



DHARANI FINANCE LIMITED

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19th

ANNUAL REPORT 2008 - 2009



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BOARD OF DIRECTORS

Chairman : **Dr Palani G Periasamy**

Directors : **Ms Visalakshi Periasamy**
Justice (Retd) S Sivasubramaniyam
Mr R K Viswanathan
Mr M Ganapathy

Managing Director : **Mr K Kandasamy**

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

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	CHENNAI	PGP House No.57 Sterling Road, Nungambakkam, Chennai- 600 034.

BRANCH

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



NOTICE TO SHAREHOLDERS

Notice is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Monday, the 3rd August 2009 at 10.00 A.M.**, at Sathguru Gnanananda Mini 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 31st March 2009 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 Justice (Retd.) S Sivasubramaniam, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.M.Ganapathy, 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.

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 25.06.2009 to 24.06.2014 on the same conditions without any immediate increase.

Salary	Rs. 85,000/- per month in the scale of Rs. 85,000 - 90000-5000-105000
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. a. Superannuation contribution @ 15% of pay b. Company's contribution to PF @ 12% of pay c. Gratuity not exceeding half a month's pay

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.

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 and restricted to the minimum admissible in accordance with Section II of Part II of Schedule XIII.

By Order of the Board
For Dharani Finance Limited

Place : Chennai 34
Date : 25.05.2009

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 25th July 2009 to 3rd August 2009 (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.
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 are requested to bring their copies of Annual Report to the Meeting.
7. Members who have not encashed their Dividend Warrants of 2007-08 may send the same to the Registered Office or Share Transfer Agent for revalidation.

8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out against item No. 5 is annexed here to.

By Order of the Board
For Dharani Finance Limited

Place : Chennai 34
Date : 25.05.2009

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

**DHARANI FINANCE LIMITED****Explanatory Statement under Section 173
(2) of the Companies Act, 1956.****Item No. 5.**

Mr K Kandasamy was appointed as Managing Director with effect from 24.06.2004 in the scale of Rs.65000-5000-85000 in the AGM held on 4th August 2004. His present pay is Rs.85,000/-. His term of office comes to a close on 25.06.2009. The Board of Directors have in their meeting held on 25.05.2009 passed a resolution to reappoint him for a further period of 5 years with effect from 25.06.2009 to 24.06.2014 on the same conditions without any immediate increase in salary, in the scale Rs.85,000-5000-105000.

Mr K Kandasamy, aged 51, is a Bachelor in Law and holds a Masters Degree in Business Administration and has an overall experience of 20 years. He has been functioning as Managing Director of Dharani Finance Limited since 1994. Considering his background and experience, the Board of Directors felt that his

services could be continued to be utilized 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 if considered useful.

Mr. K. Kandasamy holds equity shares to the extent of 1.30% of the equity capital of the Company.

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 own reappointment.

By Order of the Board
For Dharani Finance Limited

Place : Chennai 34
Date : 25.05.2009

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



DIRECTORS' REPORT

Dear Members,

The Board of Directors present herein the **NINETEENTH** Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2009 are briefly as follows: -

Particulars	For the year Ended 31.03.2009	For the year Ended 31.03.2008
	(Rs. in Lakhs)	
Income through Travel Operations, Finance Services and others	242.14	330.06
Expenditure (Employee & Admn. Expenses)	151.02	159.41
Profit	91.12	170.65
Provision for diminution in value of investments	63.82	20.23
Provision for NPA	(7.00)	(22.76)
Depreciation	41.23	40.62
Interest & Bank Charges	0.26	0.69
Profit/(Loss) after depreciation & interest	(7.19)	131.88
Provision for Income Tax - Current	23.80	26.78
- Deferred	(3.06)	5.46
Profit/(Loss) after Tax	(27.92)	99.64
Surplus/(deficit) brought forward	4.56	(45.91)
Profit available for appropriation	(23.36)	53.72
APPROPRIATIONS		
Transfer to Statutory Reserves	-	19.93
Proposed Dividend	-	24.98
Dividend Tax	-	4.25
Net Surplus/(Deficit) carried over	(23.36)	4.56

PERFORMANCE

Despite the reduction in income from Rs.330.06 lakhs to Rs.242.14 lakhs, the Company could earn a gross profit of Rs.91.12 lakhs. However, due to the general recession, value of investments took a beating and your company had to make a provision of Rs.63.82 lakhs for diminution in value of investments, thus wiping out major portion of the gross profit of Rs.91.12 lakhs. After provision of Rs.41.23 lakhs towards depreciation which is more or less the same as last year, and Rs.20.73 lakhs towards taxes, the final figure works out to a loss of Rs.27.92 lakhs for the year.

OUT LOOK

The general economic situation is expected to improve in the coming years and hopefully your company can expect better returns. Though various options for enlarging the business were considered, the Company could not decide on any particular business model and continues to explore various possibilities in the present, not so bright a scenario.

DIVIDEND AND RESERVES

As the Company has not earned profits during the year under review, your directors regret their inability to recommend any dividend. No amount is being transferred to the Reserves due to the same reasons

DEPOSITS

The Company does not hold any public deposits as on 31st March 2009. 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**

Justice (Retd.) S Sivasubramaniam and Mr M Ganapathy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr. K. Kandasamy is being proposed for re-appointment as Managing Director for a fresh term of 5 years.

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, 1956.

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.**
- 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. Share holders had in the Annual General Meeting held on 27th 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 27th July 2007. Clarifications sought for and additional documents asked for were also provided during 2008. The Stock Exchange has still not officially communicated its approval. The Company has been reminding them periodically. Listing fees for the year 2008-09 have been paid as the decision on de-listing is still pending and the Company is technically considered as still listed. The Company has also reported the fact of non-reply from the Stock Exchange to SEBI, but there has been no communication from SEBI.

**DHARANI FINANCE LIMITED****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. Corporate Governance has become an important characteristic of late, after some regrettable developments in India and the world.

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).

Particulars	2008 - 09	2007 - 08
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 4780.00	Rs. 6076.00

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 : 25.05.2009

DR PALANI G PERIASAMY
CHAIRMAN