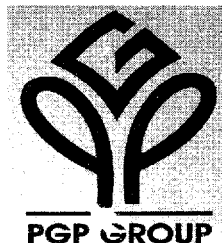


DHARANI FINANCE LIMITED



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ANNUAL REPORT

2004 - 2005



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**BOARD OF DIRECTORS**

Chairman	:	Dr Palani G Periasamy
Vice Chairman	:	Mr R Natarajan
Directors	:	Mrs Visalakshi Periasamy
		Justice (Retd) S Sivasubramaniyam
		Mr R K Viswanathan
Managing Director	:	Mr K Kandasamy
Company Secretary	:	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 E-mail : pgp_dfl@yahoo.com

**S.NO. PLACE****ADDRESS**

- | | | |
|----|----------------|--|
| 1. | CHENNAI | "PGP HOUSE"
No. 57 Sterling Road
Nungambakkam
Chennai – 600 034. |
|----|----------------|--|

BRANCHES

- | | | |
|----|----------------------|---|
| 2. | DHARANI NAGAR | Vasudevanallur
Dharani Nagar – 627 760.
Tirunelveli District. |
| 3. | NAMAKKAL | Ram Buildings
No. 145-D, Trichy Road
Namakkal – 638 001. |
| 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. |



NOTICE TO SHAREHOLDERS

Notice is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Wednesday, the 24th August 2005 at 10.00 A.M.**, at Sathguru Gnanananda Hall, Narada Gana Sabha, No. 314, T.T.K Road, Alwarpet, Chennai – 600 018 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2005 and 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 Mr. R.K. Viswanathan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Mr. M Ganapathy who has consented to act as a Director, if appointed as a Director of the Company, to fill the vacancy caused by the retirement of Mr. R. Natarajan, on rotation, in respect of which vacancy the Company has received a notice in writing pursuant to Sec 257 (1) of the Companies Act, 1956, from a member of the Company proposing the appointment of Mr. M. Ganapathy as a Director of the Company and that Mr. M. Ganapathy's period of office shall be liable to determination by the retirement of Directors by rotation

4. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

By Order of the Board
For Dharani Finance Limited

Place : Chennai – 34

Date : 15th June 2005

N. Subramanian
Company Secretary
and Vice President
(Corporate Affairs)

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 20th August 2005 to 24th August 2005 (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.



DHARANI FINANCE LIMITED

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

By Order of the Board
For Dharani Finance Limited

Place : Chennai - 34

Date : 15th June 2005

N. Subramanian
Company Secretary
and Vice President
(Corporate Affairs)

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.

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DIRECTORS' REPORT

Dear Members,

The Board of Directors present herein the Fifteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2005 are briefly as follows :-

	For the year Ended 31.03.2005 (Rs. In Lakhs)	For the Year Ended 31.03.2004
Finance Charges and Other Income	163.30	160.24
Expenditure	101.87	123.02
Profit	61.43	37.22
Provision for diminution in value of investments	(36.01)	(5.53)
Depreciation	28.75	25.33
Profit / (Loss) after Depreciation	68.69	17.41
Provision for Income Tax		
- Current	5.70	6.10
- Deferred	7.37	2.79
Profit / (Loss) after Tax	55.62	8.52
Profit / (Loss) brought forward	(104.80)	(113.32)
Profit / (Loss) carried over	(49.17)	(104.80)

PERFORMANCE

Total income for the current year was Rs. 163.30 lakhs as against Rs. 160.24 lakhs in the previous year, a nominal increase by 1.91%. 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. 145.82 lakhs as compared Rs.128.31 lakhs. Income from Financial Services excluding other income came down from Rs. 16.75 lakhs to Rs. 4.87 lakhs. Income from Travel operations forms 89.29% of the total income of the Company. The operating profit was Rs. 61.43 lakhs. After taking into account depreciation, provision for current and deferred Tax, the final figure works out to a **profit of Rs. 55.62 lakhs, an improvement** over previous year's profit of Rs. 8.52 Lakhs. The loss carried forward from previous years has come down from Rs. 104.80 lakhs to Rs. 49.17 lakhs.

DIVIDEND AND RESERVES

As the Company's profits during the year under review are inadequate to wipe out the entire outstanding losses, 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 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 the Company's operations. If the present trend continues, your company can hope to wipe out the carried forward losses very early and come out of red. Your company has got itself registered with the Joint Chief Controller of Imports & Exports for commencing export activities at the opportune time. Your company is exploring possibility of expanding its other activities.

DEPOSITS

The Company does not hold any public deposits as on 31 st March 2005. The Company has stopped collecting public Deposits and has got its Licence amended by Reserve Bank of India accordingly.

DIRECTORS

Mr. R.K. Viswanathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr. R. Natarajan also retires by rotation at the ensuing Annual General Meeting. However, the company proposes to nominate Mr. M. Ganapathy to be appointed as Director in this vacancy. Necessary resolutions for the reappointment of Mr. R. K. Viswanathan and appointment of Mr. M. Ganapathy are proposed elsewhere.

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

As approved by shareholders in the last Annual General Meeting, the equity shares of the Company have been delisted from Coimbatore and Ahmedabad Stock Exchanges with effect from 30th November 2004 and 28th January 2005 respectively after following the due procedure.

The Company's securities are at present 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.

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.

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).

	2 004-05	2003-04
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 4077.00	Rs. 5885.00

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
Date : 15th June 2005

Dr. Palani G. Periasamy
Chairman



CORPORATE GOVERNANCE

SEBI has introduced a code of Corporate Governance through clause 49 of the Listing Agreement entered into with the Stock Exchanges.

1. Company's Philosophy

The Company strives to achieve optimum performance at all levels by adhering to corporate governance practices such as :

- ◆ Fair and transparent business practices
- ◆ Effective management control by Board
- ◆ Accountability for performance
- ◆ Monitoring of executive performance by the Board
- ◆ Compliance of Laws.
- ◆ Transparent and timely disclosure of financial and management information.

2. Board of Directors

The Board comprises of five non-executive directors and one executive director. The Chairman is non executive and 1/3 of the Board comprises of independent Directors. Non executive directors constitute more than 50%.

During the year, 4 Board Meetings were held on 08.06.2004, 30.08.2004, 24.11.2004 and 22.02.2005.

The names of Directors and their attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other directorships are given below.

Sl. No	Name of the Directors	Category of Directorship	No of Board Meetings Attended	Attendance at last AGM	No of other directorships	No. of Committee Membership	
						Chm.	Mem.
1	Dr Palani G Periasamy	Chairman Non Executive	4	Yes	3	1	-
2	R Natarajan	Vice Chairman Non Executive	4	Yes	3	1	3
3	Mrs Visalakshi Periasamy	Non Executive	2	Yes	2	-	-
4	Justice (Retd) Sivasubramaniyam	Non Executive Independent	4	Yes	-	2	-
5	R K Viswanathan	Non Executive Independent	4	Yes	1	-	2
6	K Kandasamy	Executive	4	Yes	1	-	2