

# DHARANI FINANCE LIMITED



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Eleventh Annual Report  
2000 - 2001



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**BOARD OF DIRECTORS**

<b>Chairman</b>	:	Dr Palani G Periasamy
<b>Vice Chairman</b>	:	Mr R Natarajan
<b>Directors</b>	:	Mrs Visalakshi Periasamy Justice (Retd) S Sivasubramaniam Mr R K Viswanathan
<b>Managing Director</b>	:	Mr K Kandasamy
<b>Company Secretary</b>	:	Mr N Subramanian
<b>Auditors</b>	:	M/s K Ramkrish & Co., No.9-A Bagavantham Street T. Nagar, Chennai 600 017.
<b>Bankers</b>	:	Indian Bank, Chennai – 600 001.
<b>Admn. &amp; Registered Office</b>	:	"PGP House" No.57 Sterling Road Nungambakkam, Chennai – 600 034.

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**DHARAM FINANCE LIMITED****BRANCHES**

<b>S.No.</b>	<b>PLACE</b>	<b>ADDRESS</b>
1.	<b>CHENNAI</b>	<b>"PGP HOUSE"</b> No.57 Sterling Road Nungambakkam Chennai - 600 034
2.	<b>DHARAM NAGAR</b>	Vasudevanallur <b>Dharam Nagar - 627 760</b> Tirunelveli District
3.	<b>NAMAKKAL</b>	Ram Buildings No.145-D, Trichy Road <b>Namakkal - 637 001</b>
4.	<b>ERODE</b>	No.150/151, E V Nanjappa Road (Mettur Road) <b>Erode - 638 001</b>
5.	<b>TRICHY</b>	No.7 S V V Building No.28 Colony Main Road Thillai Nagar <b>Trichy - 620 018</b>
6.	<b>PONDICHERRY</b>	No.251, Bis Mission Street <b>Pondicherry - 605 001</b>
7.	<b>TIRUNELVELI</b>	182-E-24, S N High Road <b>Tirunelveli - 627 001</b>



## NOTICE TO SHAREHOLDERS

Notice is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the members of the Company will be held at Sathguru Gnanananda Hall, Narada Gana Sabha, New No. 314, T T K Road, Alwarpet, Chennai - 600 018 on **Thursday, the 6th September 2001, at 10.30 A.M.** to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account for the period ended on that date and to consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Shri R Natarajan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri R K Viswanathan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

By Order of the Board  
For Dharani Finance Limited

Place : Chennai - 34  
Date : 15.06.2001

**N SUBRAMANIAN**  
Company Secretary

### NOTES:

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 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.**

1. 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 1st September 2001 to 6th September 2001 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 numbers 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. 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.
6. Members who are holding the 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.
7. Members who have not encashed their dividend warrants of earlier years may write to the Registered Office with Folio details for necessary assistance.
8. Members are requested to bring their copies of Annual Report to the Meeting.

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## DIRECTORS' REPORT

Dear Members,

The Board of Directors herein present the Eleventh Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2001.

## FINANCIAL RESULTS

The Financial results for the year ended 31st March 2001 are as follows:-

	For the year ended 31.03.2001 (Rs. in Lakhs)	For the period ended 31.03.2000 (Rs. in Lakhs)
Finance Charges and Other Income	182.56	143.80
Expenditure	175.74	138.32
Profit	6.82	5.48
Depreciation	18.46	32.11
Profit / (Loss) after Depreciation	(11.64)	(26.63)
Provision for Income Tax	5.00	29.00
Profit / (Loss) after Tax	(16.64)	(55.63)
Transfer from General Reserve	14.90	—
Profit / (Loss) brought forward	(54.73)	(0.91)
Profit / (Loss) carried over	<u>(56.46)</u>	<u>(54.73)</u>

## PERFORMANCE

As you are aware, the period under review commenced with a slow down in the economy and the related financial sector was adversely affected and your company has been affected by these factors. No fresh deposits were collected from the public during the year under review. With the economy not picking up during the year, fresh disbursements by way of hire purchase and

leasing were not huge and income from such activities came down substantially on account of the low volume.

With the approval of the shareholders in the last Annual General Meeting, your company started diversifying its activities. As a first step, your company commenced the business of operating Tourist Cars from 27th September, 2000. The six months' operations resulted in a turn over of Rs.79.26 lakhs and this has contributed substantially to the bottom line of company i.e., nearly 43% of the total income.

The total income of the Company was Rs.182.56 lakhs against Rs.143.80 lakhs in the previous period comprising nine months. The expenditure was Rs.175.74 lakhs, which includes interest and Bank charges of Rs.63.34 lakhs and a provision of Rs.13.13 lakhs against non-performing assets. The operating profits came to Rs.6.82 lakhs a marginal increase over last year's Rs. 5.48 lakhs. Taking into account depreciation of Rs.18.46 lakhs, the operations for the year resulted in a loss of Rs.11.64 lakhs. A provision of Rs.5 lakhs is made, for Taxation as against Rs.29.00 lakhs in last year. Net Loss, after taxes, works out to Rs.16.64 lakhs while the cumulative losses taking into account General Reserves and previous year's losses come to Rs.56.46 lakhs. Your Company is continuously monitoring the expenses and activities for effecting cost reduction wherever possible.

Your company has fully conformed to the prudential norms prescribed by RBI on various parameters. The capital adequacy ratio is 47.93% as against the minimum ratio of 12% prescribed by RBI.

## DIVIDEND AND RESERVES

Since the Company had not earned adequate profits during the year under review, your directors have been unable to recommend any dividend. No amount is being transferred to the special reserves due to the same reason. A sum of Rs. 14.90 lakhs has been transferred from General Reserves to Profit and Loss account.



### FUTURE PROSPECTS

The shake out in the NBFC sector has brought down the number of serious players in the market to a very few members. A few big players have entered the market grabbing a major portion of business. These players now competing are quite strong and big and hence competition is quite intense. Most of the medium sized NBFCs are therefore not able to function profitably as they face difficulty in accessing low cost funds, on account of stiff competition from larger entities and consequent dwindling business. With business avenues drying up and competition hotting up, the sector is in a state of decline. The outlook for the coming years for medium sized NBFCs like your company is very uncertain and unpromising.

The rating agency CARE has now modified the rating of your company from "BB(-)" to 'B'. Based on the volume of transactions, Reserve Bank of India has reclassified your company as an Investment Company. Under these circumstances, continuing only as a financial services company is no longer economically viable. Your company is planning to enter into other areas like insurance agency work, export and import, and Software Consultancy etc., in addition to Tourism and Travel business. Your Directors hope that if these diversifications take place in full measure in the coming years, your company would be able to become profitable in the near future.

### DEPOSITS

During the year under review your company has not accepted any fresh deposits from the public. The balance of deposits as on 31st March, 2001 came down to Rs.411.30 lakhs from Rs.435.12 lakhs on 31.03.2000. There were no overdue deposits on 31st March, 2001. There were however 40 cases of unclaimed deposits to the total value of Rs.7.31 lakhs on the date. Out of these, deposits to the value of Rs.2.87 lakhs have been paid and as on the date of this report there are 34 cases of unclaimed deposits for a value of Rs.4.44 lakhs. The deposit holders have been reminded to prefer their claims. As the Company has been reclassified as an Investment Company,

renewal of existing deposits was suspended from February 2001 and the Company proposes to repay all the existing deposits before 31.12.2002.

### DIRECTORS

Shri R Natarajan and Shri R K Viswanathan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. As prescribed by Sec.217 (2AA) of the Companies Act, 1956, your Directors furnish herein the responsibility statement as under.

Your Directors state;

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that the directors had prepared the annual accounts on a going concern basis.

### AUDITORS

K Ramkrish & Co., Chartered Accountants retire on the conclusion of this Annual General Meeting and they are eligible for reappointment. They have conveyed their consent for reappointment and have furnished the required declaration under Sec.224 of the Companies Act.

Regarding Auditors' observation about non-provisioning for diminution in value of investments, the Directors wish to state that as they are long term investments and the decline in value is only