.85	75.56
Provision for Income Tax	35.40	11.00
Profit After Tax	10.45	64.56
Profit brought forward from previous year	1.42	8.92
Transferred from General Reserve	7.00	—
Profit available for Appropriation	18.87	73.48
Appropriations		
Proposed Dividend on Equity Shares	15.00	30.00
Provision for Dividend Tax	1.50	3.00
Transfer to General Reserve	—	22.00
Income Tax payment of earlier year	1.21	16.98
Dividend payment of earlier year	—	0.08
Surplus carried to Balance Sheet	1.16	1.42

DISCLOSURE PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

A) Projected utilisation of funds-vs-Actual utilisation of funds

(Rs. in lacs)

Particulars	Projected as per Prospectus dated 27.07.95	Actual	Variation	
			(Rs. in lacs)	(in%)
Lease & Hire Purchase Finance	379.00	66.63	(-) 312.37	(-) 82.42



DHP FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Contd.)**B) Projected Profitability Statement- vs - Actual Profitability Statement**

(Rs. in lacs)

Particulars	Projected as per Prospectus dated 27.07.95	Actual	Variation	
			(Rs. in lacs)	(in%)
Total Income	289.52	210.15	(-) 79.37	(-) 27.41
Net Profit After Tax	117.95	10.45	(-) 107.50	(-) 91.14

There has been a variance in the performance of the Company vis-a-vis the projection in the prospectus dated 27.07.95, primarily due to the sharp increase in cost of funds, lower rate of return on leasing & hirepurchase, deployment of funds for setting up new Manufacturing Unit and FFMC (Full Fledged Money Changing) facilities.

DIVIDEND AND RESERVES

Your Directors want to maintain record of payment of dividend to shareholders. Even though the profits of your Company are very much lower than previous year, your Directors recommend dividend of Rs.0.50 per share (Previous year Rs.1.00 per share) on the Equity Share Capital of the Company for the year ended 31st March, 1998. The above dividend will be payable out of current year's profits and previous year's General Reserve Fund. The dividend, if approved by the shareholders, will entail an out-flow of Rs.16.50 lacs (including Rs.1.50 lacs towards tax on dividend). The Reserves & Surplus thereafter will stand at Rs.91.16 lacs at a Book Value of Rs.12.85 per Equity Share.

AUDITORS' REPORT

The Auditors have submitted their Report to Directors in connection with Rules and Regulation applicable to NBFC. The Report is self explanatory.

DIRECTORS

Sri Asheesh Dabrial and Sri J. P. Kundra, Directors of the Company, retire from office by rotation in accordance with the requirements of the Companies Act, 1956, and the provision of the Articles 126 of the Articles of Association of the Company and being eligible offer themselves for re-appointment.

Sri Janak Bhardwaj, Works Manager of the Company, has been appointed as a Director-cum- Works Manager of the Company with effect from 25th June, 1998. He holds office until the conclusion of the SEVENTH ANNUAL GENERAL MEETING and being eligible offers himself for re-appointment.

AUDITORS

M/s. N. Jain & Associates, Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the SEVENTH ANNUAL GENERAL MEETING and are recommended for reappointment.

PERSONNEL

Particulars of employees pursuant to the provision of Section 217(2A) of the Companies Act, 1956 are NIL.



DHP FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Contd.)

FUTURE PROSPECTS

Your Company will now focus into three areas of operations :

a) Leasing / Hire Purchase :

This will be carried out with greater emphasis on reducing risk and better asset quality and better collection of lease rentals and hire purchase instalments. Your Company shall endeavour to deploy available funds with utmost care and also to make recoveries efficiently.

b) Manufacturing :

The manufacturing facility for the production of Domestic Pressure Regulator (DPR) for LPG Cylinders has started operations from 16th February, 1998 and the future for this industry is very bright considering the huge demands of such a product by the Public Sector Oil Companies as well as Private Bottling Plants and Private Oil Companies.

c) Full Fledged Money Changing (FFMC) :

The FFMC operations started in the month of June, 1997 after receiving necessary approval from Reserve Bank of India. Due to liberalisation of the Indian economy the prospects for such a business is very bright.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are giving in a separate **Annexure -I** attached hereto and form part of this Report.

ACKNOWLEDGEMENT

Your Directors acknowledge the recognition given and trust reposed in your Company by Investors, Banks, Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and other Government Agencies. Your Directors would also like to thank the Bureau of Indian Standards (BIS) and The Chief Controller of Explosives for all the support given by them to start the manufacturing activities. The Board records their appreciation for the support lent by them. Your Directors place on record their appreciation of the valuable contribution made by all the employees.

Place : Calcutta

Dated : 25th day of June, 1998.

For and on behalf of the Board of Directors

ASHEESH DABRIWAL

Director



DHP FINANCIAL SERVICES LIMITED

ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

ANNEXURE - I

I. CONSERVATION OF ENERGY :

- a) The Company has an on going study to identify and implement energy saving systems. For reducing the consumption of energy, the Company has installed the Energy Saving Flameless Electrically Operated melting Furnace for Zinc to achieve reduction in energy inputs.
- b) This will have an impact in reducing the consumption of Fuel and Power and consequently the cost of production.
- c) The required data with regard to conservation of energy is furnished below :-

A) Power and Fuel Consumption :

	Yearending 31.03.98	Yearending 31.03.97
1. Electricity :		
a) No. of Units	1101 Units*	Nil
b) Total amount in Rs.	Rs. 2,895.12*	Nil
c) Effective Rate / Unit (Rs.)	Rs. 2.63	N.A.
(* Excludes Trial and Pre-Production Consumption of 503 units amounting of Rs.1,170.69).		
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others / Internal Generation	N.A.	N.A.

B. Consumption per Unit of Production :-

1. Electricity (in Units)	44.04 Units	Nil
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others	N.A.	N.A.

II. TECHNOLOGY ABSORPTION :

Technology absorption, adaptation and innovation:

Consultation with various Oil Companies as well as Zinc Technologists are made from time to time. We have not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

As the sale of the product i.e. Domestic Pressure Regulator had not started within the year ending 1997-98, the amount of foreign exchange used and earned during the year is NIL.

Place : Calcutta
Dated : 25th day of June, 1998.

For and on behalf of the Board of Directors
ASHEESH DABRIWAL
Director