

DHP FINANCIAL SERVICES LIMITED



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**NINTH
ANNUAL REPORT
AND ACCOUNTS
1999-2000**

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DHP FINANCIAL SERVICES LIMITED

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

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

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

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



ISO 9002 Registered company
Certificate No. 00037



DHP FINANCIAL SERVICES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Ninth 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 30th August, 2000 at 11.00 A.M. for transaction of the following business:-

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended 31st March, 2000 and the Reports of the Directors and Auditors of the Company.
- 2) To declare dividend on equity shares for the financial year ended 31st March, 2000.
- 3) To appoint Directors in place of Sri J. P. Kundra and Sri Janak Bhardwaj, who retire by rotation and, being eligible, offer themselves for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

Calcutta
29th June, 2000.

By Order of the Board
ASHEESH DABRIWAL
Director

Registered Office
10, Middleton Row
Calcutta - 700071

NOTES :

- 1) The Register of Members and Transfer Books of the Company will remain closed from Thursday, 24th August, 2000 to Wednesday, 30th August, 2000 (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 Wednesday, 23rd August, 2000 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. A 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.
- 6) The Company's equity shares are listed on the Stock Exchanges at Ahmedabad, Calcutta, Jaipur and Mumbai and listing fees for the current financial year 2000-2001 have been paid to all the aforesaid Stock Exchanges.
- 7) The final dividend for the year ended 31st March, 2000 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid on September 18, 2000 to those members whose names appear in the Company's Register of Members on August 30, 2000.



DHP FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Ninth Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2000.

PERFORMANCE OF THE COMPANY

The current year's financials are not strictly comparable with that of the previous year. The Company's revenues and profits for the year 1999-2000 includes Bad Debts / Provisions for Bad Debts / Loss on termination of lease assets written off as per NBFC Rules and Regulations of Rs.59.76 lacs. Hence this is a extra-ordinary loss for leasing / hire purchase business. As a result of this and an extra-ordinary losses includes, the company reported a net profit before tax of Rs.14.07 lacs of 1999-2000. During the year your Company has also obtain ISO - 9002 certification for its Manufacturing Division for Domestic Pressure Regulators for LPG Cylinders.

We have consolidated our FPMC business very well and look forward to a better year ahead. The manufacturing unit's product DPRs is selling well to the Public Sector Units Oil Companies and other Private Sector Companies.

The total income for 1999-2000 stood at Rs.928.44 lacs, an increase of 137% over the previous year. The profit before tax as Rs.14.07 lacs (inclusive of extra-ordinary losses of Rs.59.76 lacs), instead of previous year as Rs.37.34 lacs. The Company's networth, stood at Rs.347.25 lacs, as on March 31, 2000 as against Rs.384.52 lacs for the previous year.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Year ended 31.03.2000	Year ended 31.03.1999
Total Income	928.44	391.64
Operating Profit (PBITD & Except. Items)	120.83	83.82
Extra-ordinary Profit / Loss Debited / Credited	59.76	(-) 9.64
Profit Before Tax	14.07	37.34
Provision for Income Tax	32.50	22.50
Profit / (-) Loss After Tax	(-) 18.43	14.84
Profit brought forward from previous year	0.31	1.16
Transferred from General Reserve	38.00	1.00
Profit available for Appropriation	19.88	17.00
Appropriations		
Proposed Dividend on Equity Shares	15.00	15.00
Provision for Dividend Tax	3.30	1.65
Income Tax payment of earlier year	1.34	0.04
Surplus carried to Balance Sheet	0.24	0.31

OPERATING RESULTS

During 1999-2000, the Company produced 9,46,967 pcs of Domestic Pressure Regulator for LPG Cylinder i.e. DPR thereby achieving 95% of installed capacity. The sale / despatch of DPR of 9,45,075 pcs during the year, was higher by 252% as compared to the preceding year.



DHP FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (Contd.)

The growth in production and sales achieved by the Company far exceeds that of the industry as a whole and hence the Company's performance can be considered to be satisfactory.

Particulars	Year Ended 31.03.2000	Year Ended 31.03.1999	% increase
No of DPR Produced	9,46,967	2,69,359	252%
No of DPR Sale / despatch	9,45,075	2,68,722	252%
Average Selling Price (Ex. Modvat)	Rs.79.54 per DPR	Rs.79.82 per DPR	(-) 0.35%

However, as mentioned above, the Company realised a marginally low sales price throughout the year as compared to the previous year, which is negligible. Due to the extra-ordinary losses in leasing and hire purchase business, the financial performance of the Company resulted in loss.

DIVIDEND AND RESERVES

Your Directors want to maintain record of payment of dividend to shareholders. Even though during the year, your Company has reported a loss, your Directors recommend dividend of Rs.0.50 per share (Previous year Rs.0.50 per share) on the Equity Share Capital of the Company for the year ended 31st March, 2000. The above dividend will be payable out of General Reserve Fund. The dividend, if approved by the shareholders, will entail an out-flow of Rs.13.30 lacs (including Rs.3.30 lacs towards tax on dividend). The Reserves and surplus thereafter will stand at Rs.51.24 lacs at a Book value of Rs.11.58 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 Haigreave Khaitan who was appointed as Director of the Company on 7th April, 1995, resigned from the Board w.e.f. 25th February, 2000. The Board appreciates the valuable support and advice of Sri Haigreave Khaitan which significantly contributed towards the growth of the Company.

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

AUDITORS

M/s. N. Jain & Associates, Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the NINTH 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.

FUTURE PROSPECTS

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.



DIRECTORS' REPORT (Contd.)

b) Manufacturing :

The manufacturing facility for the production of Domestic Pressure Regulator (DPR) for LPG Cylinders was started in 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. During the year, ISO 9002 certification was obtained by manufacturing unit, which is valid for the next three years.

c) Full Fledged Money Changing (FFMC) :

The FFMC operations started in 1997. Due to liberalisation of the Indian economy the future prospects for this business is very bright.

CORPORATE GOVERNANCE AND MANAGEMENT ANALYSIS REPORT

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and voluntary practice that enables companies to attract financial and human capital, perform efficiently and thereby maximise long-term value for shareholders, while respecting the aspect of multiple stakeholders. Corporate Governance rests upon four pillars viz, transparency, full-disclosure, independent monitoring and being fair to all, espacially to minority shareholders

The essence of Corporate Governance in thus the phrase "Your Company". It is "Your Company" because it belongs to you the shareholders. The Chairman and Directors are fiduciaries and trustees. Their objective is to push the business forward to maximise your long-term value.

Your Company's paid-up share capital is just Rs.3 core and the company has been taking actions on its own to introduce transparency and fairness in its dealing with various agencies. As per SEBI recommendation the Company will be required to furnish the information on Corporate Governance as per Clause 49 of the listing agreement, as amended, within financial year 2002-2003.

Y2K COMPLIANCE

Your Company has taken effective steps for Y2K problems. The necessary modification / additions to Software and Hardware have been successfully completed and the transition to year 2000 was smooth.

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. Your Directors place on record their appreciation of the valuable contribution made by all the employees.

Place : Calcutta

Dated : 29th day of June, 2000.

For and on behalf of the Board of Directors
ASHEESH DABRIWAL

Director



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, 2000.

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 :-

	Year ending 31.03.2000	Year ending 31.03.1999
1. Electricity :		
a) No. of Units (Excluding own generation units by Generator)	80198 Units	40763 Units
b) Total amount in Rs.	Rs. 3,28,359.68	Rs. 1,35,275.35
c) Effective Rate / Unit (Rs.)	Rs. 4.09	Rs. 3.32
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others / Internal Generation (Cost of Diesel, Mobil, consumables etc. used for Running of Generator)	Rs. 5,06,234.20	Rs. 1,32,488.50

B) Consumption per Unit of Production :-

1. Electricity (in Units Excluding own generation units by Generator)	0.08 Units	0.15 Units
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 already executed an agreement with the Bharat Petroleum Corporation Ltd. for the transfer of Right to use to Technical know-how for manufacturing and quality control of Sierra design LPG Pressure Regulators. The same has been implemented. We have not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The amount of foreign exchange earned during the year is NIL. The amount of foreign exchange outgoing is as contained in item no.6 of Part (B) of Schedule 21 of the accounts.

Place : Calcutta

Dated : 29th day of June, 2000.

For and on behalf of the Board of Directors
ASHEESH DABRIWAL

Director