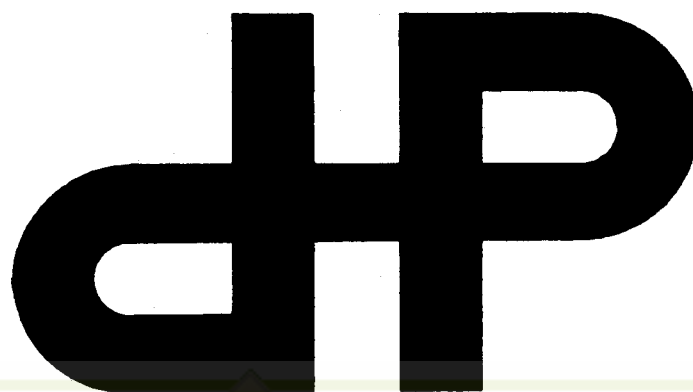


DHP FINANCIAL SERVICES LIMITED

For Director's Report Services Ltd.

ashest
Director



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ELEVENTH ANNUAL REPORT AND ACCOUNTS 2001-2002

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DHP FINANCIAL SERVICES LTD.

**Notice-cum-Ballot paper of Postal Voting Sending to Shareholders for passing of the
"Special Resolution" regarding Insertation of Articles & Deletion of Main Object Clause as
per agenda No. 5 & 6 of main Notice of 11th A.G.M. to be held on 31st August, 2002.
{Pursuant to section 192A of the Companies Act, 1956.}**

Name of Designated Person for Recording the
Shareholder's "assent" or "dissent" :

Ashok Kumar Singh, A.C.A., & A.I.C.W.A.
C/o. DHP Financial Services Ltd.
10, Middleton Row, Kolkata - 700 071.

The above consent to be sent on :

Above mentioned address before 30th August' 2002.

Place : Kolkata
Dated : 27th June, 2002

By order of the Board

asheesh
(ASHEESH DABRIWALA)
Director

POSTAL BALLOT

1. Name of Shareholders/ Beneficiaries :

2. Folio No. or DP Id./Client Id. No. (if any) :

3. Number of Shares :

4. Particulars of Postal Ballot papers for recording "assent" or "dissent" of Resolution No. 5 & 6

Resolution No.	Particulars of Resolution	Assent (Tick only)	Dissent (Tick only)
5	Insertation of a New Articles No.77(B) for Rematerialisation of Shares		
6	Deletion of Main Object Clause No.1,2,3,4,5, & 7 related to Non-Banking Financial activities and renumbered the Main Object Clause No.6 as 2 & 8 as 1.		

Place :

Date :

.....
Signature of Shareholders/Beneficiaries

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
KOLKATA - 700 087

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

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



NOTICE

NOTICE is hereby given that the **Eleventh** Annual General Meeting of the Members of DHP FINANCIAL SERVICES LIMITED will be held at its Registered Office at 10, Middleton Row, Kolkata - 700 071 on 31st August, 2002 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, 2002 and Profit and Loss account for the year ended 31st March, 2002 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, 2002.
- 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.

SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

Re : Insertion of a New Article No. 77(B) :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

Insert the following Articles 77(B). Rematerialisation of Securities : Notwithstanding anything contained in this Articles, the Company shall be entitled to reject any request for rematerialisation of its securities, if received in lots other than marketable lots of 100 shares of each certificate.

- 6) To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

Re : Deletion of Main Object Clause No. 1, 2, 3, 4, 5, & 7 related to Non Banking Financial Companies (NBFC) activities and Renumber the Main Object Clause No. 6 as 2 and Object Clause No. 8 as 1.

"RESOLVED THAT pursuant to Section 17 and all other applicable provisions, if any, of the clause IIIA (Main Object Clause) of the Memorandum of Association of the Company, be altered by deletion of Clause No. 1, 2, 3, 4, 5 & 7 related to NBFC Business and renumber the Main Object Clause No. 6 (related to FFMC business) as Clause No. 2 and also renumber the Clause No. 8 (related to manufacturing business) as Clause No. 1".

Kolkata
27th June, 2002.
Registered Office
10, Middleton Row
Kolkata - 700 071

By Order of the Board
ASHEESH DABRIWAL
Director

**NOTES :**

1. The Register of Members and Transfer Books of the Company will remain closed from Saturday, 24th August, 2002 to Thursday, 29th August, 2002 (both days inclusive). Share Transfers received in order by the Company at its Registered Office at 10, Middleton Row, Kolkata - 700 071 by the close of business on Friday, 23rd August, 2002 will be eligible for payment of dividend, if declared on following manners :-
 - (a) To those Members whose names appear on the Register of Members of the Company after giving effect to all valid share transfer in physical form lodged with the Company on or before 23rd August 2002, or
 - (b) In respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depositories Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the end of business day hours on 23rd August, 2002.
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, Kolkata - 700 071, 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. Members seeking any information or clarification on the Accounts are requested to send, in writing, queries to the Company, at least one week before the date of the meeting. Replies will be provided, in respect of such written queries, only at the meeting.
4. Members holding shares in physical form are requested to notify any change in their address and particulars of their bank account immediately to the Company at its Registered office.
5. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrant as per applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instruction regarding bank account in which they wish to receive dividend, to their Depository participants.
6. The company's equity shares are listed on the Stock Exchanges at Ahmedabad, Kolkata, Jaipur and Mumbai and listing fees for the current financial year 2002-2003 have been paid to all the aforesaid Stock Exchanges.
7. The final dividend for the year ended 31st March, 2002 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid on September 28, 2002. In accordance with the Finance Act, 2002, dividend will be taxable in the hands of recipient, accordingly tax will be deducted at source. No tax will be deducted on dividends for members who have filed the prescribed Form 15G in duplicate with the registered office of the Company on or before 23rd August, 2002.

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

As per SEBI regulation the trading of shares of your Company is under the compulsory demat segment. However some of the shareholders are requesting for rematerialisation of their shares in odd lots even though knowing fully well that trading in these shares is only possible in demat form.

This rematerializing of shares in odd lots can potentially lead to huge increase in paper work & workload. To reduce this and also to keep to the request of rematerialisation, your Company has decided to accept request for rematerialisation of shares only in lots of 100 shares for each certificate. Hence the amendments are required to be made in the Articles of Association of your Company.

Item No.6

Currently your Company is engaged in manufacturing as well as Full Fledged Money Changing (FFMC) activities. As your Company is not preparing to continue with the NBFC activities, the NBFC Certificate has since been surrendered to R.B.I. & the same has since been cancelled.

In view of the above & to have the Memorandum of Association in line with the Main Activities of the Company, the change / deletion in the Main Object Clause are required.

The directors therefore recommended passing of the Special Resolution contained in Item no. 5 & 6 of the accompanying Notice.

None of the directors are interested in this resolution.

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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their **Eleventh** Annual Report together with the Audited Statement of Accounts and the Auditor's Report of your Company for the Financial year ended 31st March, 2002.

PERFORMANCE OF THE COMPANY

The Indian domestic pressure regulator's manufacturing industry, during the year 2001-2002, had to face adverse market conditions. Consequently, the DPR-industry as a whole could not perform well and a large number of companies were forced to review their business strategies in order to ensure survival. Your Company was no exception to this phenomenon and had its shares of difficulties as a result of the lower demand of domestic pressure regulator by PSU Oil Companies as well as Private sector Oil Companies. As a result of this adverse market condition, the company reported a profit before tax of Rs. 45.32 lacs for 2001-2002.

The total income for 2001-2002 stood at Rs. 421.36 lacs, as against previous year of Rs. 701.39 lacs. The profit before tax stood at Rs. 45.32 lacs, as against previous year of Rs. 66.37 lacs. The Company's net worth, stood at Rs. 399.03, as on March 31, 2002 as against Rs. 391.34 lacs for the previous year.

During the year the Company discontinued its NBFC business (Leasing & Hire Purchase Finance business) and consequently has surrendered its NBFC Certificate to R. B. I. for cancellation of registration as NBFC.

FINANCIAL RESULTS

	(Rs. in lacs)	
	Year ended 31.03.2002	Year Ended 31.03.2001
Total Income	421.36	701.39
Profit Before Depreciation & Tax	72.41	92.91
Less : Depreciation	(-) 27.09	(-) 26.54
Profit Before Tax	45.32	66.37
Less : Provision for Taxation : (a) Income Tax	(-) 11.47	(-) 5.85
(b) Deferred Income Tax (As per AS - 22)	(-) 14.34	—
Profit After Tax	19.51	60.52
Add : Profit brought forward from previous year	0.52	0.23
Less : Income Tax payment for earlier year	—	(-) 0.70
Profit Available for Appropriation	20.03	60.05
Appropriations	15.00	15.00
Proposed Dividend on Equity Shares	—	1.53
Provision for Income Tax on Distributed Dividend	5.00	43.00
Transfer to General Reserve	0.03	0.52
Surplus Carried to Balance Sheet		
Segment wise Revenue, Results and Capital Employed :		
[A] Segment wise Revenue (Total Income) :		
a) Forex - Services (Full Fledged Money Changing Services)	19.00	21.41
b) Manufacturing & Others	402.36	679.98
Total	421.36	701.39
[B] Segment wise Results (Profit Before Tax) :		
a) Forex - Services (Full Fledged Money Changing Services)	5.09	6.61
b) Manufacturing & Others	40.23	59.76
Total	45.32	66.37
[C] Segment wise Capital Employed at the end of year (Net Worth deployed) :		
a) Forex - Services (Full Fledged Money Changing Services)	20.07	17.12
b) Manufacturing & Others	378.96	374.22
Total	399.03	391.34



OPERATING RESULTS

During 2001 - 2002 the Company produced 4,28,767 pcs of Domestic Pressure Regulator for LPG Cylinder i.e. DPR and 15,000 pcs of Parts of DPRs. This was lowered by @36% as compared to the preceeding year. Similarly the sale/despatch of DPR of 4,26,795 pcs & Parts of DPR of 15,000 pcs during the year, which was lowered by @30% as compared to the preceeding year. The low production & sales was due to shortage of demand.

DIVIDEND AND RESERVES

Your Directors want to maintain record of payment of dividend to shareholders. Even though during the year your Company has not reported very healthy margins, your Directors recommend a 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, 2002. The above dividend will be payable out of current years profit of the company. The dividend, if approved by the share holders, will entail an out-flow of Rs. 15 lacs. The Reserves & Surplus thereafter will stand at Rs. 99.03 lacs at a Book value of Rs. 13.30 per Equity Share.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

DIRECTORS

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed;

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

CORPORATE GOVERNANCE & 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 is 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