

# **22nd ANNUAL REPORT**

31st March 2002



**SINCE 1949**



The Corporate Office of the Company  
is situated at

**No. 14, Ramakrishna Street,  
T.Nagar,  
Chennai-600 017.**

**Phone : 8142706 / 8141778**

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

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**K.Dhandapani & Co. Ltd.**

### BOARD OF DIRECTORS

T.N. Desikan

**Chairman**

T.N. Gopalan

B.G. Rudrappa

T.N. Kishore

T.N. Kothandapani

**Managing Director**

T.N. Sridharan

**Joint Managing Director**

T.N. Soundararajan

Kumar K.Swamy

S. Nagalakshmi

**Company Secretary**

### REGISTERED OFFICE

(Old No. 141),  
291, Linghi Chetty Street,  
Chennai-600 001.

### CORPORATE OFFICE

14, Ramakrishna Street,  
T.Nagar,  
Chennai-600 017.

### 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 |                                   |

### MANUFACTURING & ENGINEERING DIVISION

- Plot No. 21,22 & 25  
SIDCO Industrial Estate  
Thirumazhisai  
Sriperumbadur Taluk  
Near Chennai.
- C20 & C31 Industrial Estate  
Guindy, Chennai-600 032.
- 26-D, Veerasandha Industrial Area  
Anekal Taluk,  
Bangalore - 561 229.

### 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	2002	2001	2000	1999	1998
<b>ASSETS EMPLOYED</b>					
Fixed Assets	<b>516.98</b>	524.33	555.00	600.82	640.07
(Less Depreciation)					
Investments	<b>293.21</b>	293.21	293.21	383.63	383.64
Net Current Assets	<b>1295.19</b>	1273.19	1070.71	931.52	988.36
Other Assets	<b>0.25</b>	0.38	15.57	19.47	22.61
	<b>2105.63</b>	2091.11	1934.49	1935.44	2034.68
<b>FINANCED BY</b>					
Equity Shares	<b>351.17</b>	351.17	351.17	351.17	351.17
Reserves	<b>824.84</b>	804.89	869.90	862.96	855.29
Loan Funds	<b>929.62</b>	935.05	713.42	721.31	828.22
	<b>2105.63</b>	2091.11	1934.49	1935.44	2034.68
<b>PROFIT &amp; APPROPRIATIONS</b>					
Sales & Other Income	<b>2285.33</b>	3112.59	3073.08	3060.29	3417.40
Gross Block	<b>887.88</b>	879.51	876.31	875.50	864.64
Depreciation	<b>370.90</b>	355.18	321.31	274.68	224.57
Net Block	<b>516.98</b>	524.33	555.00	600.82	640.07
Profit After Tax	<b>22.38</b>	(47.18)	38.96	55.89	60.08
Dividend	-	-	29.24	29.24	38.64
Retained Earnings	<b>22.38</b>	-	27.89	18.17	17.52
Net Worth	<b>881.91</b>	859.40	905.45	892.98	879.19



**K.Dhandapani & Co. Ltd.**

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Thursday, the 18th July, 2002 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, 2002 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. Desikan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri B.G. Rudrappa who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Shri T.N. Soundararajan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and fix their remuneration. The retiring Auditors M/ s. P.B Vijayaraghavan & Co., Chartered Accountants, Chennai are eligible for reappointment.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

**RESOLVED THAT** pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, the Company hereby approves the commencement and execution of the business and activities covered by sub clause 4 of Clause III C mentioned in the other objects of the Memorandum of Association of the Company.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

**RESOLVED THAT** pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, the Articles of Association of the Company be and are hereby amended as follows.

- A. After sub -clause (o) of Article 1, the following sub-clauses shall be inserted:
  - (p) "Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof.
  - (q) "Beneficial Owner" shall mean the Beneficial Owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.
  - (r) "Depository" shall mean a depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- B. Addition of sub-clause (a) to Clause 7 :  
Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its Shares, Debentures and other securities pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other securities for subscription in a dematerialised form. The



**K. Dhandapani & Co. Ltd.**

- Company shall further be entitled to maintain a register of members holding shares in dematerialised form in any media as permitted by Law including any form of Electronic Media.
- C. Addition of Article 13A after the existing Article 13 :
- Subject to the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 and other applicable provisions, if any, the Company may purchase its own shares or other specified securities.
- D. Addition of sub- clause (a) to clause 17:
- Notwithstanding anything contained in the Articles of Association in the case of transfer of shares and other marketable securities, where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
- E. Addition of sub -clause (a) to Clause 21:
- Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the register of members as the holder of any shares and whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by Law required) be bound to recognise any benami trust or Equity or Equitable, Contingent, Future or partial Interest, Lien, Pledge (except only as by these presents otherwise provided for) or other claim or to interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.
- F. Addition of sub-clause (f) to Clause 36 :
- Subject to the provisions of Section 192A of the Companies Act, 1956 and other applicable provisions, if any and in accordance to the amendments made thereto from time to time, the Company shall pass all such resolutions as may be notified by Central Government, only by Postal Ballot, instead of transacting the business in the General Meeting of the Company.
- G. Amendment of sub-clause (iii) of Clause 44 :
- If a person is a Director of more than the specified number of Companies, as per the provisions of Section 275 of the Companies Act, 1956.

By Order of the Board

**S. NAGALAKSHMI**  
Company Secretary

Place : Chennai  
Date : 06.06.2002





**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 DULY STAMPED, EXECUTED AND RECEIVED AT THE REGISTERED /CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Please bring the admission slip duly filled in and handover at the entrance of the meeting hall.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The register of members and share transfer books of the Company will remain closed from 10.07.2002 to 18.07.2002 (both days inclusive).
5. Members are requested to quote their Folio Numbers in all their correspondence.
6. The Company has entered into an agreement with M/s. National Securities Depository Limited and M/s. Central Depository Services (India) Limited and the ISIN Number allotted is INE386F01014. M/s. Cameo Corporate Services Limited, Chennai are the Registrar and Transfer Agents for this purpose.
7. Members are requested to immediately notify any change of address
  - i. To the Depository Participants (DPs) in respect of their electronic share accounts
  - ii. To the Corporate Office at No. 14, Ramakrishna Street, T.Nagar, Chennai-600 017 in respect of their physical share folios.
8. In case the mailing address mentioned on this Annual Report is without the pincode, members are requested to kindly inform their pincode immediately.
9. Shareholders are requested to bring their copies of the Annual Report to the meeting.
10. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to INDIVIDUALS holding shares in the Company. The nomination form 2B prescribed by the Government can be obtained from the Company.

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

### Item No. 6

With the object of augmenting the revenues of the Company, the Company is proposing to venture into real estate business. This will be beneficial to the Company as it helps to generate additional income to the Company.

As per the provisions of Section 149(2A) of the Companies Act, 1956, approval of the Shareholders in General Meeting is required for commencement of any business as set out under Clause III C, being the Other objects, of the Objects Clause of the Memorandum of Association. As this activity is in the interest of the Company, the Board recommends the resolution for approval.

### Memorandum of Interest

None of the Directors are in any way concerned or interested in the resolution.

### Item No. 7

Certain amendments in the Articles of Association have become necessary due to the amendments in the Companies Act, 1956. The above proposed amendments being statutory in nature, the Board recommends the resolution for approval.

### Memorandum of Interest

None of the Directors are in any way concerned or interested in the resolution.

Place : Chennai  
Date : 06.06.2002

By Order of the Board  
**S. NAGALAKSHMI**  
Company Secretary


**K. Dhandapani & Co. Ltd.**

## DIRECTORS' REPORT

### 1. FINANCIAL RESULTS

Your Directors have pleasure in presenting the Twenty Second Annual report together with the Audited Accounts for the year ended 31st March 2002.

	Year Ended 31/03/2002	Year Ended 31/03/2001
<b>GROSS INCOME</b>	<b>2285.32</b>	3113.47
Profit Before Interest & Depreciation	169.71	105.96
LESS: Interest	121.51	119.33
Depreciation	<u>25.82</u>	<u>33.81</u>
	<u>147.33</u>	<u>153.14</u>
<b>PROFIT BEFORE TAX</b>	<b>22.38</b>	(47.18)
LESS: Provision for Taxation	—	—
<b>PROFIT AFTER TAX</b>	<b>22.38</b>	(47.18)
ADD: Balance brought forward from the previous year	—	27.89
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>22.38</b>	(19.29)
LESS : Transferred to General Reserve	—	(19.29)
Balance transferred to Balance Sheet	<u>22.38</u>	<u>—</u>

### 2. DIVIDEND

In view of the difficult market conditions, the Board, with a view to conserving its resources is not recommending any Dividend for the year.

### 3. OPERATIONS

Gross income for the year 2001-2002 is Rs. 2285.32 Lakhs. Continued pressure on margins, sustained recessionary factors in the Industrial segment has resulted in the low operating profit posted by your Company.

#### a. TRADING DIVISION

The sales have dropped to Rs. 1874.78 Lakhs as against Rs. 2471.73 Lakhs in the previous year. Payment recovery from industries & customers have continued to be unhealthy forcing us to be prudent in our exposure. To augment sales volume and better fund flow, retail showrooms have been opened in Bangalore, Cochin and Chennai during the year 2001-02.

#### b. MANUFACTURING DIVISION

The sales decreased to Rs. 127.03 Lakhs as against Rs. 474.87 Lakhs in the previous year. 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.

#### c. CAPACITOR DIVISION :

During the year under review, your Capacitor Division has posted a good growth in turnover and profitability. The sales of capacitors during the year posted Rs. 125.93 Lakhs.





**K. Dhandapani & Co. Ltd.**

#### **4. DEPOSITS**

Public deposits as at the end of 31.03.2002 stands at Rs. 178.97 Lakhs as against Rs. 163.69 Lakhs in the previous year. There were no unclaimed/unrenewed deposits as at the year end.

#### **5. WORKING CAPITAL LIMITS**

During the year under review, your Company's working capital cash credit limit was reduced from Rs. 700.00 lakhs to Rs. 650.00 lakhs.

#### **FCNRB LOANS**

During the year, your Company availed Foreign Currency Non Resident Demand Loan amounting to Rs. 446.10 Lakhs within the overall working capital limits. The loan together with interest have been fully covered against exchange risks.

#### **6. FUTURE PROSPECTS :**

The economy is yet to show sign of recovery. Due to the poor growth experienced across all Industrial segments, your Company's growth is crippled. Your Company is making every effort to face the situation and action has been initiated to contain the effect of the slowdown. Your Company is also forging into other areas to beat the recession. Your Company's Capacitor Division has shown signs of an upward trend and the Company is confident that its home electricals would pay in the medium term.

#### **7. CORPORATE GOVERNANCE :**

Corporate Governance pertains to systems, by which Companies are directed and controlled, keeping in mind the long term interest of stake holders. As per SEBI's Schedule of Implementation, your Company has started the implementation and will fulfill both in letter and spirit by the end of March 2003.

#### **8. DIRECTORS :**

Shri. T.N. Desikan, Shri B.G. Rudrappa and Shri T.N. Soundararajan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

None of the Directors of your Company are disqualified to hold directorships under the provisions of the Companies Act, 1956 including section 274(1)(g) of the Companies Amendment Act, 2000.

#### **9. DIRECTORS' RESPONSIBILITY STATEMENT :**

The Directors confirm that in the preparation of annual accounts for the year ended 31.03.2002.

1. The applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. The accounting policies framed in accordance with the statutory guidelines were consistently applied.
3. Reasonable and prudent judgment and estimates were made as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended 31.03.2002.
4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of law applicable to the Company and for preventing and detecting fraud and other irregularities by evolving an internal audit system.
5. The accounts have been prepared on a going concern basis.



**K. Dharmapani & Co. Ltd.**

#### 10. AUDITORS:

M/s. P.B. Vijayaraghavan & Co., Chartered Accountants, Chennai 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, 1956 has been received from them.

#### 11. STATUTORY STATEMENT:

- a) The Company's securities are listed with Madras and Mumbai Stock Exchanges and it has paid the respective annual listing fees up-to-date.
- b) Statement pursuant to Section 212 (3) of the Companies Act, 1956 in respect of the Subsidiary Company is annexed.
- c) The prescribed details as required under Section 217 (1) (c) 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.
- d) There are no employees drawing remuneration as provided in Section 217 (2A) of the Companies Act, 1956.

#### 12. ACKNOWLEDGEMENTS:

Your Directors wish to express their sincere thanks to the Company's Bankers, 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 the levels.

for and on behalf of the Board of Directors

Place : Chennai  
Date : 06.06.2002

**T.N. DESIKAN**  
CHAIRMAN

#### 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) (c) of the Companies Act, 1956.

##### 1. CONSERVATION OF ENERGY:

During the period under review the manufacturing division consumed 125756 units of Electrical Energy (Previous year 163585 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:

Foreign Exchange earnings NIL

Foreign Exchange outgo NIL