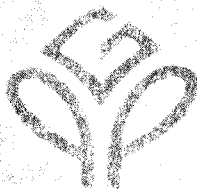


# DHARANI FINANCE LIMITED



PGP GROUP

Report  Junction.com

**16<sup>th</sup>**

***Annual Report***

**2005-2006**



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**BOARD OF DIRECTORS**

<b>Chairman</b>	<b>:</b>	<b>Dr Palani G Periasamy</b>
<b>Directors</b>	<b>:</b>	<b>Ms Visalakshi Periasamy</b> <b>Justice (Retd) S Sivasubramaniam</b> <b>Mr R K Viswanathan</b> <b>Mr M Ganapathy</b>
<b>Managing Director</b>	<b>:</b>	<b>Mr K Kandasamy</b>
<b>Company Secretary &amp; Vice President (Corporate Affairs)</b>	<b>:</b>	<b>Mr N. Subramanian</b>

<b>Auditors</b>	<b>:</b>	<b>M/s K Ramkrish &amp; Co.,</b> New No.19, Old No. 9-A, Bagavantham Street T. Nagar, Chennai 600 017.
<b>Bankers</b>	<b>:</b>	<b>Indian Bank,</b> Sterling Road Branch Chennai – 600 034.
<b>Admn. &amp; Registered Office</b>	<b>:</b>	<b>“PGP House”</b> No. 57, Sterling Road Nungambakkam, Chennai – 600 034. Phone Nos. 2831 1313, 2825 4176 2820 7480 Fax No. 044 – 2823 2074 Email: <a href="mailto:pgp_dfl@yahoo.com">pgp_dfl@yahoo.com</a>



SL. NO.	PLACE	ADDRESS
1	CHENNAI	PGP House No. 57, Sterling Road, Nungambakkam, Chennai- 600 034.

## BRANCHES

SL. NO.	PLACE	ADDRESS
2	DHARANI NAGAR	Vasudevannallur 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

**NOTICE TO SHAREHOLDERS****NOTES:**

Notice is hereby given that the **SIXTEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Friday, the 25<sup>th</sup> August 2006 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 31<sup>st</sup> March 2006 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 Ms. Visalakshi Periasamy, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Justice S. Sivasubramaniam, 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 : 3<sup>rd</sup> May 2006

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

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 16<sup>th</sup> August 2006 to 25<sup>th</sup> August 2006 (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.



**DHARANI FINANCE LIMITED**

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.

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 : 3<sup>rd</sup> May 2006

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

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## DIRECTORS' REPORT

Dear Members,

The Board of Directors present herein the Sixteenth Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2006.

### FINANCIAL RESULTS

The Financial results for the year ended 31<sup>st</sup> March 2006 are briefly as follows: -

	For the year Ended 31.03.2006	For the year Ended 31.03.2005
	(Rs. in Lakhs)	
Income through Travel Operations, Finance Charges and others	193.37	163.30
Expenditure	142.46	101.87
Profit	50.91	61.43
Provision for diminution in value of investments	(28.90)	(36.01)
Depreciation	31.12	28.75
Profit /(Loss) after Depreciation	48.70	68.69
Provision for Income Tax		
- Current	9.65	5.70
- Deferred (Asset)	(2.36)	7.37
Profit /(Loss) after Tax	41.41	55.62
Transfer to Statutory Reserves	19.40	-
Transfer from General Reserves	35.57	-
Profit / (Loss) brought forward	(49.17)	(104.80)
Net Surplus / Deficit carried over	8.40	(49.17)

## PERFORMANCE

Total income for the current year was Rs. 193.37 lakhs as against Rs. 163.30 lakhs in the previous year, an increase of 18.41%. Income from financial services has come down, Income from Travel and Tourist activities has gone up. The total income from Travel operations during the year was Rs. 175.50 lakhs as compared Rs.145.92 lakhs. Income from Financial Services excluding other income came down from Rs. 4.87 lakhs to Rs.0.27 lakhs. Income from Travel operations form 90.76% of the total income of the Company. The operating profit was Rs. 50.91 lakhs. After taking into account depreciation, provision for current and deferred Tax, the final figure for the year works out to a **profit of Rs 41.41 lakhs**. The loss carried forward from previous years amounting to Rs. 49.17 Lakhs has been completely wiped out by setting it off against general reserves and the net surplus carried over is Rs. 8.40 Lakhs.

## DIVIDEND AND RESERVES

A sum of Rs. 19.41 Lakhs has been transferred from Profit and Loss Account to Statutory reserves as required by directions from RBI. A sum of Rs. 35.57 Lakhs available as free reserves was transferred to Profit and Loss appropriation account to wipe out the carried forward losses. The net profits after wiping out the entire carried forward losses are not adequate enough to enable the Directors to recommend any dividend this year.

## FUTURE PROSPECTS

With the virtual 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. Your company has already come out of red and the carried forward losses have been wiped out. With tourism and hospitality industry expanding, prospects for improving travel business are encouraging. If the present trend continues in the coming years your company will be able to hopefully make adequate profits for a reasonable return to the shareholders. The management is working towards this objective. Though your company had got itself registered with the Joint Chief Controller of Imports & Exports, export activities could not commence. Your company is exploring other alternates also for expansion. The Board felt that changing the name of the Company to reflect its major line of business can be considered after watching the operations for the next few years.

## DEPOSITS

The Company does not hold any public deposits as on 31<sup>st</sup> March 2006. The Company has stopped collecting public Deposits and has got its Licence amended by Reserve Bank of India accordingly. Your company does not propose to collect public deposit in the coming year.

## DIRECTORS

Ms Visalakshi Periasamy retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

Justice (Retd.,) S Sivasubramaniam retires by rotation at the ensuing Annual General Meeting and being eligible offers himself 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 as Statutory Auditors 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 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. Bombay Stock Exchange Ltd.  
Floor 25, P.J. Towers,  
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 under instructions from SEBI 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. The changes introduced with effect from 01.01.2006 have also been incorporated. 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).

	2005-06	2004-05
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 5906.00	Rs. 4077.00

## 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. This confidence has encouraged the Management to improve its operations gradually and coming out of the red

**For and on behalf of the Board**

Place : Chennai - 34    **Dr. Palani G. Periasamy**  
Date : 3<sup>rd</sup> May 2006                      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 more than 1/3 of the Board are independent Directors. Non-executive directors constitute more than 50%. Requirement of clause 49 on this account is fully satisfied.

During the year, 4 Board Meetings were held on 15.06.2005, 24.08.2005, 30.11.2005 and 30.01.2006.

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 Attended	No of Board Meetings	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	3	—
2	Visalakshi Periasamy	Non Executive	1	Yes	2	—	2
3	Justice (Retd) Sivasubramaniam	Non Executive Independent	4	Yes	—	2	1
4	R K Viswanathan	Non Executive Independent	3	No	—	1	2
5	K Kandasamy	Executive	4	Yes	1	—	5
6	M Ganapathy (Appointed on 24.08.2005)	Non Executive Independent	3	Yes	—	—	3
7	R Natarajan (Retired on 24.08.2005)	Non Executive Independent	—	Yes	1	—	—