

DHP INDIA LIMITED



**FOURTEENTH
ANNUAL REPORT
AND ACCOUNTS
2005-2006**

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DHP INDIA LIMITED

BOARD OF DIRECTORS :

ASHEESH DABRIWAL	: Managing Director & Chief Executive Officer (C.E.O.)
JANAK BHARDWAJ	: Director-cum-Works Manager & Chief Operating Officer (C.O.O.)
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 :

Existing Statutory Auditor (Seeking resignation)	: M/s. N. JAIN & ASSOCIATES, Chartered Accountants 21A, Corporation Place, Kolkata – 700 087.
Proposed New Statutory Auditor (Seeking Appointment)	: M/s. NAVIN NAYAR & COMPANY, Chartered Accountants 4E, Jain Centre, 34A, Metcalfe Street, Kolkata – 700 013.

SHARE TRANSFER & REGISTRAR :

M/S. NICHE TECHNOLOGIES PRIVATE LIMITED
C-444, Bagree Market, 71, Biplabi Rash Behari Bose Road,
Kolkata – 700 001.

SHARES LISTED WITH :

THE CALCUTTA STOCK EXCHANGE ASSOCIATION LTD.

[Regional Stock Exchange – Securities Code No.14058]

THE STOCK EXCHANGE, MUMBAI [BSE – Securities Code No. 531306]

REGISTERED OFFICE :

10, Middleton Row, Kolkata - 700 071, West Bengal.

FACTORY :

48, X Road, Off Benaras Road, Belgachia,
Howrah- 711 108, West Bengal.

PROPOSED NEW FACTORY (under construction) :

Dhulagarh Industrial Park, Jaladhulagori, Mouza :- Kanduah,
N. H. – 6, P. S. - Sankrail, Howrah – 711 302, West Bengal.



ISO 9001 : 2000 Registered Company



NOTICE

NOTICE IS HEREBY GIVEN THAT the **Fourteenth Annual General Meeting** of the Members of DHP INDIA LIMITED will be held at its Registered Office at 10, Middleton Row, Kolkata-700071 on Wednesday the 31st August, 2005 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, 2005 and Profit and Loss account for the year ended 31st March, 2005 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, 2005.
- 3) To appoint Directors in place of Smt. Anjum Dhandhanian and Sri Rabindranath Das, who retire by rotation and, being eligible, offer themselves for re-appointment.
- 4) To appoint the new Statutory Auditors M/s. Navin Nayar & Company, Chartered Accountants, 4E, Jain Centre, 34A, Metcalfe Street, Kolkata - 700013, in place of existing Statutory Auditors M/s. N. Jain & Associates, Chartered Accountants, who vacates his office at this A.G.M. & intends to resign and to fix the remuneration of new Statutory Auditors.

Registered Office :

10, Middleton Row,
Kolkata – 700 071.

Dated : 4th July, 2005

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 Wednesday, the 24th August, 2005 to Wednesday, the 31st August, 2005 (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 Share 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 Tuesday, the 23rd August, 2005 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 Tuesday, the 23rd August, 2005, 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 Tuesday, the 23rd August, 2005.
- 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 dematerialised 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 to be 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) At present the Company's equity shares are listed on the Stock Exchanges at Kolkata and Mumbai and listing fees for the current financial year 2005-2006 have been paid to all the aforesaid Stock Exchanges. The shares of the Company already delisted from The Stock Exchange, Ahmedabad w.e.f. 31.03.2005 & also delisted from Jaipur Stock Exchange Ltd. w.e.f. 19.02.2005. 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, 2005 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid on or before September 29, 2005. Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printing on reverse of the Dividend Warrant for an initial 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. up to 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 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, 1998 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 dividend for the year ended 31st March, 1997 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:-

<u>Serial No.</u>	<u>Financial Year Ended</u>	<u>Date of declaration of dividend</u>	<u>Last date for claiming unpaid dividend</u>	<u>Due date for transfer to IEP Fund</u>
1.	31.03.1998	15.09.1998	14.09.2005	14.10.2005
2.	31.03.1999	30.07.1999	29.07.2006	28.08.2006
3.	31.03.2000	30.08.2000	29.08.2007	28.09.2007
4.	31.03.2001	30.08.2001	29.08.2008	28.09.2008
5.	31.03.2002	31.08.2002	30.08.2009	29.09.2009
6.	31.03.2003	30.08.2003	29.08.2010	28.09.2010
7.	31.03.2004	30.08.2004	29.08.2011	28.09.2011

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, Smt. Anjum Dhandhanian and Sri Rabindranath Das, Directors 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 :

Smt. Anjum Dhandhanian

Smt. Anjum Dhandhanian is a Non-Executive & Promoter Director of the Company. She is also the Chairman of the Remuneration / Management Committee of the Company and Member of the Shareholders / Investor Grievance Committee of the Company. She is a Law Graduate and relative of Managing Director of the company Mr. Asheesh Dabriwal. At present she is holding 20,000 shares of the Company i.e. @0.67% of shares/voting rights of the Company. Apart from this she is not involved in any other companies as Director/Chairman or Member of any committee.

Sri Rabindranath Das

Sri Rabindranath Das is a Retired revenue officer of Central Govt. He is a Non-promoter & Non-Executive, Independent Director of the Company. He is also a Member of the Audit Committee of the Company. He is not holding any shares/voting rights of the company. Apart from this, he is not involved in any other companies as Director/Chairman or Member of any committee.

15. **Shareholders may, kindly note that no gift/coupon will be distributed at the Annual General Meeting.**

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their **Fourteenth** Annual Report together with the Audited Statement of Accounts and the Auditor's Report of your Company for the Financial Year ended 31st March, 2005.

PERFORMANCE OF THE COMPANY

Your Company reported a profit before tax of Rs.165.86 lacs for the year 2004-05 as against Rs.97.14 lacs for previous year.

The total income for 2004-05 stood at Rs.658.84 lacs as against Rs.423.08 lacs for the previous year. The profit after tax stood at Rs.118.63 lacs as against Rs.76.50 lacs for the previous year. The Company's net worth stood at Rs.584.98 lacs as on March 31, 2005 as against Rs.500.60 lacs for the previous year.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended 31.03.2005	Year ended 31.03.2004
Total Income (inclusive of Stock variation)	658.84	423.08
Profit Before Depreciation & Tax	202.75	130.68
Less : Depreciation	(-) 36.89	(-) 33.54
Profit Before Tax	165.86	97.14
Less : Provision for Taxation : (a) Income Tax	(-) 48.29	(-) 25.50
(b) Deferred Income Tax Assets (As per AS-22)	(+) 1.06	(+) 4.86
Profit After Tax	118.63	76.50
Add : Profit brought forwards from previous year	0.60	0.85
Add : Short (-)/Excess I.T./Div. Tax Provision of earlier year	(-) 0.04	1.17
Profit Available for Appropriation	119.19	78.52
Appropriations		
Proposed Dividend on Equity Shares	30.00	15.00
Provision for Income Tax on Distributed Dividend	4.21	1.92
Transfer to General Reserve	84.00	61.00
Surplus Carried to Balance Sheet	0.98	0.85
Net Worth (Capital employed at the year end)	584.98	500.60
Book Value of Shares at the year end (in Rs.)	19.50	16.69

OPERATING RESULTS

During 2004-2005 the Company produced 5,81,600 pcs of Domestic Pressure Regulators for LPG Cylinders i.e. D.P.R & Hose Pipes and their Parts etc. This was higher by 71% as compared to the preceeding year. Similarly the sale/despatch of DPR, Hose Pipe & their parts etc. of 6,07,716 pcs during the year, which was higher by 56% as compared to the preceeding year. The growth in production and sales achieved by the Company has improved over the previous year and can be considered to be satisfactory.

DIVIDEND AND RESERVES

Your Directors want to maintain regular payment of dividend to shareholders. Your Directors recommend a dividend of Rs.1 Per share (Previous year Rs. 0.50 per share) on the Equity Share Capital of the Company for the year ended 31st March, 2005 i.e. @10% of total paid-up equity share capital. 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.34.21 lacs (inclusive of Corporate Dividend Tax). The Reserves & Surplus thereafter will stand at Rs.284.98 lacs at a Book value of Rs.19.50 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 there under.

DIRECTORS

Sri Asheesh Dabriwal who was appointed as Managing Director of the Company on 20th December, 2004 for a period of Five years as per Special Resolution passed by the shareholders in their Extra-Ordinary General Meeting on 20.12.2004 is treated as non-rotational Director.

Smt. Anjum Dhandhanian and Sri Rabindranath Das, 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, 2005 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, 2005 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**.



DHP INDIA LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management discussion and analysis have been annexed to this report in terms of Listing Agreement and 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 20 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, are seeking resignation from your Company as per their request. The Board has approved the same and has forwarded for the approval of shareholders for resignation of M/s. N. Jain & Associates from the post of statutory auditor of the company. M/s. Navin Nayar & Company, Chartered Accountants, have given their consent for acting as Statutory Auditor of the Company in place of M/s. N. Jain & Associates, Chartered Accountants, if the shareholders of the company approve their appointment in the ensuing A.G.M.. The Board has approved & forwarded through Notice to the shareholders for appointment of new Statutory Auditor of the Company.

PERSONNEL

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

FUTURE PROSPECTS

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. The company has ISO 9001:2000 certification for its manufacturing unit.

During the year the company has taken a decision to set up a new factory in Howrah district, West Bengal for doubling the manufacturing capacity. The freehold Land has already been purchased by the Company in the financial year 2003-04. It is expected that the new factory will commence commercial production within the financial year 2005-06. The entire expansion project is being funded from internal accruals.

DELISTING OF SHARES

During the year the equity shares of the company has been voluntarily delisted from The Stock Exchange, Ahmedabad w.e.f. 31.03.2005 & Jaipur Stock Exchange Ltd.w.e.f. 19.02.2005. At present the equity shares of the company listed with The Stock Exchange, Mumbai (BSE) and Calcutta Stock Exchange Association Ltd. (CSE).

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 91.78% 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 support given by them.

Place : Kolkata
Dated : 29th June, 2005.

For and on behalf of the Board of Directors
ASHEESH DABRIWAL
Managing Director & C.E.O.

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, 2005.

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 31.03.2005	Year ending 31.03.2004
1. Electricity		
a) No. of Units (Excluding own generation units by Generator)	293500 Units	162087 Units
b) Total amount in Rs.	Rs. 13,25,041.00	Rs. 7,24,665.00
c) Effective Rate / Unit (Rs.)	Rs. 4.51	Rs. 4.47
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. 5,75,059.80	Rs. 1,44,161.60

B) Consumption per Unit of Production :-

1. Electricity (in Units Excluding own generation units by Generator)	0.50 Units	0.47 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. 5,05,86,828.05 on account of Export of Domestic Pressure Regulators for LPG Cylinders & their parts contained item No. 10(I) of Part (C) of Schedule 20 of the accounts.

The amount of foreign exchange outgoing is Rs. 13,05,010.44 & Rs. 2,51,580.00 as contained in item No. 10(H) of Part (C) of Schedule 20 of the accounts.

For and on behalf of the Board of Directors

Place : Kolkata
Date : 29th June, 2005.

ASHEESH DABRIWAL
Managing Director & CEO