

# DHARANI FINANCE LIMITED



22<sup>nd</sup>

ANNUAL REPORT  
2011-2012



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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>Dr S Muthu</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>

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<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, Nungambakkam 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 Fax No. 044 – 2823 2074 Email: <a href="mailto:secretarial@dharanifinance.in">secretarial@dharanifinance.in</a> Website : <a href="http://www.dharanifinance.in">www.dharanifinance.in</a>

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the **TWENTY SECOND ANNUAL GENERAL MEETING** of the members of the Company will be held on Thursday the **20<sup>th</sup> September 2012 at 10.00 a.m.**, at Sathguru Gnanananda, **Mini 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 2012 and Statement of Profit and Loss for the year ended on that date and consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Dr Palani G Periasamy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri M Ganapathy, 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 : 23.05.2012

N. Subramanian  
Company Secretary

**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 10<sup>th</sup> September 2012 to 20<sup>th</sup> September 2012 (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, 2009-10 and 2010-11 may send the same to the Registered Office or Share Transfer Agent for revalidation.
8. The Ministry of Corporate Affairs vide its Circular dated 21<sup>st</sup> April 2011 allows the Companies to send notices, annual reports and other documents by means of e-mail to the members of the Company as part of its green initiative programme in Corporate Governance. Hence members, who have not registered their e-mail addresses, are requested to register their e-mail addresses with the Company/Registrar.

By Order of the Board  
**For Dharani Finance Limited**

Place : Chennai – 34  
Date : 23.05.2012

N. Subramanian  
Company Secretary

**DIRECTORS' REPORT**

Dear Members,

The Board of Directors present herein the **TWENTYSECOND** Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2012.

**FINANCIAL RESULTS**

The Financial results for the year ended 31<sup>st</sup> March 2012 are briefly as follows: -

(Rs. in Lakhs)

<b>Particulars</b>	<b>For the year</b>	<b>For the year</b>
	<b>Ended</b>	<b>Ended</b>
	<b>31.03.2012</b>	<b>31.03.2011</b>
Income through Travel Operations, Finance Services and others	<b>351.32</b>	293.74
Expenditure (Employee & Administrative Expenses)	<b>197.03</b>	188.83
Profit	<b>154.29</b>	104.91
Provision for diminution in value of investments	<b>31.32</b>	0.92
Depreciation	<b>55.75</b>	44.95
Interest & Bank Charges	<b>0.81</b>	2.93
Profit /(Loss) after depreciation & Interest	<b>66.11</b>	56.11
Provision for Income Tax		
- Current	<b>24.30</b>	19.00
- Deferred	<b>(3.03)</b>	(4.87)
<b>Profit /(Loss) after Tax</b>	<b>44.84</b>	41.98
Surplus /(deficit) brought forward	<b>53.20</b>	48.74
<b>Profit available for appropriation</b>	<b>98.03</b>	90.72
<b>APPROPRIATIONS</b>		
Transfer to Statutory Reserves	<b>8.97</b>	8.40
Proposed Dividend	<b>34.98</b>	24.99
Dividend Distribution Tax	<b>5.67</b>	4.15
Net Surplus/(Deficit) carried over	<b>48.41</b>	53.20

Government of India had revised the format for Balance Sheet and Statement of Profit and Loss Account to provide more detailed information to the shareholders. Accordingly, the Balance Sheet and Profit & Loss have been presented in the revised format. This will enable the shareholders to understand and appreciate the results in a much better manner.

**PERFORMANCE**

Income of the Company during the year 2011-12 rose to Rs.351.12 lakhs from Rs. 293.74 lakhs in the previous year. This represents an increase of 16.34%. The Company could earn a gross profit of Rs.154.29 lakhs against Rs. 104.91 lakhs in the previous year. A gain of Rs.28.48 Lakhs by selling some of its investments also contributed to this increase. Depreciation was provided at Rs.55.75 lakhs against Rs.44.95 lakhs in the previous year, an increase of 16%.

**OUTLOOK**

The general economic situation is expected to improve in the coming years and hopefully your Company can expect better returns. The Company has opened a travel desk at the newly opened five star hotel Le Meridien, Coimbatore part of the PGP Group. It is hoped that this will bring in additional business by providing travel facilities. The Company continues in its efforts to enlarge its business by providing IT services.

**DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs.0.70 per share (7.0%) absorbing a sum of Rs.34.98 Lakhs. A sum of Rs.5.67 lakhs has to be provided as Dividend Distribution Tax.

**RESERVES**

It is proposed to transfer a sum of Rs. 8.97 lakhs to the General Reserve. With this, the Reserves and Surplus as on 31<sup>st</sup> March 2012 would be Rs.143.12 lakhs.

**DEPOSITS**

The Company does not hold any public deposits as on 31<sup>st</sup> March 2012. 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**

Dr Palani G Periasamy retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Shir M Ganapathi 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, 1956.

**LISTING WITH STOCK EXCHANGE**

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 have been paid upto date.

**CORPORATE GOVERNANCE**

Your Company has implemented the code of Corporate Governance 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 by the Government of India. Some of them are also part of the guidelines prescribed under Clause 49 of the Listing Agreement and are being followed. However, some of the new voluntary guidelines are not yet introduced - like tenure for Independent Directors, rotation of Auditors, etc. Your Company will consider their adoption in the coming years to the extent feasible.

**CORPORATE SOCIAL RESPONSIBILITY**

Similarly the voluntary guidelines for Corporate Social responsibility will be introduced for adoption in due course.

**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	2011 -12	2010 -11
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Nil	Rs.1609.00

**PARTICULARS OF EMPLOYEES**

There are no employees falling within the requirements of Section 217 (2A) of the Companies Act, 1956.

**CAUTIONARY STATEMENT**

Statements made in this report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forwarding looking statements'. Actual results may differ materially from those either expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**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**

**DR PALANI G PERIASAMY**  
CHAIRMAN

PLACE: CHENNAI-34  
DATE : 23.05.2012



## **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
<b>Total No of Directors</b>	6	-
Promoter	3	50.00
Executive Director	1	16.67
Non – Executive Directors	5	83.33
Non – Executive/ Independent Directors	3	50.00

Chairman is a non-executive Director besides being a 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 24.05.2011, 05.08.2011, 09.11.2011 and 10.02.2012.

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 Directorship	No of Committee Membership	
						Chm.	Mem.
1	Dr Palani G Periasamy	Chairman Non Executive	4	Yes	4	3	-
2	Visalakshi Periasamy	Non Executive	4	Yes	3	-	2
3	R K Viswanathan	Non Executive Independent	4	Yes	-	1	2
4	K Kandasamy	Executive	4	Yes	1	-	5
5	M Ganapathy	Non Executive Independent	4	Yes	1	2	1
6	Dr S Muthu	Non Executive Independent	4	No	-	-	1





## 2. Management Committee Meetings

As Board Meetings were held promptly, there was no need for holding 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

Dr Palani G Periasamy and Shri M Ganapathy, retire by rotation at this Annual General Meeting, and are being proposed for reappointment. Particulars of these Directors are given below:

1.	Name	Dr Palani G Periasamy
	Age	74 years
	Qualification	M.A., M.A., Ph.D.,
	Date of Appointment	10.08.1990
	Experience	> 40 years
	<b>Other Directorship</b>	1. Appu Hotels Limited 2. Dharani Sugars and Chemicals Limited 3. Dharani Credit & Finance Private Limited 4. PGP Hotels & Resorts India Private Limited 5. PGP Educational & Welfare Society

Member of Committees	Management Committee
No of Shares held	353112
Percentage of Shares	7.07
Inter Se Relationship	Not Applicable

2.	Name	Shri. M Ganapathy
	Age	73 Years
	Qualification	M.A. Economics
	Date of Appointment	24.08.2005
	Experience	Retired Indian Foreign Service Officer, worked in Indian Embassies in many countries
	Other Directorship / Membership	Ananthi Developers Limited
	Member of Committees	Audit, Remuneration Committee
	No of Shares held	Nil
	Percentage of Shares	Nil
	Inter Se Relationship	Not Applicable



#### **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: -

- a. To review the financial statements before submission to the Board.
- b. To recommend appointment of Auditors and fix their Audit Fees.
- c. To review the internal control systems and improvement thereof.
- d. The Audit Committee will also consider the suitability of the person whenever any person is proposed to be appointed as Chief Financial Officer.

The Company Secretary is the Secretary of the Audit Committee.

During 2011 – 2012, the Audit Committee met four times, on 24.05.2011, 05.08.2011, 09.11.2011 and 10.02.2012.

<b>Sl. No</b>	<b>Name of the Directors</b>	<b>Category</b>	<b>No of Meetings held four (4) Attended</b>
1	Mr M Ganapathy (Chairman)	Non –Executive Independent	4
2	Mr R K Viswanathan	Non –Executive Independent	4
3	Dr S Muthu	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.

<b>Sl.No</b>	<b>Name of the Directors</b>	<b>Category</b>
1	Mr R K Viswanathan	Non – Executive Independent
2	Dr S Muthu	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.