

21st ANNUAL REPORT

31st March 2001



SINCE 1949

K. Dhandapani & Co. Ltd.

The Corporate Office of the Company
is situated at

**Door No.26, 4th Cross,
Narasimha Raja Road,
Bangalore - 560 002.
Karnataka**

Phone: 080-2222825/2211286

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

K.Dhandapani & Co. Ltd.**BOARD OF DIRECTORS**

Shri.T.N.Desikan

Chairman

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

REGISTERED OFFICE291, Linghi Chetty Street
Chennai 600 001**CORPORATE OFFICE**26, IVth 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"/> Calcutta |
| <input type="checkbox"/> Coimbatore | <input type="checkbox"/> Calicut |
| <input type="checkbox"/> Bangalore | <input type="checkbox"/> Cochin |
| <input type="checkbox"/> Secunderabad | <input type="checkbox"/> Quilon |

MANUFACTURING & ENGINEERING DIVISION

- Plot No.21,22,& 25
SIDCO Industrial Estate
Thirumazhisai
Sriperumbadur Taluk
Near Chennai.
- C20 & C31 Industrial Estate
Guindy, Chennai-600 032.
- Plot No.515, 4th Phase,
Peenya Industrial Area,
Bangalore-560 058.

AUDITORSM/s.P.B.Vijayaraghavan & Co.,
Chartered Accountants
27, Cathedral Garden Road
Nungambakkam
Chennai 600 034.**CONTENTS**

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K.Dhandapani & Co. Ltd.**FIVE YEARS AT A GLANCE**

YEAR ENDED	2001	2000	1999	1998	1997
ASSETS EMPLOYED					
Fixed Assets (Less Depreciation)	524.33	555.00	600.82	640.07	636.61
Investments	293.21	293.21	383.63	383.64	386.05
Net Current Assets	1273.19	1070.71	931.52	988.36	893.62
Other Assets	0.38	15.57	19.47	22.61	35.75
	2091.11	1934.49	1935.44	2034.68	1952.03
FINANCED BY					
Equity Shares	351.17	351.17	351.17	351.17	351.17
Reserves	804.89	869.90	862.96	855.29	848.04
Loans Funds	935.05	713.42	721.31	828.22	752.82
	2091.11	1934.49	1935.44	2034.68	1952.03
PROFIT & APPROPRIATIONS					
Sales and Other Income	3112.59	3073.08	3060.29	3417.40	4001.00
Gross Block	879.51	876.31	875.50	864.64	814.72
Depreciation	355.18	321.31	274.68	224.57	178.11
Net Block	524.33	555.00	600.82	640.07	636.61
Profit after Tax	(47.20)	38.96	55.89	60.08	139.29
Dividend	0.00	29.24	29.24	38.64	77.28
Retained Earnings	0.00	27.89	18.17	17.52	47.08
Networth	859.40	905.45	892.98	879.19	855.61



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K.Dhandapani & Co. Ltd.**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty First Annual General Meeting of the Company will be held on Thursday the 19th July, 2001 at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 at 3.00 PM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2001 and the Profit & Loss Account made upto that date along with the report of the Directors' and Auditor's thereon,
2. To appoint a Director in the place of Shri.T.N.Gopalan who retires by rotation and being eligible offers himself for reappointment,
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.Kumar K.Swamy who retires by rotation and being eligible offers himself for reappointment.
5. 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.PB Vijayaraghavan & Co., Chartered Accountants, being eligible offers themselves for reappointment.

SPECIAL BUSINESS:**Item No. 6**

To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

"RESOLVED that pursuant to the provisions of Section 372A and other applicable provisions, if any of The Companies Act, 1956 Consent of the Company be and is hereby accorded to the Board of Directors of the Company to the giving of any guarantee and/or to provide any security to the Banks / Financial Institutions in connection with the loans made and / or to be made to the Bodies Corporate subject however to the condition that the total amount of such guarantees already given and to be given and / or securities to be provided to such Banks / Financial Institutions does not exceed Rs.60.00 Crores (Rupees sixty crores only) on such terms and conditions as to repayment thereof to the said Banks / Financial Institutions and interest thereon.

REGISTERED OFFICE:

No.291, Linghi Chetty Street
Chennai 600 001

By Order of the Board

T.N.KOTHANDAPANI
Managing Director

Date: 7th June 2001

K.Dhandapani & Co. Ltd.**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. Please bring the admission slip duly filled in and hand it over at the entrance of the meeting hall.
3. The Register of Members and Share Transfer Books will remain closed from Wednesday the 18th July 2001 to Thursday the 19th July, 2001 (both dates inclusive).
4. Members are requested to immediately notify any change of address 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 Correspondence.
5. Members are requested to quote their Folio number in all their correspondence.
6. Shareholders are requested to bring their copy of the Annual Report to the meeting.
7. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

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

ITEM NO. 7

In the course of the business of the Company, it becomes necessary for the Board of Directors from time to time to make loans and / or to give guarantees or provide any security in connection with loans made by any Banks / Financial Institutions to the Bodies Corporate.

The Company has given guarantees to the extent of Rs.10.00 crores to State Bank of India, Commercial Branch, Chennai - 600 001 in respect of loan made to M/s.Dhandapani Finance Ltd. during the year 2000-2001 based on the Resolutions passed by the Board of Directors of your Company.

In order to ratify the action taken by the Board in this regard and also in include any future gurarantee/s and/or to provide any security to be given in respect of loans to be made by Banks / Financial Institutions to M/s Dhandapani Finance Ltd., M/s Dhandapani Exports Ltd and other associate Bodies Corporate, consent of the members is necessary in terms of Sec 372A and other applicable provisions, if any, of The Companies Act 1956 by means of passing Special Resolution in the manner as set out under 'Special Business' vide Item No.7 whenever the Board of Directors of your Company feel it appropriate to do so. Hence the Business.



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K.Dhandapani & Co. Ltd.**DIRECTOR'S REPORT:**

Your Directors present to you the Twenty First Annual Report with the Audited accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31.03.2001	Year ended 31.03.2000
GROSS INCOME	<u>3113.47</u>	<u>3073.08</u>
Profit Before Interest & Depreciation	105.96	211.11
LESS: Interest	119.33	125.33
Depreciation	<u>33.81</u>	<u>46.82</u>
	<u>153.14</u>	<u>172.15</u>
PROFIT BEFORE TAX	(47.20)	38.96
LESS: Provision for Taxation	—	—
PROFIT AFTER TAX	<u>(47.20)</u>	<u>38.96</u>
ADD: Balance brought forward from the previous year	<u>27.89</u>	<u>18.17</u>
PROFIT AVAILABLE FOR APPROPRIATION	(19.31)	57.13
LESS: Prior period adjustment for Taxation	—	—
Transfer to General Reserve	<u>(19.31)</u>	<u>57.13</u>
LESS Interim Dividend on Equity Share Capital	—	29.24
Balance transferred to Balance Sheet	<u>(19.31)</u>	<u>27.89</u>

2. DIVIDEND:

Due to difficult market conditions and shrinking margins, and considering the performance of the company for the year under review, no dividend is being recommended by the Board.

3. REVIEW OF OPERATIONS

Gross income has increased very marginally to Rs.3113.47 lacs from Rs.3073.08 lacs. Continued pressure on margins, sustained recessionary factors in the Industrial segment, has resulted in the first ever operating losses frosted by your Company. During the period other income was also lower due to non-receipt of Dividend income from Investments. The loss for the period ended 31.03.2001 will be Rs.47.20 lacs.

a. TRADING DIVISION

The sales have dropped from 2508.09 lakhs to 2471.73 lakhs. Payment recovery from industries & customers are very unhealthy forcing us to be prudent in our exposure. To augment on sales volume and better fund flow, retail showrooms are being opened in Bangalore, Cochin and Chennai during the year 2001-02.

b. MANUFACTURING DIVISION

The sales increased from Rs.361.25 lacs to Rs.474.87 lakhs. Situation continues to be grim both in the inflow of orders and the price realizations. We are contemplating to substantially reduce the fixed costs, by optimising all resources, and should result in reduced overheads in the coming year.

Further for better synergy and increased volumes, Capacitor business will also be additionally taken up from the year 2001-02.

4. DIRECTORS:

Sarvashree T.N. GOPALAN, T.N. KISHORE and KUMAR K. SWAMY retire by rotation at this meeting and being eligible, offer themselves for reappointment.

5. AUDITORS:

M/s.P.B.Vijayaraghavan & Co., Chartered Accountants, the Statutory 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, 1946 has been received from them.

6. 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 Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are set out in the annexure and forms part of this report.
- c) Particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, does not arise since, none of the employees were in receipt of remuneration of Rs.50,000/- per month or Rs.6,00,000/- per annum or more during the year.

7. ACKNOWLEDGEMENTS:

Your Directors wish to express their sincere thanks to the Company's Bankers State Bank of India, Commercial Branch, 232, NSC Bose Road, Chennai 600 001, 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.

REGISTERED OFFICE:
No.291, Linghi Chetty Street
Chennai 600 001

By Order of the Board
T.N.DESIKAN
Chairman

Date: 7th June 2001.



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K.Dhandapani & Co. Ltd.**ANNEXURE TO DIRECTORS REPORT:**

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

1. CONSERVATION OF ENERGY:

During the period under review, the manufacturing division consumed 1,63,585 units of Electrical Energy (Previous year 168245 Units)

2. TECHNOLOGY ABSORPTION:

There being no import of technical know-how, 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 Rs.NIL). The outgo of Foreign Exchange during the year NIL (Previous year Rs.9.48 lakhs).



AUDITORS' REPORT**TO THE SHAREHOLDERS OF M/S. K. DHANDAPANI & CO.LTD**

We have audited the attached Balance Sheet of M/s. K. Dhandapani & Co.Ltd as at 31st March, 2001 and the Profit and Loss Account for the Year Ended on that date annexed and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above.
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
 - (c) In our opinion the Profit & Loss A/c and Balance Sheet comply with Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 subject to provision for gratuity liability on actual basis which is not in accordance with Accounting Standard-15 on "Treatment of Retirement benefits", the effect of which on the financial statements, in the absence of actuarial valuation, is not quantifiable.
 - (d) The Company's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of accounts.
 - (e) On the basis of written representation from the directors, taken on record by the Board of Directors, none of the Directors are disqualified as on 31.03.2001 from being appointed as a Director U/s.274(1)(g) of Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon subject to provision for liability towards gratuity being made on actual basis and not on actuarial basis as required by Accounting Standard-15 the effect of which on the financial statements, is not quantifiable, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) In the case of Balance Sheet, of the state of the Company's affairs as at 31st March, 2001.
 - (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for **P.B. VIJAYARAGHAVAN & CO.**
Chartered Accountant

P.B. SANTHANAKRISHNAN
Partner

Place : Chennai
Date : 7th June 2001