

31st ANNUAL REPORT

**Statement of Accounts
2001 - 2002**

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UNITED CREDIT LIMITED

UNITED CREDIT LIMITED
(Successor to United Bank of India Limited)

BOARD OF DIRECTORS

Mr. Ravi Poddar, Chairman
Mr. A. K. Dabriwala, Managing Director
Mr. Y. D. Patil
Mr. Jawhar Sircar
Mr. J. M. Vakil
Mr. N. Himatsingka
Mr. Samir Ghosh
Kumar Rathindro Mullick
Mr. N. K. Sarawgi

SECRETARY

Mr. Arunabha Biswas

SOLICITORS AND ADVOCATES

Khaitan & Co.
S. Jalan & Co.
P. D. Himatsingka & Co.

AUDITORS

M/s. Ray & Ray

BANKERS

Punjab & Sind Bank
Allahabad Bank

REGISTRARS & SHARE TRANSFER AGENT

ABC Computers Pvt. Ltd.
National Council of Education, Bengal
Jadavpur University Campus
P.O. Jadavpur
Kolkata - 700 032
Phone : 414-6363/6292
Fax : (033) 413-7900

COMPOSITION OF AUDIT COMMITTEE

Mr. Samir Ghosh
Mr. N. Himatsingka
Kumar Rathindro Mullick

REGISTERED OFFICE
27B, Camac Street (8th floor)
Kolkata- 700 016
Phone : 247-0930/9359, 240-9185
Fax : 033-240-2047

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirtyfirst Annual General Meeting of the Members of UNITED CREDIT LIMITED will be held at the "Shripati Singhania Hall", Rotary Sadan, 94/2, Chowringhee Road, Kolkata 700 020 on Saturday, the 22nd June, 2002 at 10-45 a.m.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To elect a Director in place of Mr. Ravi Poddar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To elect a Director in place of Mr. Samir Ghosh, who retires by rotation, and being eligible, offers himself for reappointment.
4. To elect a Director in place of Mr. J. M. Vakil, who retires by rotation.
5. To appoint Auditors and to fix their remuneration. The retiring Auditors, Messrs. Ray & Ray, Chartered Accountants, Kolkata, are eligible for reappointment.

SPECIAL BUSINESS**As Special Resolutions**

TO DECLARE AND ANNOUNCE THE POSTAL BALLOT RESULTS OF THE SPECIAL RESOLUTION IN RESPECT OF CHANGE OF OBJECT CLAUSE IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY PURSUANT TO SECTION 17 READ WITH SECTION 192A OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREFOR.

6. (a) "RESOLVED THAT the following sub-clause be inserted as sub-clause(4)(v) of Clause III(a) of the Memorandum of Association of the Company.

To acquire upto 100% shares, equity or preference in any company including Government Companies either individually or as a constituent in a consortium and to manage the companies, in which shares are so acquired."

- (b) "RESOLVED THAT the following sub-clause be inserted as sub-clause (8) of Clause III(a) of the Memorandum of Association of the Company.

To carry on the business of development of township, real estate covering construction of residential, commercial premises, roads, bridges etc."

UNITED CREDIT LIMITED

- (c) "RESOLVED THAT the following sub-clause be inserted as sub-clause (9) of Clause III(a) of the Memorandum of Association of the Company.

To carry on the business of Cold Storage including Multipurpose Cold Storage, hospital and diagnostic clinic, setting up and running city centre, entertainment centre, tourism and hotel industry and any other form of hospitality industry."

- (d) "RESOLVED THAT the following sub-clause be inserted as sub-clause (10) of Clause III(a) of the Memorandum of Association of the Company.

To engage in the business of medical transcription, setting up and running call centre, to act as agents, tie up with any other company, engaged in the business of medical transcription and/or call centre, appoint agent in India and abroad and to impart training for development and running of call centre and medical transcription and to set up all types of educational institution including computer training centre."

As Special Resolution

7. "RESOLVED THAT approval pursuant to Section 149 (2-A) of the Companies Act, 1956 be and is hereby accorded to the Company for commencing and carrying on the business included in the main object of the Company by virtue of insertion of Sub-clause (4)(v) of Clause III (a) of the Memorandum of Association of the Company and insertion of Sub-clause (8), (9) and (10) in Clause III (a) of the Memorandum of Association of the Company."

As Special Resolution

8. "RESOLVED THAT the Articles of Association of the Company be and is hereby altered in the following manner:

that the following additional paragraph be inserted in Article 43A after the existing paragraph in the Article.

In any case where the buy-back is or less than 10% of the total paid-up equity capital and free reserve of the Company or such other limit as may be prescribed by the Act from time to time the Company may buy-back its shares with the authorisation by the Board of Directors of the Company by means of a resolution passed at its meeting."

27B, Camac Street
Kolkata - 700 016
The 2nd May, 2002

By Order of the Board of Directors
Arunabha Biswas
Company Secretary

NOTES

- I. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be member of the Company.
- II. A proxy, to be valid, should reach the Registered Office of the Company at least 48 hours before the hour of commencement of the meeting.
- III. (i) In respect of Special Business mentioned in item 6(a) to (d) —
 - (a) Shareholders are requested to send their assent or dissent in writing to the Scrutinizer at the Registered Office of the Company by Postal Ballot in the prescribed Postal Ballot Form.
 - (b) The Postal Ballot Form duly completed and signed should be forwarded to the Registered Office of the Company at 27B, Camac Street, Kolkata 700 016 so as to reach the Company not later than the close of working hours on 14th June, 2002.
 - (c) Postal Ballot shall not be exercised by a Proxy.
 - (d) In accordance with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, Postal Ballot received after 14th June, 2002 shall be treated as if the reply from the shareholders has not been received and the same shall not be considered.
- (ii) PROCEDURE TO BE FOLLOWED FOR CONDUCTING BUSINESS THROUGH POSTAL BALLOT :
 - (a) The Company has appointed Mr. C. K. Deora, Solicitor & Advocate of M/s. C. K. Deora & Co., Solicitors & Advocates as Scrutinizer who, in the opinion of the Board, can conduct the Postal Ballots voting process in a fair and transparent manner as Scrutinizer.
 - (b) The Scrutinizer will be in position to complete the compilation by 20th June, 2002 and will submit his final report on or before the said date to the Chairman.
 - (c) The Scrutinizer will be available at the Registered Office of the Company for the purpose of ascertaining the requisite majority and the Postal Ballots and all other papers relating to Postal Ballots will be under his safe custody till the Chairman of the meeting considers, approves and signs the minutes of the meeting.
- IV. Members are requested to notify immediately any change in their address to the Company.
- V. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items of special business is annexed hereto.
- VI. The Register of Members and Transfer Book of the Company will remain closed from 14th to 22nd June, 2002 (both days inclusive).

NOTES CONTD.

- VII. Members are requested to bring the attendance slip with them duly filled in and hand over the same at the entrance of the meeting hall.
- VIII. In view of the increase in cost of printing, members are requested to bring their copy of the Annual Report with them at the meeting.
- IX. Should the members wish to have any information in respect of the accounts of the Company, queries in writing may be sent to the Company at the Registered Office so as to reach the Registered Office of the Company at least 7 days before the date of the meeting so that the required information can be made available at the meeting.
- X. It will be helpful if Registered Folio Number is quoted in all the correspondence with the Company.
- XI. Pursuant to the provision of newly inserted Section 109A and 109B members are informed that every holder of shares in and debentures of, a Company may, at any time nominate, in the prescribed manner a person to whom his shares in or debentures of, the Company shall vest in the event of his death.
- XII. Pursuant to Section 205A(5) of the Companies Act, 1956 as amended by the Companies (Amendment) Act 1999 w.e.f. 31.10.98 any money transferred to the unpaid dividend account of the company in pursuance of Section 205A(1), which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Education and Protection Fund established under Section 205C (1) of the Companies Act, 1956 and no claim shall lie against the Fund or the Company in respect of individual amounts which remain unclaimed and unpaid for a period of seven years from the dates that they first become due for payment.
- The members who have not received/encashed dividend warrants for the financial years 1994-95 to 1997-98 and 2000-2001 may write to the Company for payment immediately.
- XIII. Members are informed that the scrips of the Company have been activated both in CDSL and NSDL and may be dematerialised under the ISIN INE 858C 01019.
- XIV. All documents referred to in the above notes and explanatory statement are open for inspection at the Registered Office of the Company during office hours.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 6

The Company is endeavouring to diversify in other areas. As per the Companies Act, 1956 a Company can carry on only those business that are mentioned in the Object Clause of the Memorandum of Association of the Company. It is therefore suggested that the Memorandum of Association be altered by inserting sub clause(4)(v) in Clause III(a) and by incorporating the additional sub clauses (8), (9) and (10) after sub clause (7) in Clause III(a).

In accordance with the provisions of Section 17 of the Companies Act, 1956 alteration of Object Clause in the Memorandum of Association of the Company can be made only by the approval of the members by way of Special Resolution in a General Meeting. Section 192A of the Companies Act, 1956 read with The Companies (Passing of resolution by Postal Ballot) Rules, 2001 prescribes inter alia that resolution in respect of alteration of the Object Clause of the Memorandum of Association of the Company should be passed through Postal Ballot. The Board accordingly considers it necessary to seek approval of the shareholders by Postal Ballot. The resolution is being sent to the shareholders for their consideration.

The Board recommends the resolution for the approval of the members.

None of the Directors is interested in the resolution.

ITEM NO. 7

The object clause of the Memorandum of Association of the Company has been proposed to be amended to enable the Company to take up other activities viz. acquiring upto 100% shares of any company, to carry on the business of cold storage, construction of residential and commercial premises, setting up call centre, educational training centre etc. Since these business are not germane to the activities of the Company, approval of the members by way of special resolution for the commencement of such business is required.

The Directors recommend the resolution for members' approval.

None of the Directors is interested in the resolution.

ITEM NO. 8

The Company is authorised to buy-back its shares by Article 43A of Articles of Association of the Company subject to a special resolution being passed by shareholders to this effect. In view of recent changes in the enactment the Company can also buy-back its own shares upto a limit of 10% of the paid-up capital and free reserve of the Company provided such buy-back is authorised by a resolution passed by the Board of Directors in its meeting. The new insertion in Article 43A is required in line with the recent changes in the Companies Act, 1956. Section 31 of the Companies Act, 1956 provides that a company may by Special Resolution alter its Articles of Association.

The Board accordingly considers it necessary to seek approval of the members by way of Special Resolution and recommends the resolution for their approval.

None of the Directors is interested in the resolution.

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors are happy to present the 31st Annual Report with the Audited Statement of Accounts for the year ended March 31, 2002.

FINANCIAL RESULTS

	(Rs. in lacs)	
	2001-2002	2000-2001
Gross Income	733.69	1023.16
PBDIT	405.45	663.46
Interest	78.63	154.17
Depreciation	295.67	400.10
PBT	31.15	109.18
Provision for Taxation	20.56	10.50
Deferred Tax	(43.18)	—
PAT	53.77	98.68
Appropriations		
Surplus b/f from previous year	62.24	28.62
Profit available for appropriation	116.01	127.30
Proposed Dividend	—	59.04
Tax on Dividend	—	6.02
Surplus carried to Balance Sheet	116.01	62.24

DIVIDEND

In order to conserve the resources of the Company your Directors do not recommend dividend for the year under review.

RESERVES & SURPLUS

The Balance in Reserves & Surplus stands at Rs.11,18,02,692/- (as on 31.3.2001 : Rs.10,94,90,379/-) after the appropriations mentioned above.

PERFORMANCE

During the year under review, your Company has mainly focussed on its recovery process which has yielded positive results. As informed to the members in the past also, your Company is scaling down the finance business and liquidating its bank liabilities thereby reducing interest outgo.

Although, it was an extremely difficult year, the Company was able to generate profit (PAT) of Rs. 53.77 lacs.

FUTURE OUTLOOK

In the present economic scenerio, for the core financing business only large NBFIs would be able to survive. The management has taken appropriate measure to explore opportunities in new areas. Presently the Company is continuing its operation in Hire Purchase and Leasing activities in a very selective manner and intends to increase its exposure in other profitable areas.

The Company has already started importing agricultural equipments for catering to the domestic markets. The management feels there are good opportunities in the field of agricultural infrastructure also like storage and preservation of agricultural commodities.

The Government of India is in the process of disinvestment of various PSUs to the private investors. There are ample opportunities available for acquiring profit making companies. Your Company intends to participate as a strategic investor in such disinvestment process.

With this in view, the object clause of the Memorandum of Association is sought to be altered with your approval in the ensuing annual general meeting so that the Company can venture in other profitable areas also.

LISTING WITH THE STOCK EXCHANGES

The Company is listed with The Calcutta Stock Exchange Association Ltd., The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad and Annual Listing Fee to all these three stock exchanges has been paid on time.

DEPOSITS

The Company does not have any matured unclaimed deposit as on 31.3.2002.

DIRECTORS' RESPONSIBILITY STATEMENT

Statement in respect of Directors' responsibility as required under Section 217(2AA) of the Companies Act, 1956 is given in a separate Annexure attached hereto and form an integral part of this report.

DIRECTORS

Mr. Ravi Poddar, Mr. Samir Ghosh and Mr. J. M. Vakil retire by rotation in the forthcoming Annual General meeting. While being eligible Mr. Ravi Poddar and Mr. Samir Ghosh offer themselves for re-election, Mr. J. M. Vakil for personal reason refrains from offering himself for re-election.

The Board wishes to record its sincere appreciation for the valuable advice given by Mr. J. M. Vakil.

AUDITORS

M/s. Ray & Ray, Chartered Accountants, Kolkata, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

UNITED CREDIT LIMITED**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

The Company being engaged in hire-purchase and leasing business, the question of conservation of energy and technology absorption does not arise.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There has been no foreign exchange earnings in any manner during the year under review. However the total outflow of foreign exchange during the year under review is Rs. 13,25,961/-.

CORPORATE GOVERNANCE

The Board has already taken initiative to comply with the requirement of Clause 49 of the Listing Agreement i.e. Corporate Governance although the date of implementation in case of your Company is 31st March, 2003.

AUDIT COMMITTEE

An Audit Committee comprising three independent directors viz. Mr. Samir Ghosh, Mr. Nathmal Himatsingka and Kumar Rathindro Mullick has been formed in compliance with the requirement of Section 292A of the Companies Act, 1956, and the Committee will have such additional functions as are required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges within the stipulated time.

DEMATERIALIZATION OF THE SHARES OF THE COMPANY

Trading in shares of the Company has been compulsorily in dematerialized form w.e.f. 26.3.2001 by all investors as per directives given by SEBI. Accordingly the Equity Shares of the Company are available for dematerialization under ISIN INE 858C 01019 with both CDSL and NSDL.

EMPLOYEES

The Company has no employee in respect of whom information under Section 217 (2A) of the Companies Act, 1956 is required to be annexed.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation for the whole-hearted and sincere co-operation the Company has received from the bankers, automobile manufacturers and their dealers.

Your Directors also wish to thank all the employees for the dedication and sincerity shown by them in discharge of their duties.

For and on behalf of the Board of Directors

Kolkata - 700 016
The 2nd May, 2002

Ravi Poddar
Chairman