

DHP INDIA LIMITED



**THIRTEENTH
ANNUAL REPORT
AND ACCOUNTS
2003-2004**

CONTENTS

| | |
|--|-------|
| Corporate Information | 1 |
| Notice of the Thirteenth Annual General Meeting | 2-4 |
| Directors' Report & their Annexure - "I" | 5-8 |
| Corporate Governance Report (Annexure - "II" to Directors' Report) | 9-16 |
| Management Discussion and Analysis Report (Annexure - "III" to Directors' Report) | 17 |
| Certification by Chief Executive Officer (C.E.O) and Chief Financial Officer (C.F.O.) | 18 |
| Auditors' Report on Corporate Governance | 19 |
| Auditors' Report & their Annexure | 20-22 |
| Balance Sheet | 23 |
| Profit & Loss Account | 24 |
| Schedule to Accounts alongwith Notes on Accounts (Schedule - "1" to "21") | 25-38 |
| Cash Flow Statement | 39 |



DHP INDIA LIMITED

BOARD OF DIRECTORS :

ASHEESH DABRIWAL, *Chief Executive Officer (C.E.O.) & Executive Director*
JANAK BHARDWAJ, *Chief Operating Officer (C.O.O.) & Director-cum-Works Manager*
ANJUM DHANDHANIA, *Non-Executive Director*
BUDDHADEB BASU, *Non-Executive & Independent Director*
RABINDRANATH DAS, *Non-Executive & Independent Director*
DR. SUBRATA HALDAR, *Non-Executive & Independent Director*

COMMITTEES OF THE BOARD :

Audit Committee :

BUDDHADEB BASU, *Chairman*
RABINDRANATH DAS, *Member*
DR. SUBRATA HALDAR, *Member*
ASHOK KUMAR SINGH, *C.F.O. as Permanent invitee*

Remuneration / Management Committee :

ANJUM DHANDHANIA, *Chairman*
BUDDHADEB BASU, *Member*
ASHEESH DABRIWAL, *Member*

Shareholders / Investor Grievance Committee :

BUDDHADEB BASU, *Chairman*
ANJUM DHANDHANIA, *Member*
ASHEESH DABRIWAL, *Member*

KEY MANAGEMENT :

ASHOK KUMAR SINGH, *Chief Financial Officer (C.F.O.)*
ADINATH BANERJEE, *Company Secretary-cum-Compliance Officer*

AUDITORS :

M/S. N. JAIN & ASSOCIATES, *Chartered Accountants*
21A, CORPORATION PLACE, KOLKATA - 700 087.

SHARE TRANSFER & REGISTRAR'S :

M/S. NICHE TECHNOLOGIES PRIVATE LIMITED
C-444, BAGREE MARKET, 71, B. R. B. B. ROAD,
KOLKATA - 700 001.

REGISTERED OFFICE :

10, MIDDLETON ROW, KOLKATA - 700 071

FACTORY :

48, "X" ROAD, OFF BENARAS ROAD,
BELGACHIA, HOWRAH - 711 108, WEST BENGAL.



Registered company
03/180/R

NOTICE

NOTICE is hereby given that the **Thirteenth** Annual General Meeting of the Members of DHP INDIA LIMITED will be held at its Registered Office at 10, Middleton Row, Kolkata - 700 071 on Monday, the 30th August, 2004 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, 2004 and Profit and Loss account for the year ended 31st March, 2004 and the Reports of the Board of Directors and Auditors of the Company.
- 2) To declare dividend on equity shares for the financial year ended 31st March, 2004.
- 3) To appoint Directors in place of Sri Janak Bhardwaj and Sri Buddhadeb Basu, who retire by rotation and, being eligible, offer themselves for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

Registered Office
10, Middleton Row
Kolkata - 700 071
Dated : 25th June, 2004.

By Order of the Board of Directors
ADINATH BANERJEE
Company Secretary-cum-Compliance Officer

NOTES :

1. The Register of Members and Transfer Books of the Company will remain closed from Monday, the 23rd August, 2004 to Monday, the 30th August, 2004 (both days inclusive). Share Transfers received in order by the Company at its Registered Office at 10, Middleton Row, Kolkata - 700 071 or at its Shares Transfer Registrar's Office M/s. Niche Technologies Pvt. Ltd. C-444, Bagree Market, 71, B.R.B.B. Road, Kolkata - 700 001 by the close of business on Saturday, the 21st August, 2004 will be eligible for payment of dividend, if declared in following manner :-
 - (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 Saturday, the 21st August, 2004, 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 Saturday, the 21st August, 2004.
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/Proxies should fill the Attendance Slip for attending the meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who holds shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
7. 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 or its Share Transfer Registrar's Office at M/s. Niche Technologies Pvt. Ltd., C-444, Bagree Market, 71, B. R. B. B. Road, Kolkata - 700 001 for protection against fraudulent encashment of dividend warrant. The following bank particulars are required :-
 - a) Name of First/Sole Shareholder and their Folio Number.
 - b) Name of Bank & their complete address of Branch
 - c) Account Type, whether, Savings or Current account and their account number allotted by Bank.
8. 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.
9. 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 2004-2005 have been paid to all the aforesaid Stock Exchanges. Members are informed that the scripts of the Company have been activated both in Central Depositories Services Limited (CDSL) and National Securities Depository Limited (NSDL) and may be dematerialised under the ISIN- - INE 590D 01016.
10. The final dividend for the year ended 31st March, 2004 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid on September 29, 2004. Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial validity period mentioned in Dividend Warrants. Thereafter, the Dividend Warrant on revalidation is payable only at limited centers/branches. The members are, therefore, advised & requested to encash Dividend Warrants within the initial validity period.
11. All documents referred to in accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
12. Consequent upon the introduction of Section 109A & 109B of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B to the Share Transfer Registrar and transfer Agents, M/s. Niche Technologies Pvt. Ltd.



13. Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEP Fund)** established by the Central government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividends of the year ended 31st March, 1996 to the Investor Education and Protection Fund (IEP Fund).

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :-

| Serial No. | Financial year ended | Date of declaration of dividend | Last date for claiming unpaid dividend | Due date for transfer to IEP Fund |
|-------------------|-----------------------------|--|---|--|
| 1. | 31.03.1997 | 31.07.1997 | 30.07.2004 | 29.08.2004 |
| 2. | 31.03.1998 | 15.09.1998 | 14.09.2005 | 14.10.2005 |
| 3. | 31.03.1999 | 30.07.1999 | 29.07.2006 | 28.08.2006 |
| 4. | 31.03.2000 | 30.08.2000 | 29.08.2007 | 28.09.2007 |
| 5. | 31.03.2001 | 30.08.2001 | 29.08.2008 | 28.09.2008 |
| 6. | 31.03.2002 | 31.08.2002 | 30.08.2009 | 29.09.2009 |
| 7. | 31.03.2003 | 30.08.2003 | 29.08.2010 | 28.09.2010 |

Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

14. **Re-appointment of Directors :** At the ensuing Annual General Meeting, Sri Janak Bhardwaj and Sri Buddhadeb Basu, Director of the Company, retire by rotation and being eligible offer themselves for re-appointment. The Particulars of Directors retiring by rotation and seeking re-appointment at the forthcoming Annual General Meeting are as below :

Sri Janak Bhardwaj

Sri Janak Bhardwaj is a Works Manager-cum-Director of our Company. He is also occupier of the Factory. He is not holding any shares/voting rights of the company. He is not involved in any other companies as directorship/chairmanship or Member of any committee.

Sri Buddhadeb Basu

Sri Buddhadeb Basu is a Civil Engineer. He is a Non-promoter & Non-Executive, Independent Director of the Company. He is also holding the Chairmanship of Audit Committee & Shareholders/ Investor Grievance Committee of our Company. At present, he is holding 200 shares of the company i.e. 0.0066% of voting rights of the company. Apart from this, he is not involved in any other companies as directorship/chairmanship or Member of any committee.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their **Thirteenth** Annual Report together with the Audited Statement of Accounts and the Auditor's Report of your Company for the Financial year ended 31st March, 2004.

PERFORMANCE OF THE COMPANY

The domestic pressure regulator industry continues to suffer adverse market conditions. Due to these your Company could manage only a marginal increase in Total Income over the previous year. However, due to better internal controls & cost cutting exercises the Profit Before Tax (PBT) & Profit After Tax (PAT) are significantly higher. In the current year it is expected that the Public Sector Unit (PSU) Oil companies shall favourably decide orders in favour of your Company at remunerative prices in the forthcoming tenders.

The total income for 2003-2004 stood at Rs. 423.08 lacs, as against previous year of Rs. 413.62 lacs. The profit before tax stood at Rs. 97.14 lacs, as against previous year of Rs. 83.67 lacs. The Company's net worth, stood at Rs. 500.60 lacs, as on March 31, 2004 as against Rs. 439.85 lacs for the previous year.

FINANCIAL RESULTS

| | (Rs. in lacs) | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2004 | Year Ended 31.03.2003 |
| Total Income (Inclusive of Stock variation) | 423.08 | 413.62 |
| Profit Before Depreciation & Tax | 130.68 | 113.25 |
| Less : Depreciation | (-) 33.54 | (-) 29.58 |
| Profit Before Tax | 97.14 | 83.67 |
| Less : Provision for Taxation : (a) Income Tax | (-) 25.50 | (-) 27.00 |
| (b) Deferred Income Tax (As per AS - 22) | (+) 4.86 | (-) 1.14 |
| Profit After Tax | 76.50 | 55.53 |
| Add : Profit brought forward from previous year | 0.85 | 0.03 |
| Add : Excess Income tax Provision of earlier year written back | 1.17 | 2.21 |
| Profit Available for Appropriation | 78.52 | 57.77 |
| Appropriations | | |
| Proposed Dividend on Equity Shares | 15.00 | 15.00 |
| Provision for Income Tax on Distributed Dividend | 1.92 | 1.92 |
| Transfer to General Reserve | 61.00 | 40.00 |
| Surplus Carried to Balance Sheet | 0.60 | 0.85 |
| Segment wise Revenue, Results and Capital Employed : | | |
| [A] Segment wise Revenue (Total Income - inclusive of Stock Variation) : | | |
| a) Forex - Services (Full Fledged Money Changing Services) | 3.22 | 28.52 |
| b) Manufacturing & Others | 419.86 | 385.10 |
| Total | 423.08 | 413.62 |
| [B] Segment wise Results (Profit Before Tax) : | | |
| a) Forex - Services (Full Fledged Money Changing Services) | 2.93 | 13.63 |
| b) Manufacturing & Others | 94.21 | 70.04 |
| Total | 97.14 | 83.67 |
| [C] Segment wise Capital Employed at the end of year (Net Worth deployed) : | | |
| a) Forex - Services (Full Fledged Money Changing Services) | 0.02 | 24.15 |
| b) Manufacturing & Others | 500.58 | 415.70 |
| Total | 500.60 | 439.85 |



OPERATING RESULTS

During 2003 - 2004 the Company produced 2,04,107 pcs of Domestic Pressure Regulators for LPG Cylinders i.e. DPRs and Hose Pipes etc. and 1,35,531 pcs of Parts of DPRs. This was lower by 42% as compared to the preceeding year. Similarly the sale/despatch of DPRs of 2,52,821 pcs & Parts of DPRs of 1,35,531 pcs during the year which was lower by 22% as compared to the preceeding year. The low production & sales was due to shortage of demand.

DIVIDEND AND RESERVES

Your Directors want to maintain regular payment of dividend to shareholders. 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, 2004. The above dividend will be payable out of current year's profit of the Company. The dividend, if approved by the share holders, will entail an out-flow of Rs. 16.92 lacs (inclusive of Dividend Tax). The Reserves & Surplus thereafter will stand at Rs. 200.60 lacs at a Book value of Rs. 16.69 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 Vivek Kumar Bhartia who was appointed as Director of the Company on 6th April, 1995, resigned from the Board w.e.f. 30/10/2003. The Board appreciates the valuable support and advice of Sri Vivek Kumar Bhartia, which significantly contributed towards the growth of the Company.

Sri Janak Bhardwaj and Sri Buddhadeb Basu, 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, 2004, 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, 2004 on a 'going concern' basis.

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 given in a separate Annexure - I attached hereto and form part of the Report.



CORPORATE GOVERNANCE 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, especially 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 to push the business forward to maximise your long-term value.

As per SEBI recommendation and Clause 49 of the Listing Agreements with the Stock Exchanges requirement, the Company has implemented the code of Corporate Governance and certified by M/s. N. Jain & Associates, Chartered Accountants, statutory auditors of the company in confirmation of the compliance as per requirement of clause 49 of the listing agreement with the stock exchanges has been set out in **Annexure - II**.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management discussion and analysis have been annexed to this report in terms of Listing Agreement marked **Annexure - III**.

AUDITORS' REPORT

The observations made in the Auditors' Report to the Members of the Company have been dealt with in the Notes to the Profit & Loss Account and the Balance Sheet in Schedule 21 of the Accounts. These are self explanatory and do not call for further comments.

AUDITORS

M/s. N. Jain & Associates, Chartered Accountants, statutory Auditors of your Company hold office until the conclusion of the THIRTEENTH 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) Manufacturing :

The manufacturing facility for the production of Domestic Pressure Regulator (DPR) for LPG Cylinders was started in 1998, and the future for this product in abroad market is bright. During the year, ISO 9001:2000 certification was obtained by manufacturing unit.

b) Full Fledged Money Changing (FFMC) :

During the year, the FFMC services closed.

DEPOSITORY SYSTEM

Trading in equity shares of your Company in the dematerialised form is compulsory for all shareholders in terms of notification issued by the Securities and Exchange Board of India (SEBI). Your Company has achieved a high level of dematerialisation with about 90.32% of total number of equity shares being held in electronic mode with NSDL and CDSL.

ACKNOWLEDGEMENT

Your Directors acknowledge the recognition given and trust reposed in your Company by Investors, Banks, Securities and Exchange Board of India, Stock Exchanges and other Government Agencies. Your Directors would also like to thank the Bureau of Indian Standards (BIS), Chief Controller of Explosives (CCOE), and business customers for all the supports given by them.

For and on behalf of the Board of Directors

Place : Kolkata

Date : 25th June, 2004.

ASHEESH DABRIWAL
C.E.O & Executive Director

ANNEXURE — "I" 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, 2004.

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 :-

| | <u>Year ending</u> <u>31.03.2004</u> | <u>Year ending</u> <u>31.03.2003</u> |
|---|---|---|
| 1. Electricity | | |
| a) No. of Units (Excluding own generation units by Generator) | 162087 Units | 159829 Units |
| b) Total amount in Rs. | Rs. 7,24,665.00 | Rs. 5,89,382.73 |
| c) Effective Rate / Unit (Rs.) | Rs. 4.47 | Rs. 3.69 |
| 2. Coal | N.A. | N.A. |
| 3. Furnace Oil | N.A. | N.A. |
| 4. Others / Internal Generation (Cost of Diesel, Mobil, Consumables & Other Exp. incurred etc.) | Rs. 1,44,161.60 | Rs. 2,77,324.40 |

B) Consumption per Unit of Production :-

| | | |
|---|-------------------|------------|
| 1. Electricity (in Units Excluding own generation units by Generator) | 0.68 Units | 0.39 Units |
| 2. Coal | N.A. | N.A. |
| 3. Furnace Oil | N.A. | N.A. |
| 4. Other | 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 of 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 Rs. 3,83,91,115.17 on account of Export of Domestic Pressure Regulators for LPG Cylinders & their parts contained item No. 10(I) of Part (C) of Schedule 21 of the accounts.

The amount of foreign exchange outgoing is Rs. 13,27,163.75 & 2,57,052.00 as contained in item No. 10(H) of Part (C) of Schedule 21 of the accounts.

For and on behalf of the Board of Directors

Place : Kolkata

ASHEESH DABRIWAL

Date : 25th June, 2004.

C.E.O & Executive Director