



# DHARAM FINANCE LIMITED

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18<sup>th</sup>

ANNUAL REPORT  
2007 - 2008



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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; Sr.Vice President (Corporate Affairs)</b>	<b>:</b>	<b>Mr N Subramanian</b>

**Auditors** : **M/s K Ramkrish & Co.,**  
New No.19, Old 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



S.No.	Place	Address
1	<b>CHENNAI</b>	PGP House No.57 Sterling Road, Nungambakkam, Chennai- 600 034.

**BRANCH**

S.No.	Place	Address
2	<b>NAMAKKAL</b>	Ram Buildings No.145-D, Trichy Road, Namakkal - 638 001.



## NOTICE TO SHAREHOLDERS

Notice is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Tuesday, the 30<sup>th</sup> September 2008 at 10.00 A.M.**, at Sathguru Gnanananda Hall, Narada Gana Sabha, No.314, T.T.K Road, Alwarpet, Chennai - 600018 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2008 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 Dr. Paiani G Periasamy, 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 declare dividend on Equity shares.
5. 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 : 11<sup>th</sup> June 2008

**N Subramanian**  
Company Secretary  
& Sr. 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 **20<sup>th</sup> September 2008 to 30<sup>th</sup> September 2008** (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/ Registrar & Transfer Agent immediately of change, if any, in their Registered Address and/ or of their mandates.

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 : 11<sup>th</sup> June 2008

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



## DIRECTORS' REPORT

Dear Members,

The Board of Directors present herein the **EIGHTEENTH** Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2008.

### FINANCIAL RESULTS

The Financial results for the year ended 31<sup>st</sup> March 2008 are briefly as follows: -

	(Rs. in Lakhs)	
	For the year Ended 31.03.2008	For the year Ended 31.03.2007
Income through Travel Operations, Finance Charges and others	330.06	221.38
Expenditure	159.41	157.14
Profit	170.65	64.24
Provision for diminution in value of investments	20.23	19.01
Provision for NPA	(22.76)	(17.75)
Depreciation	40.62	38.96
Interest	0.69	0.37
Profit after Depreciation & Interest	131.87	23.65
Provision for Income Tax		
- Current	26.78	73.39
- Deferred	5.46	4.57
<b>Profit/(Loss) after Tax</b>	<b>99.63</b>	<b>(54.31)</b>
Surplus/(deficit) brought forward	(45.91)	8.40
<b>Profit available for appropriation</b>	<b>53.72</b>	-
<b>APPROPRIATIONS</b>		
Transfer to Statutory Reserves	19.93	-
Proposed Dividend	24.98	-
Dividend Tax	4.25	-
Net Surplus/(Deficit) carried over	4.56	(45.91)

## PERFORMANCE

Income of the Company during the year 2007-08 rose to Rs. 330.06 lakhs from Rs.221.38 lakhs in the previous year. This represents an increase of 49.09%. A gain of Rs. 54.99 lakhs by selling some of its investments also contributed to this increase. There was a marginal rise of Rs. 1.22 Lakhs in the provision for diminution in value of other investments. As a result of better recoveries of old dues, the provision for Non performing Assets was reduced by Rs. 4.01 lakhs. Depreciation was provided at Rs. 40.62 lakhs against Rs. 38.96 lakhs of the previous year. After making provision for taxes, the net profit works out to Rs. 99.63 lakhs as against loss of Rs. 54.31 lakhs in the previous year. The carried forward loss of Rs. 45.91 lakhs has been set off against this year's net profit and after transferring a sum of Rs. 19.93 lakhs towards Statutory Reserves, a net surplus of Rs. 33.79 lakhs is available.

## OUTLOOK

Though various options for enlarging the business were considered, the Company could not decide on any particular business model and is still exploring the various possibilities. In the meantime, expansion of travel activities is being considered.



## **DIVIDEND AND RESERVES**

Your Directors are pleased to recommend a dividend of 5% absorbing a sum of Rs. 24.98 Lakhs.

It is proposed to transfer a sum of Rs. 19.93 lakhs to the General Reserve. With this, the Reserves and Surplus as on 31<sup>st</sup> March 2008 would be Rs. 56.36 lakhs.

## **DEPOSITS**

The Company does not hold any public deposits as on 31<sup>st</sup> March 2008. 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 deposits in the coming year.

## **DIRECTORS**

Dr Palani G Periasamy and Ms Visalakshi Periasamy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Ms Visalakshi Periasamy is the wife of Dr Palani G Periasamy, Chairman.

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 have 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 1956.



## **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. A certificate from the statutory auditors on compliance of conditions of Corporate Governance has been obtained and copy enclosed to this report.

## **LISTING WITH STOCK EXCHANGES**

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

- a. **Bombay Stock Exchange Ltd. Floor 25, P.J. Towers, Dalal Street, Mumbai - 400 001.**
- b. **Madras Stock Exchange Ltd, No.11 Second Line Beach, Chennai 600 001.**

The Listing Fees for the Bombay Stock Exchange has been paid upto date. Shareholders had in the last Annual General Meeting held on 27<sup>th</sup> July 2007, approved a Special Resolution for de-listing from Madras Stock Exchange. Accordingly, the Company had taken the prescribed steps for de-listing. The Company had submitted all the papers to the Madras stock Exchange as early as 27<sup>th</sup> July 2007. The Stock Exchange has not officially communicated its approval. The Company has been

reminding them periodically. Listing fees for the year 2008-09 have not been paid in view of the pending decision on de-listing. The Company has also reported the fact of non-reply from the Stock Exchange to SEBI.

## **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).

Particulars	2007 - 08	2006 - 07
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 6076.00	Rs. 4345.00

## **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.

**For and on behalf of the Board**

Place : Chennai 34  
Date : 11<sup>th</sup> June 2008

**DR PALANI G PERIASAMY**  
CHAIRMAN





## **REPORT ON CORPORATE GOVERNANCE**

**SEBI** has introduced a code of Corporate Governance through clause 49 of the Listing Agreement entered into with the Stock Exchanges. All the mandatory requirements of this clause have been complied with. A certificate from the Statutory Auditor certifying to this effect has been obtained and attached herein, as stipulated by the Listing Agreement.

### **1. Company's Philosophy**

The Company strives to achieve optimum performance at all levels by adhering to the best 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 & management information.

### **2. Board of Directors**

#### **Composition of the Board of Directors**

Category	No. of Directors	% of total number of Directors
<b>Total No. of Directors</b>	6	-
Promoter	2	33.33
Executive Directors	1	16.67
Non - Executive Directors	5	83.33
Non - Executive / Independent Directors	3	50.00

Chairman is non-executive besides being promoters. Non-executive Directors constitute more than 50%. 50% of the Board are independent Directors. Requirement of clause 49 on this point is fully complied with.

During the year, 5 Board Meetings were held on 28.05.2007, 09.06.2007, 30.08.2007, 27.10.2007 and 29.01.2008.

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	5	Yes	3	3	-
2	Visalakshi Periasamy	Non Executive	4	Yes	2	-	2
3	Justice (Retd.) Sivasubramaniyam	Non Executive Independent	5	No	-	2	1
4	R.K. Viswanathan	Non Executive Independent	4	Yes	-	1	2
5	K. Kandasamy	Executive	5	Yes	1	-	5
6	M. Ganapathy	Non Executive Independent	4	Yes	-	-	2

### 3. Management Committee Meetings

As Board Meetings were held promptly, there was no urgency for holding any Management Committee Meeting. Committee met only one time during this year on 27.07.2007.

The names of Directors of the Management Committee are given below.

Sl.No.	Name of the Directors
1	Dr. Palani G Periasamy
2	Ms. Visalakshi Periasamy
3	Mr. K. Kandasamy
4	Justice (Retd) Sivasubramaniyam

Dr Palani G Periasamy and Ms Visalakshi Periasamy, who retire by rotation at this Annual General Meeting, are being proposed for reappointment. Particulars of these Directors are given below.