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DHARANI FINANCE LIMITED
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No.57, Sterling Road, Nungambakkam,
Chennai - 600 034

DHARANI FINANCE LIMITED



23rd

ANNUAL REPORT 2012-13



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DHARANI FINANCE LIMITED

BOARD OF DIRECTORS

Chairman : **Dr Palani G Periasamy**

Directors : **Ms Visalakshi Periasamy**

Dr S Muthu

Mr R K Viswanathan

Mr M Ganapathy

Managing Director : **Mr K Kandasamy**

**Company Secretary &
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, Nungambakkam
Chennai – 600 034.

Admn. & Registered Office : **“PGP House”**
No.57 Sterling Road,
Nungambakkam,
Chennai – 600 034.
Phone Nos: 044- 2831 1313, 2825 4176
Fax No: 044 – 2823 2074
Email: secretarial@dharanifinance.in
Website : www.dharanifinance.in



DHARANI FINANCE LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the **TWENTYTHIRD ANNUAL GENERAL MEETING** of the members of the Company will be held on **Tuesday the 24th September 2013 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 31st March 2013 and the 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 Mr R K Viswanathan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr S Muthu, 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 N. Subramanian
Date:30.05.2013 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 **16th September 2013 to 24th September 2013** (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, 2010-11 and 2011-12 may send the same to the Registered Office or Share Transfer Agent for revalidation.
8. Unpaid dividend for over 7 years will be transferred to Central Government and no claim will lie thereafter. Members may refer to page No.15 of the Annual Report and lodge their claim, if any, immediately.
9. The Ministry of Corporate Affairs vide its Circular dated 21st April 2011 allowed 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 N Subramanian
Date : 30.05.2013 Company Secretary



DHARANI FINANCE LIMITED

DIRECTORS' REPORT

Dear Members,

The Board of Directors present herein the **TWENTYTHIRD** Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

The Financial results for the year ended 31st March 2013 are briefly as follows: -

(Rs. in Lakhs)

Particulars	For the year Ended 31.03.2013	For the year Ended 31.03.2012
Income through Travel Operations, Finance Services and others	298.17	351.32
Expenditure (Employee & Administrative Expenses)	252.35	197.03
Profit	45.82	154.29
Provision for diminution in value of investments	(7.62)	31.32
Depreciation	62.02	55.75
Interest & Bank Charges	0.16	0.81
Profit /(Loss) after depreciation & Interest	(8.74)	66.11
Provision for Income Tax - Current	0.24	24.30
- Deferred	(6.11)	(3.03)
Profit /(Loss) after Tax	(2.87)	44.84
Surplus /(deficit) brought forward	48.41	53.20
Profit available for appropriation	45.54	98.03
APPROPRIATIONS		
Transfer to Statutory Reserves	-	8.97
Proposed Dividend	-	34.98
Dividend Distribution Tax	-	5.67
Net Surplus/(Deficit) carried over	45.54	48.41

PERFORMANCE

Income of the Company for the year 2012-13 came down to Rs.298.17 lakhs from Rs.351.32 lakhs reflecting in part the reduction of earnings in travel operations. This includes a sum of Rs.1.33 lakhs earned as profits in an export transaction for the first time and Rs.4.78 lakhs as dividend on investment in Dharani Sugars and Chemicals Limited. The expenses have gone up to Rs.306.91 lakhs from 285.21 lakhs due to general increase in all items of expenditure, especially in vehicle maintenance, cost of fuel etc. There was a gross profit of Rs.53.28 lakhs. However, depreciation had to be provided at a higher amount of Rs.62.02 lakhs as against Rs.55.75 lakhs in the previous year. Further, in the previous year, the Company was able to record a gain of Rs.28.48 lakhs through sale of some investments. A similar gain is not available this year as the stock market was also in a flux. The Company had to cease the business of a full fledged money changer, as Reserve Bank of India had withdrawn its licence. As a result the operations for the year ended in a net nominal loss of Rs.2.87 lakhs after providing for taxes.

OUTLOOK

Taking into account the economic situation during 2012-13 and the pointers for the coming year, state of world economy, performance of the hotel industry on which the company's travel division's earnings depend, the monetary tightening and further stringent measures by Reserve Bank of India over Non Banking Financial Companies (NBFC), the outlook does not appear too bright. However, the Government of India is confident of an improvement in the economy as a result of various measures taken by them and also proposed to be taken, to boost investments especially FDI, , manufacture and trade. Your Company continues to explore various options to increase its business operations over different fields with a view to provide better returns to the shareholders.



DIVIDEND

As the Company's operations during the year under review have not resulted in profits, 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 2013. 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. However, there was an accidental delay in surrendering the available foreign exchange, once its licence as full fledged money changer was withdrawn. The Company had to pay a sum of Rs.50,000/- as fees for condoning this delay.

DIRECTORS

Mr R K Viswanathan retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Dr S Muthu 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.



DHARANI FINANCE LIMITED

The Company had adopted most of the 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 and are being followed. However, some of the new voluntary guidelines could not be 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	2012 -13	2011 -12
Foreign exchange earnings	Nil	Nil
Foreign exchange outgo	Nil	Nil

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

DR PALANI G PERIASAMY
CHAIRMAN

PLACE: CHENNAI - 34

DATE : 30.05.2013


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 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 23.05.2012, 10.08.2012, 10.11.2012 and 11.02.2013.

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 held by them 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	4	3	-
2	Visalakshi Periasamy	Non Executive	2	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	1	2
6	Dr S Muthu	Non Executive Independent	4	Yes	-	-	1

**3. Management Committee Meeting**

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

Mr. R. K. Viswanathan and Dr S. Muthu, retire by rotation at this Annual General Meeting and are being proposed for reappointment. Particulars of these Directors are given below.

1	Name	Mr R K Viswanathan
	Age	72 years
	Qualification	B.A.,
	Date of Appointment	10.05.1990
	Experience	Leading trader and Exporter in spices with more than 30 years experience in trade and marketing
	Other Directorship	Nil
	Member of Committees	Shareholders Grievance / Audit / Remuneration Committee
	No of Shares held	21200 Shares
	Percentage of Shares	0.42
	Inter Se Relationship	Not applicable

2	Name	Dr S Muthu
	Age	73 years
	Qualification	B.E., M.Sc., Ph.D.,
	Date of Appointment	10.11.2010
	Experience	He has wide range of experience in administration and educational field for nearly 35 years in Government Engineering Colleges and Directorate of Technical Education..
	Other Directorship	Nil
	Member of Committees	Audit Committee, 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 2012 – 2013, the Audit Committee met four times, on 23.05.2012, 10.08.2012, 10.11.2012 and 11.02.2013

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	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.

Sl.No	Name of the Directors	Category
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.