

ANNUAL REPORT

1996 - 1997

CERTIFIED TRUE COPY

For K.Dhandapani & Co. Ltd.

T.P. Sridhar

T.P. SRIDHAR
Company Secretary

MD	/		BKC	/
CS	/		IN	/
RO	/		IN	/
TRA	/	/	AC	/
AGM	/	/	SH	/
YE	/	/		/



K. Dhandapani & Co. Ltd. 107

T. P. SRIDHAR
Company Secretary

With effect from October 1996
The Corporate Office of the Company
has been shifted to the following address
K. Dhandapani & Co. Ltd.
C 20 Industrial Estate
Guindy Chennai - 600 032.
Phone : 2341607/2349921

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K. Dhandapani & Co. Ltd.

**BOARD OF DIRECTORS**SHRI. T N DESIKAN
CHAIRMAN

SHRI. T M GOPALASWAMY

SHRI. T N GOPALAN

SHRI. B G RUDRAPPA

SHRI. T N KISHORE

SHRI. T N KOTHANDAPANI
Managing DirectorSHRI. T N SRIDHARAN
Joint Managing Director

SHRI. T N SOUNDARARAJAN

SHRI. KUMAR K SWAMY

MANUFACTURING & ENGINEERING DIVISION

1. PLOT NO.21 & 22, SIDCO INDUSTRIAL ESTATE, THIRUMAZHISAI SRIPERUMBADUR TALUK
2. C 20 & C 31 INDUSTRIAL ESTATE, GUINDY, CHENNAI 600 032
3. PLOT No.515 4TH PHASE PEENYA INDUSTRIAL AREA BANGALORE 560 058.

CAPACITOR DIVISION

1. 26 D, SURVEY NO.30 VEERASANDRA INDUSTRIAL ESTATE ANEKAL TALUK, BANGALORE

COMPANY SECRETARY

SHRI. T P SRIDHAR

REGISTERED OFFICE141, LINGHI CHETTY STREET
CHENNAI 600 001.**AUDITORS**M/S. P B VIJAYARAGHAVAN & CO
CHARTERED ACCOUNTANTS
27, CATHEDRAL GARDEN ROAD
NUNGAMBAKKAM, CHENNAI 600 034.**CORPORATE OFFICE**C 20, INDUSTRIAL ESTATE
GUINDY, CHENNAI 600 032.**CONTENTS**

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BANKERSSTATE BANK OF INDIA
COMMERCIAL BRANCH
CHENNAI 600 001**BRANCHES**

- | | |
|-------------------------------------|---------------------------------------|
| <input type="checkbox"/> MADRAS | <input type="checkbox"/> BANGALORE |
| <input type="checkbox"/> CALCUTTA | <input type="checkbox"/> COCHIN |
| <input type="checkbox"/> COIMBATORE | <input type="checkbox"/> SECUNDERABAD |
| <input type="checkbox"/> CALICUT | <input type="checkbox"/> MYSORE |
| <input type="checkbox"/> QUILON | <input type="checkbox"/> VIJAYAWADA |



K.Dhandapani & Co. Ltd.

FIVE YEARS AT A GLANCE

(Rs. in lacs)

YEAR ENDED	1997	1996	1995	1994	1993
ASSETS EMPLOYED					
Fixed Assets (Less Depreciation)	636.61	644.72	534.72	464.86	132.68
Investments	386.05	205.15	184.45	175.32	57.21
Net Current Assets	875.39	1076.92	741.06	641.08	738.30
Other Assets	35.75	40.93	33.91	---	---
	1933.80	1967.72	1494.14	1281.26	928.19
FINANCED BY					
Preference Shares	---	---	---	---	8.01
Equity Shares	351.17	351.12	351.11	218.90	87.56
Reserves	848.04	814.56	744.78	447.53	231.11
Loan Funds	734.59	802.04	398.25	614.83	601.51
	1933.80	1967.72	1494.14	1281.26	928.19
PROFIT & APPROPRIATIONS					
Sales	4001.00	3754.24	3087.85	2745.94	3131.10
Gross Block	814.72	772.36	622.69	535.43	191.41
Depreciation	178.11	127.64	87.97	70.57	68.73
Net Block	636.61	644.72	534.72	464.86	132.68
Profit After Tax	139.29	155.98	85.86	53.10	56.60
Dividend	77.28	70.23	49.44	24.17	18.71
Retained Earnings	47.08	84.93	41.18	24.93	41.90
Networth	855.61	813.49	780.97	347.60	326.68

K. Dhandapani & Co. Ltd.



NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held at Kasturi Srinivasan Hall (Music Academy) 306, T T K Road, Chennai 600 014, on Thursday, the 11th September, 1997 at 4.00 p m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with the report of the Board of Directors' and Auditors' thereon,
2. To declare Dividend,
3. To appoint a Director in the place of Shri. T N Desikan who retires by rotation and being eligible, offers himself for re-appointment,
4. To appoint a Director in the place of Shri. T M Gopalaswamy who retires by rotation and being eligible, offers himself for re-appointment,
5. To appoint a Director in the place of Shri. B G Rudrappa who retires by rotation and being eligible, offers himself for re-appointment,
6. To appoint Statutory Auditors and fix their remuneration. The retiring Auditors, M/s. P. B. Vijayaraghavan & Co., Chartered Accountants, Chennai, are eligible for re-appointment.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Company shall hive off the manufacturing operations relating to the capacitor division by leasing out the manufacturing facility to M/s. Dhandapani Power Distribution Pvt. Ltd. a group company to enable the company to reduce the cost of manufacturing and avail benefits of priority sector and avail concessional excise duty etc. by the lessee company by entering into a suitable memorandum of understanding with the lessee company to exclusively use the facility for manufacturing the capacitors under the Company's brand name and to be exclusively marketed by the Company.

"RESOLVED FURTHER that the Managing Director Shri. T N Kothandapani and the Joint Managing Director Shri. T N Sridharan be and are hereby authorised jointly and severally to enter into an Memorandum of Understanding with the lessee company on such terms and conditions and to do such acts and deeds and to sign such papers and documents as may be necessary to lease the capacitor manufacturing facility of the Company to the utmost benefit of the Company"

REGISTERED OFFICE:

141 LINGHI CHETTY STREET
CHENNAI 600 001
DATE: 30th JUNE, 1997

By Order Of the Board

T P SRIDHAR
COMPANY SECRETARY CUM
DY. GENERAL MANAGER(ADMN)



K. Dhandapani & Co. Ltd.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxies, in order to be valid, must be received at the Administrative Office of the Company, at C-20 Industrial Estate, Guindy, Chennai - 600 032 not less than 48 hours before the commencement of the meeting.
2. Please bring the admission slip duly filled in and hand it over at the entrance of the meeting hall.
3. Dividend when declared, will be paid to those members whose name appear in the Register of Members on 11th September, 1997.
4. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
5. The Register of members and share transfer books of the Company will remain closed from 4th September, 1997 to 11th September, 1997 (Both days inclusive)
6. Consequent to the Finance Act, 1997 the share holders are hereby informed that dividend, if approved, at the meeting will be paid without deduction of tax at source, hence Form 15 G of the Income Tax Act, 1961 is no longer required to be submitted to the Company.
7. Members are requested to immediately notify any change of address for the purpose of posting dividend warrants to the Company, at its Administrative Office at C-20 Industrial Estate, Guindy, Chennai - 600 032 quoting their folio number.
8. Members are requested to quote their Folio Numbers in all their correspondence.
9. Shareholders are requested to bring their copy of the Annual Report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO: 7

During the year 1996-97 the Capacitor Division has incurred a loss of Rs.46.02 lakhs. To ensure that this division is turned around and does not contribute to any further loss to the Company, it is proposed further to hive off these operations.

In view of the competitive pressures the Company has to manufacture the capacitors with least cost inputs and has to avail certain priority sector benefits under Customs and Excise Laws which could only enable the Company to sustain competition. It has, therefore, thought fit to lease out the manufacturing facility to a group company which a SSI status viz. M/s. Dhandapani Power Distribution Pvt. Ltd. to carry out the manufacture. However, the Company would have exclusive rights to market these products in its own name. The company would largely benefit on account of the arrangement, hence the resolution in Item No.7 is proposed for your consideration.

Memorandum of Interest:

Sarvashri T.N. Desikan, T.N. Gopalan, T.N. Kishore, T.N. Kothandapani, T.N. Sridharan, T.N. Soundararajan and Kumar K. Swamy are interested in the Resolution as Directors of the lessee company.

REGISTERED OFFICE:

141 LINGHI CHETTY STREET
CHENNAI 600 001
DATE: 30th JUNE, 1997

By Order of the Board

T P SRIDHAR
COMPANY SECRETARY CUM
DY. GENERAL MANAGER(ADMN)

K. Dhandapani & Co. Ltd.**DIRECTORS' REPORT:**

Your Directors have pleasure in presenting to you the Seventeenth Annual Report together with the Audited Accounts for the financial year ended 31.3.1997.

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	YEAR ENDED 31/3/97	YEAR ENDED 31/3/96
GROSS INCOME	<u>4004.04</u>	<u>3704.26</u>
Profit Before Interest & Depreciation	<u>358.36</u>	<u>336.02</u>
Less : Interest	138.66	120.94
Depreciation	<u>51.41</u>	<u>38.10</u>
	<u>190.07</u>	<u>159.04</u>
Profit Before Tax	<u>168.29</u>	<u>176.98</u>
LESS: Provision for Tax	<u>29.00</u>	<u>21.00</u>
Profit After Tax	<u>139.29</u>	<u>155.98</u>
ADD : Balance brought forward from the previous year	9.93	11.18
Transfer from Export Reserve	<u>0.37</u>	<u>—</u>
Profit available for appropriation	<u>149.59</u>	<u>167.16</u>
LESS : Prior period adjustment for Taxation & Depreciation	<u>25.23</u>	<u>12.00</u>
Transfer to General Reserve	<u>40.00</u>	<u>75.00</u>
	<u>84.36</u>	<u>80.16</u>
LESS : Dividend on Equity Shares (Including Dividend Tax)	<u>77.28</u>	<u>70.23</u>
Balance transferred to Balance Sheet	<u>7.08</u>	<u>9.93</u>

2. DIVIDEND:

Your Directors recommend a Dividend of 20 percent on the equity share capital of the Company absorbing an amount of Rs.77.28 lakhs (Including Dividend Tax) . No tax will be deducted on the dividend as per the Finance Act, 1997.



K. Dhandapani & Co. Ltd.

3. REVIEW OF OPERATIONS:

The Company's Gross Income during the year under review has increased from Rs.3,704.26 lacs to Rs.4,004.04 lacs marking an increase of over 8% . The Company's profit after tax during the year under review is Rs.139.29 lacs.

Analysing the divisionwise performance, the following facts emerge:

A) Trading Division:

The performance of the trading division has been on the whole, satisfactory. The margins continue to be under pressure because of the competitive market conditions and higher interest costs have been incurred due to longer realisation periods because of the liquidity crunch in the market.

B) Switch Board Division:

The performance of the switch board division has been consistent, with a 23% increase in sales. There has been a steady increase in the cost of raw materials input which could not be passed on to the customer due to severe competition hence even with increased volumes the profits have more or less remained constant.

C) Instrument Transformer Division:

Though some progress has been made in the Instrument Transformer Division, anticipated growth volumes have not come about and we expect a turn-around in 1997 - 98. The Instrument Transformer Division will also get its ISO Certification during 1997 - 98 which will result in increasing the sales in both domestic and international markets.

D) Capacitor Division:

There has been an increase in sales volumes by nearly 35% but still the volume of production is far below the breakeven point. The product has also gained increased acceptance from various sections of the industry, but much more sales efforts are required to penetrate the market and the required volumes could be achieved during 1997 - 98. The Company is also proposing to add Film Plus Fo range of Capacitors besides the regular MPP Capacitors and the right product mix should increase the sales volumes which will enable the unit to turn-around. The Board is also considering to lease out the capacitor manufacturing facility to a separate company to be more competitive and to avail priority sector advantages.

4. DIRECTORS:

Sarvashree T N Desikan, T M Gopalaswamy and B G Rudrappa retire by rotation and being eligible offer themselves for re-election.

5. SHARE CAPITAL:

Increase in paid up capital from Rs.351.12 lacs to 351.17 lacs is on account of receipt of calls in arrears during the year.

K. Dhandapani & Co. Ltd.



6. AUDITORS:

M/s.P B Vijayaraghavan & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. A certificate under section 224(1B) of the Companies Act, 1956 has been received from them.

7. STATUTORY STATEMENT:

- a) Statement pursuant to Section 212(1) of the Companies Act, 1956, in respect of the subsidiary company is annexed.
- b) The prescribed details as required under Section 217 (1)(e) of the Companies Act, 1956 read with Company's (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are set out in the annexure and forms part of this report.
- c) Particulars of employees pursuant of Section 217 (2A) of the Companies Act, 1956, does not arise since none of the employees were in receipt of remuneration of Rs.25,000/- per month or Rs.3,00,000/- per annum or more during the year.

8. ACKNOWLEDGMENTS:

Your Directors wish to express their sincere thanks to the Company's Bankers, M/s.State Bank of India, Commercial Branch, Chennai for their excellent support and assistance in the furtherance of the Business.

Your Directors sincerely appreciate the whole-hearted effort and co-operation rendered by the employees at all levels.

By order of the Board

Place:Chennai
Date:30th JUNE, 1997

T N DESIKAN
CHAIRMAN



K. Dhandapani & Co. Ltd.

ANNEXURE TO DIRECTORS' REPORT:

Statement containing particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report under Section 217 (1)(e) of the Companies Act, 1956.

1. CONSERVATION OF ENERGY :

During the period under review, the manufacturing divisions consumed 169433 electrical units.

2. TECHNOLOGY ABSORPTION :

There being no import of technical knowhow the question of technology absorption during the year does not arise.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company has not earned any Foreign Exchange during the year (Previous year NIL) There was no outgo of Foreign Exchange during the year. (Previous year Rs. 46.41 lakhs)



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