

SEVENTH

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ANNUAL REPORT 1996-97



DHARANI FINANCE LIMITED





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BOARD OF DIRECTORS

Chairman	:	Dr. Palani G Periasamy M.A.,M.A.,Ph.D.(USA)
Vice Chairman	:	Mr. R Natarajan
Managing Director	:	Mr. K Kandasamy B.A.,B.L.,M.B.A.,
Directors	:	Mr. R K Viswanathan B.A. Justice (Retd) S Sivasubramaniam Dr. Ram Mohan Rao, M.E., Ph.D. Mrs. Visalakshi Periasamy
Company Secretary	:	Mr. N Subramanian
Auditors	:	M/s. K Ramkrish & Co., 9 A Bagavantham Street, T Nagar Chennai 600 017
Bankers	:	Indian Bank, Chennai - 600 001
Registered Office	:	No.1 Venus Colony, Second Street Alwarpet, Chennai - 600 018
Administrative Office	:	'PGP House', No.57, Sterling Road Nungambakkam, Chennai 600 034



DHARANI FINANCE LIMITED

BRANCHES

S.No.	Place	Address
1.	NAMAKKAL	Ram Buildings 145-D, Trichy Road Namakkal - 637 001
2.	PONDICHERRY	251, Big Mission Street Pondicherry - 605 001
3.	DHARANI NAGAR	Vasudevanallur Dharani Nagar - 627 760 Tirunelveli District
4.	NEYVELI	Room No.205 Hotel Blue Diamond, Main Bazaar Neyveli - 607 803
5.	TIRUNELVELI	182-E/24, S N High Road Tirunelveli - 627 001
6.	TRICHY	11 B/3, Sastri Road, 1st Floor, Tennur, Trichy - 620 017
7.	SALEM	Santham Complex Annexe I Floor, 135, Sarada College Road Salem - 636 004
8.	ERODE	150/151, E V Nanjappa Road (Mettur Road) Erode - 638 011
9.	MADURAI	113 B, West Perumal Maistry Street Madurai - 625 001
10.	COIMBATORE	No.10 Arokiasamy Road R S Puram, Coimbatore - 641 002
11.	KUMBAKONAM	No.22, TSR Big Street Kumbakonam - 612 001
12.	THIRUVANNAMALAI	I Floor, 6C, Big Street Thiruvannamalai - 606 601
13.	CHENNAI	3/34 Anna Salai, Near Anna Statue Mount Road, Chennai - 600 002
14.	GOPICHETTIPALAYAM	21, Sathi Main Road Opp. Round Tana Gopichettipalayam - 638 452



DHARANI FINANCE LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the SEVENTH ANNUAL GENERAL MEETING of the members of the Company will be held at Sathguru Gnanananda Hall, Narada Gana Sabha, No.254 T.T.K. Road, Alwarpet, Chennai 600 018 on **Tuesday the 23rd September 1997 at 11.00 A.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 and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.

2. To declare a dividend.
3. To appoint a Director in place of Mr.R.Natarajan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Justice (Retd) S.Sivasubramaniam who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

By order of the Board

Chennai
28.06.97

N.SUBRAMANIAN
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.

The proxy form in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September 1997 to 23rd September 1997 both days inclusive.
3. Members/Proxy holders must bring the Attendance slip duly signed to the meeting and hand it over at the entrance. Xerox copy/torn attendance slips will not be accepted.

4. Members are requested to quote their Registered Folio number in all correspondence with the Company and notify the Company immediately of change, if any, in the Registered Address and/or of their mandatees.
5. Members who are holding shares in more than one folio are requested to intimate to the Secretarial Division the details of all their folio numbers for consolidation into a single folio.
6. The Dividend as recommended by the Board, if sanctioned at the Meeting, will be payable on or after 23rd September 1997 to those members whose names appear on the Company's Register of Members on 23.09.97 subject however to the provisions of Section 206A of the Companies Act, 1956. No deduction of Income Tax will be made.



7. All documents referred to in the above notice are open for inspection at the Registered Office of the Company between 2.00 P.M. and 4.00 P.M. on any working day.
8. All members are advised to intimate the name, address of the Bank and Bank Account No. in the sheet attached to this Annual Report for incorporation in the Dividend Warrant to avoid misuse/pilferage of Dividend Warrants.
9. Members who have not encashed their Dividend Warrants of earlier years may write to the Registered Office with folio details for revalidation or for obtaining duplicate warrants.

As per the provisions of the Companies Act 1956, unpaid dividends in respect of Dividend Warrants issued but not presented for encashment by the shareholders and hence lying with Bank for more than three years will be transferred to General Reserve Account of the Central Government. This will apply to the Dividend Warrants for the year 1993-94 despatched on 06.10.94.

Members are also informed that the Company has transferred to the Central Government all unclaimed dividends relating to the accounting years upto 31.3.1993. Members who have not collected dividends for any accounting year upto and including 31.3.1993 are requested to make an application to the Registrar of Companies, Tamil Nadu, Shastri Bhavan, II Floor, No.26 Haddows Road, Chennai - 600 006 for an order for payment of such uncollected dividends. Such application has to be made in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

10. Members are requested to bring their copies of the Annual Report to the Meeting.

By order of the Board

Chennai
28.06.97

N.SUBRAMANIAN
Company Secretary



DHARANI FINANCE LIMITED

DIRECTORS' REPORT

To the Members

Your Directors are pleased to present the 7th Annual Report and the Audited Accounts of the Company for the year ended 31st March 1997. The year 1996-97 reflected a clear down trend in the rates of growth of the various sectors of the economy. This along with the high cost of funds and the imposition of minimum alternate tax exercised a great pressure on the bottom line of all the companies including yours. The market was also subject to pressure on rates due to competition. Apart from the difficulties in raising resources, the industry had also to withstand a great amount of pressure on realisation of dues with a corresponding increase in non-performing assets.

Despite these unfavourable conditions in the capital market, your Company has been able to progress satisfactorily though not according to the expectations originally envisaged.

Total income due to operations increased from Rs.359.37 lakhs to Rs.465.03 lakhs resulting in a higher gross profit of Rs.190.55 lakhs as against Rs.144.72 lakhs during the previous year. But due to increased provision for depreciation and provision for taxation including tax on dividend declared, the net profit available for distribution as dividend has come down. The financial results are given in brief below:

FINANCIAL RESULTS

	(Rs.in lakhs)	
	Year ended	Year ended
	31.03.97	31.03.96
Finance Charges and other income	465.03	359.37
Expenditure	274.48	214.65
Gross Profit	190.55	144.72

	Year ended	(Rs.in lakhs) Year ended
	31.03.97	31.03.96
Depreciation	77.52	49.20
Profit after Depreciation	113.03	95.52
Provision for Income Tax	54.00	23.30
Profit after Tax	59.03	72.22
Profit brought forward	14.97	11.38
Profit available for appropriation	74.00	83.60
APPROPRIATIONS		
Proposed Dividend	37.45	64.93
Tax on Dividend	3.75	-
General Reserve	2.00	3.70
Statutory Reserve	11.81	-
Surplus balance in Profit & Loss Account	18.99	14.97
	<u>74.00</u>	<u>83.60</u>

PRUDENTIAL NORMS FOR NBFCs

During the year under review, your Company has fully conformed to the prudential norms prescribed by RBI on various parameters and the accounts have been prepared taking into account the said requirements. The Company enjoys a capital adequacy ratio of 35.75% as against the minimum ratio of 8% prescribed by RBI. Reserve Bank of India Act has been amended by the RBI (Amendment) Act 1997 and NBFCs including existing companies have to get themselves registered with RBI before 8th July '97 and any company which does not get so registered by that date is not permitted to continue the business apart from levy of penalty. Your Company will be submitting its application for registration before the due date.