

19th ANNUAL REPORT

31st March 1999



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K.Dhandapani & Co. Ltd.

The Corporate Office of the Company
has been shifted to

**Door No. 26, 4th Cross,
Narasimha Raja Road,
Karnataka**

Phone : 080 - 2222825 / 2211286

Shareholders are requested to send all
their correspondence to
the above address

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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 Director
 Shri. T.N. Sridharan
Joint Managing Director
 Shri. T.N. Soundararajan
 Shri. Kumar K. Swamy

COMPANY SECRETARY

Shri. T.P. Sridhar

REGISTERED OFFICE

141, Linghi Chetty Street,
 Chennai - 600 001.

CORPORATE OFFICE

26, 4th Cross, N.R. Road,
 Bangalore - 560 002.

BANKERS

State Bank of India
 Commercial Branch, Chennai - 600 001.

BRANCHES

<input type="checkbox"/> Chennai	<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"/> Quilon

MANUFACTURING & ENGINEERING DIVISION

1. Plot No. 21, 22 & 25,
 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.

AUDITORS

M/s. P.B. Vijayaraghavan & Co.
 Chartered Accountants
 27, Cathedral Garden Road,
 Nungambakkam, Chennai - 600 034.

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K.Dhandapani & Co. Ltd.

FIVE YEARS AT A GLANCE

YEAR ENDED	1999	1998	1997	1996	1995
ASSETS EMPLOYED		(Rupees in Lacs)			
Fixed Assets (Less Depreciation)	600.82	640.07	636.61	644.72	534.72
Investments	383.63	383.64	386.05	205.15	184.45
Net Current Assets	931.52	988.36	893.62	1076.92	741.06
Other Assets	19.47	22.61	35.75	40.93	33.91
	1935.44	2034.68	1952.03	1967.72	1494.14
FINANCED BY					
Equity Shares	351.17	351.17	351.17	351.12	351.11
Reserves	862.96	855.29	848.04	814.56	744.78
Loan Funds	721.31	828.22	752.82	802.04	398.25
	1935.44	2034.68	1952.03	1967.72	1494.14
PROFIT & APPROPRIATIONS					
Sales	3060.29	3417.40	4001.00	3754.54	3087.85
Gross Block	875.50	864.64	814.72	772.36	622.69
Depreciation	274.68	224.57	178.11	127.64	87.97
Net Block	600.82	640.07	636.61	644.72	534.72
Profit After Tax	55.89	60.08	139.29	155.98	85.86
Dividend	29.24	38.64	77.28	70.23	49.44
Retained Earnings	18.17	17.52	47.08	84.93	41.18
Networth	892.98	879.19	855.61	813.49	780.97

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Tuesday the 27th July, 1999 at Rani Seethai Hall, 603 Anna Salai, Chennai 600 006 at 10:30 am to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1999 and the Profit & Loss Account made upto that date along with the report of the Directors' and Auditor's thereon,
2. To Declare dividend,
3. To appoint a Director in the place of Shri. T N Kishore who retires by rotation and being eligible, offers himself for reappointment,
4. To appoint a Director in the place of Shri. T N Kothandapani who retires by rotation and being eligible, offers himself for reappointment,
5. To appoint a Director in the place of Shri. Kumar K Swamy who retires by rotation and being eligible, offers himself for reappointment,
6. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The retiring auditors M/s. P B Vijayaraghavan & Co Chartered Accountants offer themselves for reappointment.

SPECIAL BUSINESS :

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

7. "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof the Company hereby approves the re-appointment of Shri. T N Kothandapani as the Managing Director of the Company for a period of five years with effect from 1st July, 1999 and remuneration in accordance with Schedule XIII to the Companies Act, 1956 as amended or any further amendment thereto as may be made from time to time and on the terms and conditions agreed to between the Board of Directors of the Company and Shri. T N Kothandapani with liberty to the Board of Directors to alter, vary and revise the remuneration, terms and conditions of the said reappointment in such manner so as not to exceed the limits specified under the provisions of the Companies Act, 1956 and as may be agreed to between the Board of Directors of the Company and acceptable to Shri. T N Kothandapani."



K. Dhandapani & Co. Ltd.

8. "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof the Company hereby approves the re-appointment of Shri. T N Sridharan as the Joint Managing Director of the Company for a period of five years with effect from 1st July, 1999 and remuneration in accordance with Schedule XIII to the Companies Act, 1956 as amended or any further amendment thereto as may be made from time to time and on the terms and conditions agreed to between the Board of Directors of the Company and Shri. T N Sridharan with liberty to the Board of Directors to alter, vary and revise the remuneration, terms and conditions of the said reappointment in such manner so as not to exceed the limits specified under the provisions of the Companies Act, 1956 and as may be agreed to between the Board of Directors of the Company and acceptable to Shri. T N Sridharan."

9. "RESOLVED THAT the Company subject to the approval of the members at this Annual General Meeting disinvest its equity holdings in other bodies corporate viz., M/s. Dhandapani Finance Limited and M/s. Dhandapani Exports Limited to the extent as may be necessary and expedient to do so in a phased manner so as to improve the liquidity of the Company and to bring down its average cost of funds"

"RESOLVED FURTHER THAT the Company be and is hereby authorised to dispose off either by sale or otherwise of the investments in equity of M/s. Dhandapani Finance Limited and M/s. Dhandapani Exports Limited held by it in its name either by sale in the stock market or otherwise at such prices and on such terms and conditions without prejudice to the Company's interest and in such manner as may be beneficial to the Company as the Board of Directors may think fit and decide from time to time."

"RESOLVED FURTHER THAT the Managing Director Shri. T N Kothandapani and the Joint Managing Director Shri. T N Sridharan, be and are hereby authorised to decide the security to be disposed off, work out the modalities, terms and conditions on which the securities held by the Company to be disposed off and to execute such documents and to do such acts and deeds and to sign such number of transfer deeds as may be necessary to dispose off the securities held by the Company."

"RESOLVED FURTHER THAT the certified true copy of the above resolution be forwarded to the concerned."

Registered Office :
141, Linghi Chetty Street,
Chennai - 600 001.

By Order of the Board
T.P. Sridhar
Company Secretary cum
Dy. GM (Admin.)

Date : 27th May, 1999

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 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 CORPORATE OFFICE OF THE COMPANY AT DOOR NO.26, 4TH CROSS, N R ROAD, BANGALORE 560 002, KARNATAKA NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. Please bring the admission slip duly filled in and hand it over at the entrance of the meeting hall.
4. Dividend if declared, will be paid to those members whose name appears in the register of members on 27th day of July, 1999.
5. The Register of Members and Share Transfer Books will remain closed from Tuesday the 20th day of July, 1999 to Tuesday the 27th day of July, 1999 (Both days inclusive).
6. Consequent to the Finance Act, 1997 the shareholders are hereby informed that dividend, if approved at this meeting will be paid without deduction of tax at source, hence form 15G 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 Dividend) to the Corporate Office of the Company at Door No.26, 4th Cross, N R Road, Bangalore 560 002 quoting their folio number for the purpose of posting Dividend Warrants.
8. Members are requested to quote their folio number 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:****Appointment of Managing Director.**

Shri. T N Kothandapani was appointed as the Managing Director of the Company to hold office for a period of five years from 1st July, 1994 to 30th June, 1999. The appointment was made at the Annual General Meeting held on 28th July, 1994. The terms of office comes to a close on the 30th day of June, 1999.

The Board of Directors at their meeting held on 27th May, 1999 reappointed Shri. T N Kothandapani as the Managing Director of the Company to hold office from 1st July, 1999 to 30th July, 2004, subject to the approval of the Members at this meeting. The terms and conditions are in accordance with the Companies Act, 1956 and Schedule XIII thereto.

The following are the terms and conditions of appointment :

- a) SALARY : Rs.15,000/- per month (Including DA)

IN THE EVENT OF LOSS OR INADEQUACY OF PROFITS IN ANY FINANCIAL YEAR THERE WILL BE A CUT OF 10 % (TEN PERCENT) IN THE AFORESAID SALARY.

PERQUISITES**CATEGORY : A****(1) Housing : I**

The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling :

Sixty percent of the salary, over and above ten percent payable by the Managing Director.

**Housing : II**

In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing : III

In case no accommodation is provided by the Company the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I

(2) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

(3) Leave Travel Concession :

For self and family once in a year in accordance with the rules of the Company.

(4) Club Fees :

Fees of club to a maximum of two clubs. This will not include admission and life membership fees.

(5) Personal Accident Insurance :

Of an amount the annual premium of which does not exceed Rs.4,000/-

CATEGORY : B**(1) Provident Fund :**

Company's contribution towards Provident Fund as per the rules of the Company but not to exceed the prescribed percentage as laid down under the Income Tax Act, 1961.

(2) Pension/Superannuation Fund :

Company's contribution towards pension/superannuation fund as per the rules of the Company but it shall not exceed the prescribed percentage as laid down under the Income Tax Act, 1961.

(3) Gratuity :

As per the rules of the Company but not exceeding half month's salary for every completed year of service.

CATEGORY : C**(1) Car and Telephone :**

The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of a car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Managing Director.

(2) Leave :

On full pay and allowances as per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed.

Members approval is sought to enable the Board of Directors to alter, vary and revise the remuneration and other terms and conditions of the re-appointment of the Managing Director within the limits laid down under the relevant provisions of the Companies Act, 1956

MEMORANDUM OF INTEREST :

Shri. T N Kothandapani by himself and Shri. T N Desikan, Shri T N Gopalan, Shri. T N Kishore, Shri. T N Sridharan, Shri. T N Soundararajan and Shri. Kumar K Swamy are deemed to be interested in the resolution. None of the other directors are interested in the resolution.

ITEM No.8 :**Appointment of Joint Managing Director :**

Shri. T N Sridharan was appointed as the Joint Managing Director of the Company to hold office for a period of five years from 1st July, 1994 to 30th June, 1999. The appointment was made at the Annual General Meeting held on 28th July, 1994. The terms of office comes to a close on the 30th June, 1999.

The Board of Directors at their meeting held on 27th May, 1999 appointed Shri. T N Sridharan as the Joint Managing Director of the Company to hold office from 1st July, 1999 to 30th July, 2004, subject to the approval of the Members at this meeting. The terms and conditions are in accordance with the Companies Act, 1956 and Schedule XIII thereto.

a) SALARY : Rs.15,000/- per moth (Including DA)

**IN THE EVENT OF LOSS OR INADEQUACY OF PROFITS IN ANY FINANCIAL YEAR
THERE WILL BE A CUT OF 10 % (TEN PERCENT) IN THE AFORESAID SALARY.**

PERQUISITES**CATEGORY : A****(1) Housing I :**

The expenditure by the Company on hiring furnished accommodation for the Joint Managing Director will be subject to the following ceiling :

Sixty percent of the salary, over and above ten percent payable by the Joint Managing Director.

Housing : II

In case the accommodation is owned by the Company, ten percent of the salary of the Joint Managing Director shall be deducted by the Company.

Housing : III

In case no accommodation is provided by the Company the Joint Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I

(2) Medical Reimbursement :

Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

(3) Leave Travel Concession :

For self and family once in a year in accordance with the rules of the Company.

(4) Club Fees :

Fees of club to a maximum of two clubs. This will not include admission and life membership fees.

(5) Personal Accident Insurance :

Of an amount the annual premium of which does not exceed Rs.4,000/-



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K.Dhandapani & Co. Ltd.
CATEGORY : B
(1) Provident Fund :

Company's contribution towards Provident Fund as per the rules of the Company but not to exceed the prescribed percentage as laid down under the Income Tax Act, 1961.

(2) Pension/Superannuation Fund :

Company's contribution towards pension/superannuation fund as per the rules of the Company but it shall not exceed the prescribed percentage as laid down under the Income Tax Act, 1961.

(3) Gratuity :

As per the rules of the Company but not exceeding half month's salary for every completed year of service.

CATEGORY : C
(1) Car and Telephone :

The Company shall provide a car with driver and telephone facility at the residence of the Joint Managing Director. Provision of a car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Joint Managing Director.

(2) Leave :

On full pay and allowances as per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed.

Members approval is sought to enable the Board of Directors to alter, vary and revise the remuneration and other terms and conditions of the re-appointment of the Managing Director within the limits laid down under the relevant provisions of the Companies Act, 1956

MEMORANDUM OF INTEREST :

Shri. T N Sridharan by himself and Shri. T N Desikan, Shri T N Gopalan, Shri. T N Kishore, Shri. T N Kothandapani, Shri. T N Soundararajan and Shri. Kumar K Swamy are deemed to be interested in the resolution. None of the other directors are interested in the resolution.

ITEM No.9 :
Disinvestment :

The share holders may be aware that the Company has made substantial investments in its group companies like "M/s. Dhandapani Finance Limited" and "M/s. Dhandapani Exports Limited" which are not related to the core activities of the Company. Though these investments have been yielding the desired income, the Board feels that the investments will have to be disposed off to augment cost free funds for working capital for its core business and in turn reduce dependence on the bank borrowings. This will reduce the interest burden and improve profitability. The board at its meeting held on the 28th January, 1999 has decided to disinvest the investments of the equity shares held by its group companies subject to approval of the members at this Annual General Meeting and such disinvestment will also enable the company to concentrate in its core activities. Hence the resolution under item No. 9 is proposed for your consideration.