

23rd ANNUAL REPORT

31st March 2003



K. Dhandapani & Co. Ltd.

The Corporate Office of the Company
is situated at

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

Phone : 28142706 / 28141778

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



K. Dhandapani & Co. Pvt. Ltd.

BOARD OF DIRECTORS

T. N. Desikan

Chairman

T. N. Kothandapani

Managing Director

T. N. Sridharan

Joint Managing Director

B.G. Rudrappa

T. N. Soundararajan

S.R. Balasubramanian

Directors

S. Nagalakshmi

Company Secretary

MANUFACTURING & ENGINEERING DIVISION

1. Plot No. 21,22 & 25
SIDCO Industrial Estate
Thirumazhisai
Sriperumbadur Taluk
Near Chennai
2. C20 & C31 Industrial Estate
Guindy, Chennai - 600 032.
3. 26-D, Veerasandra Industrial Area
Anekal Taluk
Bangalore - 561 229.

AUDITORS

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

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

Chennai	Calcutta
Coimbatore	Cochin
Bangalore	Hosur
Secunderabad	

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

Rs. in lacs

YEAR ENDED	2003	2002	2001	2000	1999
ASSETS EMPLOYED:					
Fixed Assets [Less Depreciation]	503.00	516.98	524.33	555.00	600.82
Investments	288.88	293.21	293.21	293.21	383.63
Net Current Assets	1088.14	1295.19	1273.19	1070.71	931.52
Other Assets	0.13	0.25	0.38	15.57	19.47
	1880.15	2105.63	2091.11	1934.49	1935.44
FINANCED BY:					
Equity Shares	351.17	351.17	351.17	351.17	351.17
Reserves	606.96	824.84	804.89	869.90	862.96
Loan Funds	902.27	929.62	935.05	713.42	721.31
Deferred Tax Liability	19.75	-	-	-	-
	1880.15	2105.63	2091.11	1934.49	1935.44
PROFIT & APPROPRIATION:					
Sales	2157.63	2285.33	3112.59	3073.08	3060.29
Gross Block	813.95	887.88	879.51	876.31	875.50
Depreciation	310.95	370.90	355.18	321.31	274.68
Net Block	503.00	516.98	524.33	555.00	600.82
Profit/(Loss) After Tax	(177.92)	22.38	(47.18)	38.96	55.89
Dividend	-	-	-	29.24	29.24
Retained Earnings	-	22.38	-	27.89	18.17
Net Worth	666.70	881.91	859.40	905.45	892.98



K. Dhandapani & Co. Ltd.

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Thursday, 24th July 2003 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, 2003 and the Profit & Loss Account made upto that date along with the report of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Shri T N Soundararajan, Director, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri B G Rudrappa, Director, who retires by rotation and being eligible offers himself for reappointment.
4. 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:

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

RESOLVED THAT Shri S R Balasubramanian, who was appointed as Additional Director and in whose favour a notice has been received from a member proposing his reappointment, pursuant to Section 257 of the Companies Act, 1956 be and is hereby appointed as Director liable to retire by rotation.

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

RESOLVED THAT pursuant to Section 163(1) of the Companies Act, 1956, the Register of Members, Index of Members and all copies of certificates and documents required to be annexed thereto be kept at our Registrar and Share Transfer Agent M/s. Cameo Corporate Services Limited, No:1, Club House Road, Subramanian Building, Chennai – 600 002.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof for the time being in force) approval of the members be and is hereby accorded to the increase in remuneration, perquisites and benefits as are set out in the draft Agreement proposed to be entered into by the Company and Shri. T N Kothandapani, Managing Director and main terms of which are set out hereunder, which Draft Agreement is hereby approved, with the liberty and power to the Board of Directors (including its committee constituted for the purpose) to grant increments and to alter and vary from time to time the amount and type of perquisites to be provided to Shri. T N Kothandapani, Managing Director so as not to exceed the remuneration limits as specified in Schedule XIII of the Act or any amendments thereto:



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a. Salary:

Rs.20,000/- p.m (inclusive of House Rent Allowance) increased to Rs.35,000/- p.m (inclusive of house rent allowance) w.e.f. 01.04.2003 with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

b. Perquisites:

Shri.T N Kothandapani will be entitled to perquisites and allowances including reimbursement of expenses in respect of gas, electricity and water, furnishings and repairs, medical reimbursement and leave travel concession for self and his family, personal accident insurance and such other perquisites and allowances as may be decided by the Board of Directors.

c. Shri. T N Kothandapani shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified above:

- a. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income-Tax Act.
- b. Gratuity as per the rules of the Company
- c. Leave with full pay as per the Company's rules. Encashment of leave at the end of the tenure is permitted
- d. The Company shall provide a car and telephone at the residence of Shri. T N Kothandapani.

RESOLVED FURTHER that if in any financial year the Company has no profits or its profits are inadequate, Shri. T N Kothandapani shall be entitled to receive the same remuneration, perquisites and benefits as above subject to compliance with the applicable provisions of Schedule XIII of the Act, and other applicable approvals that may be necessary from time to time.

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

RESOLVED THAT pursuant to the provisions of Sections 198,269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act,1956 ("the Act")(including any statutory modifications or re-enactment thereof for the time being in force)approval of the members be and is hereby accorded to the increase in remuneration, perquisites and benefits as are set out in the draft Agreement proposed to be entered into by the Company and Shri. T N Sridharan, Joint Managing Director and main terms of which are set out hereunder, which Draft Agreement is hereby approved, with the liberty and power to the Board of Directors (including its committee constituted for the purpose)to grant increments and to alter and vary from time to time the amount and type of perquisites to be provided to Shri.T N Sridharan, Joint Managing Director so as not to exceed the remuneration limits as specified in Schedule XIII of the Act or any amendments thereto:

a. Salary:

Rs.20,000/- p.m (inclusive of House Rent Allowance) increased to Rs.35,000 /- p.m (inclusive of house rent allowance) w.e.f. 01.04.2003 with an authority to the Board to grant such further increases from time



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to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

b. Perquisites:

Shri. T N Sridharan will be entitled to perquisites and allowances including reimbursement of expenses in respect of gas, electricity and water, furnishings and repairs, medical reimbursement and leave travel concession for self and his family, personal accident insurance and such other perquisites and allowances as may be decided by the Board of Directors.

c. Shri. T N Sridharan shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified above:

- a. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income-Tax Act.
- b. Gratuity as per the rules of the Company
- c. Leave with full pay as per the Company's rules. Encashment of leave at the end of the tenure is permitted
- d. The Company shall provide a car and telephone at the residence of Shri. T N Sridharan.

RESOLVED FURTHER that if in any financial year the Company has no profits or its profits are inadequate, Shri. T N Sridharan shall be entitled to receive the same remuneration, perquisites and benefits as above subject to compliance with the applicable provisions of Schedule XIII of the Act, and other applicable approvals that may be necessary from time to time.

Place : Chennai
Date : 28.05.2003

By Order of the Board
S NAGALAKSHMI
Company Secretary

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 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 hand over 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 21.07.2003 to 24.07.2003 (both days inclusive).
5. Members are requested to quote their folio numbers in all their correspondence.



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6. Pursuant to the provisions of section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 1996 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrants, so far for the financial year ended 31st March 1996 or any subsequent financial years are requested to make their claims to the share department of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claims shall lie in respect of such amounts.
7. 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.
8. National Securities Depository Limited has decided that the simultaneous transfer cum demat scheme shall henceforth be applicable for shares upto 500(in number) only.
9. As required under the Listing Agreement, the particulars of directors who are proposed to be re-appointed are given in the Report on Corporate Governance.
10. In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform their pin code immediately, to update our mailing list.
11. Shareholders are requested to bring their copies of the Annual Report for the meeting.

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

Item No: 5

Shri S R Balasubramanian was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956 at the Board meeting held on 30.07.2002. He holds office till the conclusion of this Annual General Meeting. A notice has been received from a member under section 257 of the Companies Act, 1956 together with the requisite fees of Rs.500/- proposing Shri S R Balasubramanian for the appointment as Director. The Directors consider that his presence on the Board will be of great advantage and it is in the interest of the Company that he be appointed a Director of the Company. The Board recommends the resolution for approval.

Memorandum of Interest

None of the Directors except Shri S R Balasubramanian is interested in this resolution.

Item No: 6

The Share Transfers and other services related to the shares department was handled in house by your Company. Pursuant to the SEBI circular No: D&CC/FITTC/CIR-16/2002 dated 31st December, 2002 activities relating to the physical transfer of shares and the electronic transfer shall be handled either in house or delegated to the Share transfer agent. Your Company considered the alternatives and found it financially prudent to delegate the work to the share transfer agents.

Consequently, M/s. Cameo Corporate Services Limited was appointed as share transfer agents. Hence all the statutory books like Register of Members, Index of the members have to be kept at the their office. As per Section 163(1) of the Companies Act, 1956, this requires the approval of the shareholders.

The Board of Directors recommend this resolution for your approval.



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Memorandum of Interest:

None of the Directors are interested in this resolution.

Item No: 7

The Remuneration Committee of the Board, subject to the approval of the members at this meeting, have approved the increase in remuneration to Shri.T N Kothandapani, Managing Director in line with the provisions of Sections 198,269,309 and the ceilings laid down in Schedule XIII of the Companies Act,1956.

The terms and conditions have been spelt out in detail in the resolution No.7

The Board of Directors of your Company recommend the resolution for approval.

Memorandum of Interest

Shri.T N Kothandapani and Shri T N Sridharan for themselves and Shri. T N Desikan, Shri.T N Soundararajan as relatives will be deemed to be interested in the resolution.

None of the other directors are interested in the resolution.

This may also be treated as an abstract of the Memorandum of Interest of the Managing Director pursuant to Section 302 of the Companies Act,1956.

Item No: 8

The Remuneration Committee of the Board, subject to the approval of the members at this meeting, have approved the increase in remuneration to Shri.T N Sridharan, Joint Managing Director in line with the provisions of Sections 198,269,309 and the ceilings laid down in Schedule XIII of the Companies Act,1956.

The terms and conditions have been spelt out in detail in the resolution No.8

The Board of Directors of your Company recommend the resolution for approval.

Memorandum of Interest

Shri.T N Sridharan and Shri T N Kothandapani for themselves and Shri. T N Desikan, Shri.T N Soundararajan as relatives will be deemed to be interested in the resolution.

None of the other directors are interested in the resolution.

This may also be treated as an abstract of the Memorandum of Interest of the Joint Managing Director pursuant to Section 302 of the Companies Act,1956.

Place : Chennai

Date : 28.05.2003

By Order of the Board

S NAGALAKSHMI

Company Secretary



K. Dhandapani & Co. Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

Your Company has all along been a significant player in industrial products and has been dependent on industrial customers. With very little investment into power sector and paucity of expansion of existing industrial projects, the demand recession continues to linger as a stumbling block for growth. The private investment in the power sector has not happened as envisaged in post liberalization, globalisation and free import of product segments where your Company operates has triggered severe competition and pressure on margins. Your Company is repositioning its product segments and adding consumer electricals and retail products and push in business volumes and is confident of achieving 15% to 20% annualized growth in the future.

Industry developments

As already stated power sector has not witnessed inflow of investments from private players and even the entry of some MNCs has not materialized and the desired effect is not forthcoming. It is expected that a normal monsoon coupled with improved demand would augur well for the industry and trigger an economic recovery.

Operating & Financial performance

During the year under review, your Company has taken serious steps to provide for non-performing book debts by writing them off. Your Company has also conservatively provided for non-moving and obsolete stocks in the accounts to ensure the recovery path is cleared off past losses. Your Company has also made a detailed revaluation of its slow moving and other stocks to clean up its financial statements. Your Company on account of conservative accounting policies has incurred a loss of Rs.177.92 lakhs during the financial year and is confident to post a better performance in the ensuing years.

Business Outlook

As already stated, your Company is also entering the retail segments adding more product profiles to improve the volume of business. Your Company has scaled down its working capital to fall in line with lower volumes and making all round effort to cut cost to match the business performance.

Internal Audit and Compliance

The Company has an agency to carry out the internal audit and report on all operational parameters. The internal control procedures are in place. An audit committee is set up to report to the Board on a regular basis whose terms of reference include the following:

- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- b) To review compliance with internal control systems.
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- d) To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary.