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**DHANASHREE**  
**ELECTRONICS LTD.**

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**2005-06**

**BOARD OF DIRECTORS**

Mr. M. G. Maheshwari,	Chairman
Mr. Nitesh Toshniwal,	Managing Director
Mr. C. P. Toshniwal	
Mr. S. K. Toshniwal	Retired on 28.12.2005
Mr. A. K. Guha	
Mr. R. K. Gupta,	Retired on 29.09.2005
Mr. R. K. Chandak	
Mr. M. L. Jhanwar	
Mr. B. R. Kabra	
Mr. P. Saha	
Mr. V. K. Sharma	
Mr. Abhishek Toshniwal	

**CHIEF EXECUTIVE**

Mr. Surya Prakash Toshniwal, President

**BANKERS**

Union Bank of India  
UTI Bank Limited  
State Bank of Mysore

**AUDITORS**

D. R. Jain & Co.  
Chartered Accountants

**REGISTRAR & SHARE TRANSFER AGENT**

M/s. Maheshwari Datamatics Private Limited  
Regd. Office: 6, Mangoe Lane, Kolkata-700001  
Phone No. 2243-5809

**REGISTERED OFFICE & WORKS**

Plot No. XI-16, Block EP & GP, Sector 'V'  
Salt Lake City, Kolkata-700091  
Phone No. 2357-3617



## **NOTICE**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the shareholders of M/s. Dhanashree Electronics Limited will be held at the registered office of the company at Plot No. XI-16 Block EP & GP Sector V Salt Lake City Kolkata-700 091 on Thursday the 28<sup>th</sup> September 2006 at 10.00 A.M. to transact the following Business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2006 together with the Profit & Loss Account of the company for the year ended on that date and the reports of the auditors and directors thereon.
2. To appoint a Director in place of Sri B R Kabra who retires by rotation at this meeting and being eligible offers himself for re-appointment
3. To appoint a Director in place of Sri R K Chandak who retires by rotation at this meeting and being eligible offers himself for re-appointment
4. To appoint a Director in place of Sri P Saha who retires by rotation at this meeting and being eligible offers himself for re-appointment.
5. To appoint Auditors of the company and to fix their remuneration.

By Order of the Board

Nitesh Toshniwal  
Managing Director

Place: Kolkata

Date: 2nd September, 2006

## **NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY(IES) TO ATTEND AND TO VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. AN INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID AND EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.

- The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September to 28th September 2006 (both days inclusive).
- Members are requested to notify immediately any change in their address:
  - 1 In respect of shares held in electronic form, to their Depository Participants (DPs)
  - 2 In respect of shares held in physical form, to the Company or to the Registrar & Transfer Agent, Maheshwari Datamatics Private Limited having their address at 6, Mangoe Lane, 2<sup>nd</sup> Floor, Kolkata – 700 001 quoting their Folio Number(s).
- Non-resident Indian Shareholders are requested to inform the Company or its Registrar & Transfer Agent or to the concerned DP, as the case may be, immediately the change in the residential status on return to India for permanent settlement.
- Depository System

The Company has entered into agreement with NSDL and agreement with CDSL is under consideration. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL.

**Particulars of Directors seeking Appointment/ Reappointment :**

Name	Date of Birth	Date of Appointment	Qualification	Category	Experience
Mr. B R Kabra	04-12-56	29-08-2003	B. Com	Non Executive Director	30 Years
Mr.R.K. Chandak	08-05-64	15-12-2003	B. Com	Non Executive Director	15 Years
Mr. P. Saha	01-01-73	29-08-2003	B. Com	Non Executive Director	9 years

## **DIRECTORS REPORT TO THE SHAREHOLDERS:**

Your Directors take pleasure in presenting the 19<sup>th</sup> Annual Report and the Audited Statements of Accounts for the year ended on 31<sup>st</sup> March 2006.

### **FINANCIAL RESULTS:**

The Financial Results of the company for the year under review and those of the previous year are given here under:

	For the year ended 31.03.2006 Rs.	(Rs. in Lacs) Previous year ended 31.03.2005 Rs.
Gross Turnover (including other income)	430.59	220.29
Less: Expenses:	362.73	181.96
Gross Profit(Before Dep. Int. & Tax)	67.86	38.33
Less: Depreciation	24.53	23.51
Less: Interest	24.60	16.61
Net Profit(Before Tax)	18.73	(1.79)
Less: Provision for Tax	—	—
Less: Provision for FBT	(0.65)	—
Net Profit/(Loss) after Tax	18.08	(1.79)
Excess Provision for Tax written back	5.38	—
Net Profit after Adjustments	23.46	(1.79)
Balance B/F	(89.69)	(87.90)
Balance (loss) carried to Balance Sheet	(66.23)	(89.69)

This year your Company has given tremendous performance and showed a net adjusted profit of Rs 23.46 Lacs that resulted in reduction of brought forwarded loss to Rs 66.23 Lacs. Your Company has shown growth in its production as well as trading activities resulting in an increase in the gross profit by about 77% over that of the last year. Your Directors are committed to maintain this momentum of growth and expects to wipe out the carried forward loss in the near future.

### **DIVIDEND:**

There being inadequate profits, your Directors regret to recommend any Dividend for the year.

### **MANAGEMENT DISCUSSION AND ANALYSIS:**

A Report on Management Discussion and Analysis forming part of this Annual Report is annexed hereto and marked as Annexure –‘A’

### **CORPORATE GOVERNANCE:**

A separate Report on Corporate Governance together with certificate of compliance from the Auditors in terms of clause 49 of the Listing Agreement is annexed hereto and marked as Annexure ‘B’

**DIRECTORS RESPONSIBILITY STATEMENT:**

In compliance with the provisions u/s 217 (2AA) of the Companies Act 1956, your Directors hereby confirm:

- (i) that in the preparation of the Annual Accounts of the Company, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- (ii) that your Directors have selected such Accounting Policies as detailed in Schedule 12 to the Annual Accounts and applied them consistently and made judgements and estimates that are reasonable and prudent 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 that period ;
- (iii) that to the best of their knowledge and information, they have taken proper and sufficient care for 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 to the best of their knowledge and ability ; and
- (iv) that the Annual Accounts have been prepared on a going concern basis.

**PUBLIC DEPOSITS:**

Your Company did not receive and/or renew any deposit from the Public during the year nor was their any balance carried forward.

**PARTICULARS OF EMPLOYEES**

The Company has no employee whose remuneration is more than the limit specified in Section 217 (2A) of the Companies Act, 1956.

**DIRECTORS:**

Sri B. R. Kabra, Sri R K Chandak and Sri P. Saha, Directors of the Company retire by rotation at the forthcoming Annual General meeting and, being eligible, offer themselves for re-appointment.

**AUDITORS :**

M/s. D. R. Jain & Co., Chartered Accountants, the present auditors of the Company, retire in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The report of the Auditors when read with the notes on Accounts is self explanatory and needs no elaboration.

**ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE.**

The information required under section 217 (1)(e) of the Companies Act, read with the Companies (Disclosure of Particulars in the Report of the Board of directors) Rule 1988, with respect to

conservation of energy, technology absorption and foreign exchange is annexed hereto as Annexure 'C' and form part of this Report.

### **PERSONNEL**

Your Directors place on records their appreciation of the valuable services and sincere contributions made by the employees at all levels.

The Management and Employee relationship continued to be very cordial during year.

### **ACKNOWLEDGEMENT**

Your Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also place on record their gratitude to the Members, various departments of the Central and State Government and Bankers for their continued support, co-operation and confidence.

Place : Kolkata

Date : 2nd September, 2006

**For and on behalf of the Board**

**M. G. Maheshwari**

Chairman

**Nitesh Toshniwal**

Managing Director



## **ANNEXURE 'A'**

### **MANAGEMENT DISCUSSION & ANALYSIS:**

#### **INDUSTRY STRUCTURE & DEVELOPMENT:**

The year 2005-06 has been a year of sustained growth for the Indian economy as well as for your Company, so is global story. The reason is massive infrastructural development and expansion of the existing networks across the globe.

The economy's growth momentum has been driven by a dynamic industrial resurgence, a pick up in investment, modest inflation despite hike in oil and steel prices. The growths of global and Indian economies are based on solid fundamentals. Much of the growth is taking place in manufacturing sector. As a result demand is in the market and it is rising. It is good for the nation and for your company as it drives the growth on the higher path.

Over the past one decade India has become an important player in the world economy. The current environment of much deserved optimism provides an ideal opportunity for India to move ahead with further reforms that can promote continued rapid economic development.

#### **OVERALL REVIEW**

The Filament manufacturing Industry was in its infancy until recently. The Lighting Industry in the Country had to depend on the import of filaments from the developed countries in the west. In fact, the Lighting Industry in the country had been dependent on a few large scale producers generally controlled by multinational giants. But with the growing support of the Central Government for indigenous industry with import of necessary technical know-how, the medium sized producers have a wide scope and opportunities to grow.

#### **OUTLOOK:**

Barring some unforeseen circumstances, the Company is committed to grow with progressively improved profitability and import of more and more modern technologies.

#### **RISK & CONCERN:**

##### **Political and economic environment :**

The introduction of Value Added Tax and change in other tax structure in the Indian economy will have an impact on the manufacturing and service industry

##### **Cost Risk :**

The escalating copper prices may have a bearing on the pricing of the finished products. Since the copper prices has been on the rise from over past 12 months leading to increase demand, it has become difficult to assess the organic demand.

#### **RESEARCH & DEVELOPMENT :**

The Company is in the process of setting up a more modern Research & Development centre with necessary state of the art laboratory facilities. The new setup will be exclusively engaged for development of a new range of value added products.

Necessary steps are being taken to obtain accreditations for ISO 9001-2000 for maintenance of international quality standards.

**INTERNAL CONTROL:**

The Company has proper and adequate system of internal controls commensurate with the size of the Company and the nature of its business. Regular Internal Audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place.

**HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATION:**

The Company believes that employee is the first customer an organisation has to win, and to fulfill this purpose it is important to have a team whose member are well conversant with both technical and commercial knowledge. Being a manufacturing company, workers form an important link in the chain of growth. The Company continues to maintain excellent Industrial Relations while ensuring continuous development of Human Resources through appropriate training and Educational Programmes towards achieving improved productivity and flexibility in production and marketing. The employees and management relations have remained positive through out the year. Initiatives are being taken to enhance the productivity of the employees. The team of employees consists of people who are expert in their respective and allied fields.



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**ANNEXURE-B****REPORT ON CORPORATE GOVERNANCE:****1. PHILOSOPHY:**

Dhanashree Electronics Limited is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire and reflect the culture of trusteeship that is deeply ingrained in our value system and reflected in the strategic thought process. We believe in Good Corporate Governance and disclosure practices and will further strength the same in years to come. Transparency, professionalism, accountability and responsibility are the essential character and guiding principals for all decisions, transactions and policy of the Company. The basic philosophy is to achieve business excellence and add shareholders' value with desired disclosure practices and sound decision-making through harmonious interaction amongst the Board of Directors, its Committees and senior management.

**2. BOARD OF DIRECTORS:**

The Board of Directors closely monitors the performance and management of the company .It approves and reviews the strategy of the day-to-day conduct of company's business through its various committees and also evaluates their respective performances. It ensures legal and ethical conduct and accuracy in financial reporting. It holds itself responsible for the long-term health of the Company.

The day-to-day affairs of the company are managed by the whole time Managing Director under the control and supervision of the Board. The Non Executive Directors of the company are qualified people having wide experience in general Corporate Management, Finance and Law. The ratio of independent and non-independent Directors in the Board confirms to the norms laid down under clause 49 of the Listing Agreements.

None of the Directors is a member of more than the stipulated number of Boards or committees and all of them have made disclosures regarding their other membership.

The Company has not entered into any materially significant transaction with its Promoters, Directors or their relatives etc. that may have potential conflict with the interest of the company at large.

During the year under review there had been nine(09) Board Meetings held on April 19, June 30, July 28, August 17, October 31, November 28, December 28, January 25, and March 17, 2006. The last Annual General Meeting was held on September 29, 2005. The Names, Categories, attendance in Meetings and other relevant particulars of the Directors are given in the undernoted table.