

Dharani Finance Limited

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Fourteenth Annual Report
2003 - 2004



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**BOARD OF DIRECTORS**

<i>Chairman</i>	:	Dr Palani G Periasamy
<i>Vice Chairman</i>	:	Mr R Natarajan
<i>Directors</i>	:	Mrs Visalakshi Periasamy
		Justice (Retd) S Sivasubramaniam
		Mr R K Viswanathan
<i>Managing Director</i>	:	Mr K Kandasamy
<i>Company Secretary</i>	:	Mr N Subramanian

Auditors : M/s K Ramkrish & Co.,
No.9-A Bagavantham Street
T. Nagar, Chennai 600 017.

Bankers : **Indian Bank,**
Sterling Road Branch
Chennai – 600 034.

Admn. & Registered Office : "PGP House"
No.57 Sterling Road
Nungambakkam,
Chennai – 600 034.
Phone Nos. 2831 1313, 2825 4176
2820 7480
Fax No. 044 – 2823 2074
Email: pgp_dfl@yahoo.com



DHARANI FINANCE LIMITED

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BRANCHES

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



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NOTICE TO SHAREHOLDERS

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held at Sathguru Gnanananda Hall, Narada Gana Sabha, No. 314, T T K Road, Alwarpet, Chennai - 600 018 on **Wednesday the 4th August 2004** 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 2004 and the Profit and Loss Account for the year ended on that date and to consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Justice Sivasubramaniam who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Visalakshi Periasamy who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. Re appointment of Mr. K Kandasamy as Managing Director.

To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals or consents as may be necessary, Mr. K Kandasamy, be and is hereby reappointed as Managing Director, not subject to retirement by rotation, for a

further period of five years from 25.06.2004 to 24.06.2009 on the following terms and conditions:

1 Salary - Rs. 65,000/- per month in the scale of

Rs.65,000-5,000-85,000.

2. Perquisites - Perquisites as per Schedule XIII of the Companies Act, 1956 shall be allowed. It shall however be restricted to an amount equal to the annual salary.

Perquisites, other than contribution to Provident Fund, Superannuation Fund, gratuity, as admissible according to existing regulations, are presently classified as follows:

Part A

Housing I - The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to the following ceilings:

At Bombay, Calcutta, Delhi and Chennai 60% of salary, over and above, 10% payable by the Managing Director.

The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This will, however, be subject to ceiling of 10% of the salary.

Housing II - In case accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.



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Part B

He will be entitled to Leave Travel Allowance as per Company Policy. He will also be entitled to reimbursement of Medical expenditure as per Company Policy.

However Leave Travel Allowance and Medical reimbursement will each be restricted to one month's salary.

Part C

Provision of a car with driver and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

In the event of absence or inadequacy of profits in any financial year of the Company during the period of appointment, the salary and other allowances aforementioned shall be regulated in accordance with Section II of Part II of Schedule XIII.

6. Voluntary De-Listing of Shares

To consider and if thought fit, to pass, with or without modification, the following as a **Special Resolution**.

"Resolved that the Company do apply to the Stock Exchanges at Coimbatore and Ahmedabad for voluntary de-listing of its equity shares from those exchanges by following the procedure prescribed in SEBI (De-listing of Securities) Guidelines -2003."

By Order of the Board

For Dharani Finance Limited

Place : Chennai - 34

N Subramanian

Date : 8th June 2004

Company Secretary

NOTES:

1. **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.**

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 Share Transfer Books of the Company will remain closed from 25th July 2004 to 4th August 2004 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 holding shares in physical form are requested to quote their Registered Folio numbers and those holding shares in demat form to quote their ID Numbers in the attendance slips and in all correspondence with the Company and notify the Company immediately of change, if any, in their Registered Address and/ or of their mandates.
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 have not encashed their Dividend Warrants of 1996 - 1997 may send the same to the Registered Office for revalidation.

As per the provisions of the Companies Act, 1956, unpaid dividends in respect of Dividend Warrants issued for the year 1996-1997 but not presented for



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encashment by the shareholders and hence lying with Bank for more than **Seven years** will be transferred to Investor Education and Protection Fund Account of the Central Government during September 2004 and **can not thereafter be claimed.**

7. Members are requested to bring their copies of Annual Report to the Meeting.
8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 in respect of the special business set out against items 5 and 6 are annexed hereto.

Explanatory Statement under Section 173 (2) of the Companies Act, 1956.**Item No. 5****Reappointment of Managing Director**

Mr K Kandasamy has been functioning as Managing Director with effect from 24.06.1999. His term of office has come to a close on 25.06.2004. The Board of Directors have in their meeting held on 26.02.2004 passed a resolution to reappoint him for a further period of 5 years with effect from 25.06.2004 to 24.06.2009 on a revised remuneration, the other terms remaining the same.

Mr K Kandasamy qualified as a Bachelor in Law and holds a Masters Degree in Business Administration and has an overall experience of 15 Years. Considering his background and experience, the Board of Directors felt that his services could be continued to be used for the benefit of the Company for a fresh term. He has additionally qualified as Insurance agent. This will help the company in taking up Insurance Business.

Approval of the shareholders is now sought for his reappointment as mentioned in the Resolution.

Mr K Kandasamy is concerned and is interested in the said resolution as it relates to his reappointment.

Item No.6**Voluntary De-listing from Coimbatore and Ahmedabad Stock Exchanges.**

The Company's equity shares are at present listed

at Madras, Coimbatore, Ahmedabad and Mumbai Stock Exchanges. No trading has taken place in Madras, Coimbatore and Ahmedabad during the last year and more. Only in Mumbai exchange trading has taken place and that too for a small quantity. The company is paying annual fees to all the Stock Exchanges, without deriving any corresponding benefit. Recently, SEBI has prescribed regulations to enable such Companies to seek voluntary de-listing and reduce cost, provided the Company continues its listing with either Mumbai or National Stock Exchange.

The Company's shares are listed in Mumbai Stock Exchange and as Mumbai Stock Exchange has trading terminals all over India, Shareholders will not have any difficulty in trading on the Company's shares, from any part of India, if they desire to do so. Listing in Madras Stock Exchange will however continue. De-listing from Coimbatore and Ahmedabad exchange will not inconvenience the shareholders in any way. There will not be any reduction or change in the Capital structure of the Company. In view of the substantial saving in cost and labour, your Directors recommend approval of this resolution by Shareholders.

None of the Directors is interested in this resolution.

By Order of the Board

For Dharani Finance Limited

Place : Chennai - 34

N Subramanian

Date : 8th June 2004

Company Secretary

**DIRECTORS' REPORT**

Dear Members,

The Board of Directors present herein the Fourteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2004 are as follows:-

	For the year Ended 31.03.2004	For the year Ended 31.03.2003
	(Rs. in Lakhs)	
Finance Charges and Other Income	160.24	137.54
Expenditure	123.02	113.84
Profit	37.22	23.70
Provision for diminution in value of Investments	(5.53)	0.11
Depreciation	25.33	20.36
Profit / (Loss) after Depreciation	17.41	3.23
Provision for Income Tax		
- Current	6.10	0.30
- Deferred	2.79	5.02
Profit / (Loss) after Tax	8.52	(2.09)
Profit / (Loss) brought forward	(113.32)	(111.23)
Profit / (Loss) carried over	<u>(104.80)</u>	<u>(113.32)</u>

PERFORMANCE

Total income for the current year was Rs.160.24 lakhs as against Rs. 137.54 lakhs in the previous year, an increase of 16.43%. While income from financial services has been coming down, income from Travel and Tourist activities has gone up. The total income from Travel operations during the year was Rs. 128.31 lakhs as compared Rs.109.91 lakhs. Income from Financial Services excluding other income came down slightly from Rs. 17.07 lakhs to Rs. 16.75 lakhs. Income from Travel operations form 80.06% of the total income of the Company. The operating profit was Rs.37.22 lakhs. After taking into account depreciation, provision for current and Deferred Tax, the final figure works out to a **profit of Rs 8.52 lakhs, an improvement** over previous year's loss of Rs. 2.09 lakhs.

Against the company's application to Reserve Bank of India for Insurance Agency Business, Reserve Bank of India has recently declared that no approval from Reserve Bank of India is necessary. Accordingly, the Company has initiated necessary action to commence this business, after getting approval from IRDA.

DIVIDEND AND RESERVES

As the Company's profits during the year under review are inadequate, your directors regret their inability to recommend any dividend. No amount is being transferred to the Reserves due to the same reasons.

FUTURE PROSPECTS

With the gradual decline in operations under financial services and consequent reduced income from such operations, your company is exploring possibility of expanding its other activities. Your company has enlarged its travel operations by acquiring few more vehicles. Travel Services contribute a substantial portion to the total income and is at present the main stay of

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the company's operations. Your company has plans to diversify into insurance brokerage. Your company has got itself registered with the Joint Chief Controller of Imports & Exports for commencing export activities at the opportune time.

DEPOSITS

The Company does not hold any public deposits as on 31st March 2004. The Company has stopped collecting public Deposits and has got its Licence amended by Reserve Bank of India to indicate this change.

DIRECTORS

Justice Sivasubramaniam and Ms Visalakshi Periasamy 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

M/s 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.

LISTING WITH STOCK EXCHANGES

The Company's securities at present are listed at the following Stock Exchanges.

1. Madras Stock Exchange Ltd.,
Exchange Bldg., New No. 30 (Old No. 11),
Post Box No.183, II line Beach,
Chennai – 600 001.
2. The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Towers, 25th Floor,
Dalal Street, Mumbai – 400 001.
3. The Stock Exchange Ltd.,
Ahmedabad, Kamadheru Complex,
Opp. Sahjanand College,
Panjara Pole, Ahmedabad-380 015.
4. Coimbatore Stock Exchange Limited,
CSX Towers, 683-686 Trichy Road,
Singanallur, Coimbatore – 641 005.

The Listing Fees for these Stock Exchanges have been paid upto date.

CORPORATE GOVERNANCE

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating a code of corporate governance to be followed by listed Companies.

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Your Company has implemented the same fully and the enclosed report gives the details thereon. A certificate from the statutory auditors on compliance of conditions of Corporate Governance has been obtained and copy enclosed to this report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The provisions of Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption etc., are not applicable to your Company.

Foreign Exchange (Earnings & outgo: Total Foreign Exchange used and earned).

	2003-04	2002-03
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 5885.00	Rs. 7562.00

PARTICULARS OF EMPLOYEES

There are no employees falling within the requirements of Section 217 (2A) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the services rendered by the Staff and Executives of your Company. Your Directors also thank the shareholders who have continued to repose their confidence in the Company and its management despite the down turn in the financial services sector in general and particularly in the fortunes of the company, during the last few years.

For and on behalf of the Board

Place: Chennai-34 Dr. PALANI G PERIASAMY
Date : 8th June 2004 Chairman

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