

DHARANI FINANCE LIMITED



**ANNUAL REPORT
2009 - 2010**



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BOARD OF DIRECTORS

Chairman : **Dr Palani G Periasamy**

Directors : **Mrs 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



NOTICE TO SHAREHOLDERS

Notice is hereby given that the **TWENTIETH ANNUAL GENERAL MEETING** of the members of the Company will be held on **7th September 2010 at 10.00 A.M.**, at Sathguru Gnanananda, Mini Hall, Narada Gana Sabha, No. 314, TTK 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 2010 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 a Director in place of Justice (Retd.) S. Sivasubramaniyam, who retires by rotation and being eligible offers himself 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 : 26.05.2010

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

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 **1st September 2010 to 7th September 2010** (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.

By Order of the Board
For Dharani Finance Limited

Place : Chennai-34
Date : 26.05.2010

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.

**DIRECTORS' REPORT**

Dear Members,

The Board of Directors present herein the **TWENTIETH** Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2010 are briefly as follows:

Particulars	For the year Ended 31.03.2010	For the year Ended 31.03.2009
	(Rs. in Lakhs)	
Income through Travel Operations, Finance Services and others	229.36	242.14
Expenditure (Employee & Admn. Expenses)	139.57	151.02
Profit	89.79	91.12
Provision for diminution in value of investments	(95.70)	63.82
Provision for NPA	0.00	(7.00)
Depreciation	43.18	41.23
Interest & Bank Charges	1.97	0.26
Profit /(Loss) after depreciation & interest	140.33	(7.19)
Provision for Income Tax		
- Current	18.50	23.80
- Deferred	(4.97)	(3.06)
Profit /(Loss) after Tax	126.80	(27.92)
Surplus /(deficit) brought forward	(23.36)	4.56
Profit available for appropriation	103.43	(23.36)
APPROPRIATIONS		
Transfer to Statutory		
Reserves	25.55	-
Proposed Dividend	24.99	-
Dividend Distribution Tax	4.15	-
Net Surplus/(Deficit) carried over	18.74	(23.36)

PERFORMANCE

Despite a nominal reduction in its total income from Rs. 242.14 lakhs to Rs. 229.36 lakhs, the Company could generate a profit of Rs. 140.33 lakhs mainly due to withdrawal of the provision of Rs. 95.70 lakhs for diminution in value of its investments on account of the substantial improvement in the stock market.

The Company could also reduce its administrative expenses from Rs.120.66 lakhs to Rs.107.18 lakhs. As a result, gross profits came upto Rs.140.33 (as against a loss of Rs.7.19 lakhs in the previous year). After providing for taxes to the tune of Rs.13.53 lakhs, the net profit came to Rs.126.80 lakhs. Setting off the carried forward loss of Rs.23.36 lakhs from previous year, the net surplus works out to Rs.103 lakhs.

OUTLOOK

The general economic situation is expected to further 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, economic situation.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.50 per share (5%) absorbing a sum of Rs. 24.99 Lakhs. A sum of Rs. 4.15 lakhs has to be provided as Dividend Distribution Tax.

RESERVES

It is proposed to transfer a sum of Rs. 25.55 lakhs to the General Reserve. With this, the Reserves and Surplus as on 31st March 2010 would be Rs. 77.34 lakhs.

DEPOSITS

The Company does not hold any public deposits as on 31st March 2010. 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.

**RESERVE BANK OF INDIA DIRECTIONS**

The Company is a NBFC registered with Reserve Bank of India and follows all the RBI's regulations prescribed for such NBFCs not collecting public deposits.

DIRECTORS

Mr R K Viswanathan and Justice S Sivasubramaniam 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 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.

SECRETARIAL AUDIT REPORT

As part of the guidelines issued by Government of India for voluntary adoption by all Companies, your Company appointed Mr M Damodaran, Practicing Company Secretary, to conduct Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March 2010, addressed to the Board of Directors of the Company, is attached to the Annual Report. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges, Securities Contracts (Regulations) Act, 1956 and all the Regulations of SEBI as applicable to the Company, including the Securities and Exchange to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

LISTING WITH STOCK EXCHANGES

The Company's securities are at present listed only with,

Bombay Stock Exchange Ltd. Floor 25, P.J. Towers, Dalal Street, Mumbai, whose terminals are available nationwide.

The Listing Fees for the Bombay Stock Exchange has been paid upto date.



The Company had applied for Voluntary Delisting of its equity shares from Madras Stock Exchange on 27th July 2007, after getting the approval of the shareholders in the Annual General Meeting held on 27th July 2007. After following up with the Madras Stock Exchange, approval for the voluntary delisting was received from Madras Stock Exchange with effect from 21st December 2009 through their letter No. MSE/LD/PSK/731/299/09 dated 21st December 2009.

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.

The Company had adopted most of the recently introduced voluntary guidelines for Corporate Governance as introduced by the Government of India. Some of them are also part of the guidelines prescribed under Clause 49 of the Listing Agreement. However, some of the new voluntary guidelines could not be introduced due to shortage of time - like tenure for Independent Directors, rotation of Auditors, etc. Your Company plans to adopt them in the current year to the extent feasible.

CORPORATE SOCIAL RESPONSIBILITY

Similarly the voluntary guidelines for Corporate Social responsibility will be introduced for adoption from the coming year and the report will be attached.

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	2009 -10	2008 -09
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Rs. 6592.00	Rs. 4780.00

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 of Directors

Place: Chennai-34
Date : 26.05.2010

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 and management information.

2. Board of Directors**Composition of the Board of Directors**

Category	No of Directors	% of total number of Directors
Total No of Directors	6	-
Promoter	3	50.00
Executive Directors	1	16.67
Non – Executive Directors	5	83.33
Non – Executive / Independent Directors	3	50.00

Chairman is a non-executive Director besides being promoter. 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, 4 Board Meetings were held on 25.05.2009, 30.07.2009, 28.10.2009 and 27.01.2010.

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

**3. Management Committee Meetings**

As Board Meetings were held promptly, there was no general urgency for holding frequent Management Committee Meetings during this year.

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

Mr. R K Viswanathan and Justice (Retd.) S. Sivasubramaniyam, who retire by rotation at this Annual General Meeting, are being proposed for reappointment. Particulars of these Directors are given below.

1.	Name	Mr R K Viswanathan
	Age	67 years
	Qualification	B.A.,
	Date of Appointment	10.05.1990
	Experience	Leading trader and Exporter in spices with more than 30 years experience.
	Other Directorship / Membership	Nil
	Member of Committees	Shareholders Grievance / Audit / Remuneration Committee
	No of Shares held	21200
	Percentage of Shares	0.42

2.	Name	Justice Sivasubramaniyam
	Age	81 years
	Qualification	B.A.B.L.,
	Date of Appointment	07.11.1990
	Experience	Retired Judge of Madras High Court
	Other Directorship / Membership	Nil
	Member of Committees	Management/Audit/ Remuneration Committee
	No of Shares held	5000
	Percentage of Shares	0.10

They are not related to any other Director of the Company.

4. Audit Committee

The Company constituted an Audit Committee in 2002. All the members are non-executive Directors and the Chairman is an independent Director. All the members are independent Directors. The major functions of the Committee are:-

- To review the financial statements before submission to the Board.
- To recommend appointment of Auditors and fix their Audit Fees.
- To review the internal control systems and improvement thereof.
- From the coming year, the Audit Committee will also consider the suitability of the person proposed to be appointed as Chief Financial Officer.

The Company Secretary is the Secretary of the Audit Committee.



During 2009 - 2010, the Audit Committee met four times, on 25.05.2009, 30.07.2009, 28.10.2009 and 27.01.2010.

Sl. No	Name of the Directors	Category	No of Meetings held four (4)
			Attended
1	Mr M Ganapathy (Chairman)	Non-Executive Independent	4
2	Mr R K Viswanathan	Non-Executive Independent	4
3	Justice (Retd) Sivasubramaniyam	Non-Executive Independent	4

5. Remuneration Committee

Though this is a Non-mandatory requirement, remuneration Committee has been in existence from 2004. The following non- executive Directors are Members. The Committee is to determine the specific remuneration packages for the executive director including pension rights etc.

Sl. No	Name of the Directors	Category
1	Mr R K Viswanathan	Non – Executive Independent
2	Justice (Retd) Sivasubramaniyam	Non – Executive Independent
3	Mr M Ganapathy (Chairman)	Non – Executive Independent

Terms of Reference

The remuneration Committee while approving the remuneration shall

- ❖ Take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.,
- ❖ Be in a position to bring about objectivity in determining the remuneration package while, striking a balance between the interest of the Company and the shareholders.

The non-executive Directors are not paid any remuneration except sitting fees for attending Board Meetings or any Committee thereof. Sitting fees are paid in accordance with the Articles of Association and within the maximum amount prescribed by the Central Government.

Remuneration Committee met on 25.05.2009 to approve the remuneration payable to Mr.K Kandasamy for the year 2008-09.

Remuneration paid to Mr K Kandasamy, Managing Director for the year 2009-10 is as follows:

This is in accordance with the approval of the Shareholders in the AGM held on 3rd August 2009 & within the limits prescribed in Schedule XIII to the Companies Act, 1956.