

DHARANI FINANCE LIMITED



PGP GROUP

24th

**ANNUAL REPORT
2013 - 14**



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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.
CIN – L65191T1990PLC019152
Phone Nos. 044-2831 1313, 2825 4176
Fax No. 044 – 2823 2074
Email: secretarial@dharanifinance.in
Website : www.dharanifinance.in

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the members of the Company will be held on **Thursday, the 25th September 2014 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 Financial Statements including Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statements for the year ended on that date and consider the reports of the Directors and Auditors.
2. To appoint a Director in place of Ms. Visalakshi Periasamy, (holding DIN 00064517) who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following resolution as a **SPECIAL RESOLUTION**.

“RESOLVED THAT pursuant to Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and subject to such other approvals or consents as may be necessary, approval of the shareholders be and is hereby accorded for the reappointment of Mr K Kandasamy, (holding DIN 00277906) as Managing Director, not subject to retirement by rotation, for a further period of five years from 25.06.2014 to 24.06.2019.

ALSO RESOLVED THAT Mr K Kandasamy, be paid the following remuneration.

Salary	Rs. 105000/- per month in the scale of Rs. 105000- 5000-125000
Perquisites	Perquisites detailed below. It shall however be restricted to an amount equal to the annual salary.

In case there are no profits in any financial year during the tenure of Mr K Kandasamy as Managing Director or if the profits are insufficient, he may be paid only the minimum remuneration within the limits prescribed in Sec II, Part II of Schedule V to the Companies Act, 2013 as applicable to a Company of this size and after following the procedure detailed therein.

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 for the use of the Managing Director 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.

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.



5. To consider and, if thought fit, to pass with or without modification the following resolution as a **SPECIAL RESOLUTION**.

“RESOLVED THAT in pursuance of Section 186 of the Companies Act, 2013, and the rules made thereunder approval of the shareholders is hereby accorded, permitting the Board of Directors of the Company to acquire by way of subscription, purchase or otherwise, securities of any other body corporate exceeding 60% of its paid up share capital and free reserves or 100% of its free reserves, whichever is more, subject to a total maximum limit of Rupees four crores only.

ALSO RESOLVED THAT the Board of Directors be and is hereby authorised to take suitable steps to implement the above resolution, subject to the limits.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr M Ganapathy, (holding DIN 00234337), Director of the Company, who retires by rotation at this Annual General Meeting, and who has offered himself for reappointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 25.09.2014 to 24.09.2019.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr R K Viswanathan, (holding DIN 00047420), a Director of the Company whose period of office is liable to determination by retirement of directors by rotation as per Section 255 and 256 of the earlier Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 25.09.2014 to 24.09.2019.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr S Muthu, (holding DIN 0331664), a Director of the Company whose period of office is liable to determination by retirement of directors by rotation as per Section 255 and 256 of the earlier Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 25.09.2014 to 24.09.2019

By Order of the Board

For Dharani Finance Limited

Place : Chennai – 34

N Subramanian

Date : 29.05.2014

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 20th September 2014 to 25th September 2014 (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 revaluation.
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.18 of the Annual Report and lodge their claim, if any, immediately.
9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business set out against item No.4,5, 6,7 & 8 are annexed hereto.
10. 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.
11. Pursuant to section 108 of the Companies Act, 2013 and in compliance with SEBI directives through the Listing Agreement, the Company has made the necessary arrangements to enable the members to exercise their right to vote on the resolutions through Electronic Voting. The detailed procedure for availing this facility is explained in the annexure. There will be no voting by show of hands at the Annual General Meeting.

By Order of the Board
For Dharani Finance Limited

Place : Chennai – 34

Date : 29.05.2014

N Subramanian

Company Secretary

Explanatory Statement Under Section 102 of the Companies Act, 2013.

Item No. 4.

Mr K Kandasamy was appointed as Managing Director with effect from 25.06.2009 in the scale of Rs.85000 - 5000-105000 in the AGM held on 3rd August 2009. His term of office comes to a close on 24.06.2014. The Board of Directors have in their meeting held on 29.05.2014 passed a resolution to reappoint him for a further period of 5 years with effect from 25.06.2014 to 24.06.2019.

Mr K Kandasamy, aged 56, is a Bachelor in Law and holds a Masters Degree in Business Administration and has an overall experience more than 25 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 81990 equity shares to the extent of 1.64% of the equity capital of the Company. He is also a Director in Appu Hotels Ltd. Nomination & Remuneration Committee has considered and recommended the appointment and remuneration. The remuneration suggested is well within the limits prescribed under the Act.

Approval of the shareholders is now sought for his reappointment on the terms and conditions as mentioned in the resolution.

Mr K Kandasamy is concerned and is interested in the said resolution as it relates to his own reappointment.

No other Director or Key Managerial Personnel is interested or concerned.

**Item No.5**

As part of the Company's investment programme, the Company proposes to subscribe to shares of well-known profitable Companies to avail the financial and other benefits. According to Section 186 of the Companies Act 2013, the Company can invest or acquire by way of subscription, purchase or otherwise the securities of any other body corporate exceeding 60% of its paid up capital and free reserves or 100% of its free reserves whichever is lower only with the approval of the shareholders through a special resolution passed in the General Meeting.

Presently the Company's investments are Rs.328 lakhs and is reaching the limit of 60%.

The stock market is in a favourable condition and there is demand for securities of companies that are expected to do well in the coming years due to the improvements expected in the investment climate.

Your Company proposes to buy further shares at the right opportunity subject to an overall limit of Rs.4 Crores. Your Company will be able to arrange necessary funds for this purpose from its own resources.

Accordingly approval of the shareholders is sought for this special resolution. None of the Directors or Key Management Personnel is interested. The Directors commend the resolution to the shareholders for their approval

Item No.6 to 8**Appointment of Independent Directors**

The Company has a total Board strength of 6 directors. Other than the Managing Director, remaining 5 directors are liable to retire by rotation in accordance with Section 256 of the earlier Companies Act, 1956. The Company is also in compliance with Clause 49 of the Listing Agreement by having 3 independent directors representing 50% of the total Board strength. The details are disclosed in the Corporate Governance Report of each year to the shareholders.

With the coming into force of the Companies Act, 2013, your company, being a listed company, has to have at least one-third of the total number of directors as independent directors. Since Clause 49 of the Listing Agreement continues to prescribe a higher ceiling applicable to your company, your Company's minimum of 50% representing the category of independent directors the existing strength of 3 Independent Directors will remain unchanged

Section 149(10) of the Companies Act, 2013 now mandates the appointment of independent director for a fixed tenure up to five consecutive years who are eligible for reappointment for one more term of five years on passing of a Special Resolution by the company. For reckoning these ceilings, any tenure of independent director as on 1st April 2014 shall not be counted.

SEBI by Circular dt.17-04-2014 has advised Stock Exchanges to amend Clause 49 of the Equity Listing Agreement with a view to align them with the new Company Law and in certain areas SEBI has imposed more stringent conditions as well. This inter alia deals with Independent Director applicable from 1st October 2014. In order that our company ensures due compliance with the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement, it is intended to pass requisite resolutions at this AGM for the appointment of independent directors. All the three existing independent directors of the company qualify for being appointed as independent director for tenure of five years from the commencement of Section 149. Accordingly their appointments have been proposed for a fixed tenure from 25th September 2014 (the date of AGM) to 24th September 2019.

Details of independent directors proposed for appointment are furnished in the Annexure pursuant to Clause 49 of the Listing Agreement.

Having regard to the above, the proposal for appointment of independent directors is placed for the consideration of shareholders as under.

Name of the Independent Director	Date of First Appointment	Date of Last re-appointment	Proposed tenure
Mr M Ganapathy	24.08.2005	20.09.2012	25.09.2014 To 24.09.2019
Mr R K Viswanathan	10.05.1990	24.09.2013	
Dr S Muthu	10.11.2010	24.09.2013	



The company has received requisite declaration from each of the above in deference to Section 149(7) that he meets the criteria of independence as provided in Section 149(6) of the Act. It is further confirmed that in the opinion of the Board each of the independent director proposed to be appointed as above fulfils the conditions specified in the Act and the Rules made thereunder and that the proposed director is independent of the management.

The independent directors would be eligible for sitting fee for attending the Board and Committee meetings within the ceiling prescribed by the Act and as determined by the shareholders and the Board.

No Director or Key Managerial Personnel of the Company or their relatives are interested in this item of business financially or otherwise excepting the interest of each of the person above in his / her respective appointment.

By Order of the Board
For Dharani Finance Limited

Place : Chennai – 34
Date : 29.05.2014

N Subramanian
Company Secretary



Details of the Director seeking Appointment / Re appointment at the 24th Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

Re -Appointment of Ms Visalakshi Periasamy

Name	Ms Visalakshi Periasamy
Age	67
Qualification	B.B.A
Date of Appointment	10.05.1990
Experience	25 years
Other Directorships	1.Appu Hotels Limited 2. Dharani Credit & Finance (P) Ltd. 3. PGP Hotels & Resorts (I) (P) Ltd 4. PGP Educational & Welfare Society
Member of Committees	Management Committee
No of Shares held in the Company & %	145198 & 2.91%
Inter se Relationship	She is wife of Dr Palani G Periasamy, Chairman

Re-appointment of Mr K Kandasamy

Name	Mr K Kandasamy
Age	57
Qualification	B.A.B.L
Date of Appointment	25.06.1994
Experience	23 years
Other Directorships	1. Appu Hotels Limited 2. PGP Educational & Welfare Society
Member of Committees	Shareholders Grievance Committee
No of Shares held in the Company & %	81990 & 1.64%

Re-appointment of Mr R K Viswanathan

Name	Mr R K Viswanathan
Age	73
Qualification	B.A.,
Date of Appointment	10.05.1990
Experience	25 years
Other Directorships	Nil
Member of Committees	1) Shareholders Grievance Committee (2) Audit Committee (3) Remuneration Committee
No of Shares held in the Company & %	21200 & (0.42)

Re – appointment of Mr M Ganapathy

Name	Mr M Ganapathy
Age	75
Qualification	IFS (Retd)
Date of Appointment	24.08.2005
Experience	10 years
Other Directorships	1. Ananthi Developers Limited
Member of Committees	(1) Shareholders Grievance Committee (2) Audit Committee (3) Remuneration Committee
No of Shares held in the Company & %	Nil

Re – appointment of Dr S Muthu

Name	Dr S Muthu
Age	74
Qualification	B.E.M.Sc., PhD.,
Date of Appointment	10.11.2010
Experience	5 years
Other Directorships	Nil
Member of Committees	(1) Audit Committee (2) Remuneration Committee
No of Shares held in the Company & %	Nil



e- Voting Process

1. The company is pleased to provide members facility to exercise their right to vote at the 24th Annual General Meeting (AGM) by electronic means as required by Clause 35 of the Listing Agreement and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. This business would be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL).

2. E-Voting commences on Thursday, the 18th September 2014 (10.00 AM) and ends on Saturday, the 20th September 2014 (5.00 PM). e-Voting through electronic mode shall not be allowed beyond 5.00 p.m. on 20th September 2014. During this period, shareholders of the company, holding shares as on the record date of 16th August 2014 (Saturday) are entitled to cast their vote electronically.

3. Instructions for e-Voting for members receiving an email from CDSL pursuant to their email IDs having been registered with the company/ Depository Participants:

(i) User ID and password are required for e-Voting. If you are holding shares in Demat form logged on to www.evotingindia.com and cast your vote earlier for EVSN of any company, then your existing login id and password are to be used. Else, follow clause (v) to (vii) for login.

(ii) Launch the internet browser during the voting period. Type the URL in the address bar www.evotingindia.com. Home screen opens.

(iii) Click on "Shareholders" tab to cast your vote.

(iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"

(v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN (case sensitive) issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name in block letters and the sequence number (8 digits Printed in the address slip in the PAN field).

Please enter any one of the details in order to login.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field.

The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform