

38th ANNUAL REPORT

Statement of Accounts
2008 - 2009

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UNITED CREDIT LIMITED

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BOARD OF DIRECTORS

Mr. Ravi Poddar, Chairman
Mr. A. K. Dabriwala, Managing Director
Mr. N. Himatsingka
Mr. N. Mishra
Mr. Dipankar Chatterji
Mr. R. M. Choubey
Mr. Devashish Dabriwal

VICE PRESIDENT AND SECRETARY

Mr. Arunabha Biswas

SOLICITORS AND ADVOCATES

Khaitan & Co.
Victor Moses & Co.

AUDITORS

M/s. Ray & Ray

BANKERS

United Bank of India
AXIS Bank Ltd.

REGISTRARS & SHARE TRANSFER AGENT

C B Management Services (P) Limited
P-22, Bondel Road, Kolkata 700 019
Phone : (033) 2280 6692/93/94,
2280 2486, 2280 2937

Fax : (033) 2287 0263

E-mail : cbmsl1@cal2.vsnl.net.in

AUDIT COMMITTEE

Mr. Dipankar Chatterji
Mr. R. M. Choubey
Mr. N. Mishra

REMUNERATION COMMITTEE

Mr. N. Himatsingka
Mr. R. M. Choubey
Mr. N. Mishra

INVESTORS GRIEVANCE COMMITTEE

Mr. R. M. Choubey
Mr. A. K. Dabriwala
Mr. Devashish Dabriwal

REGISTERED OFFICE

27B Camac Street (8th Floor) Kolkata 700 016
Phone:(033) 2287 9359/9360/9185
Fax: (033) 2287 2047
E-mail : unitedcredit@vsnl.com
Website : www.unitedcreditltd.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirty-eighth 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 Friday, the 24th July, 2009 at 9.30 A.M.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect a Director in place of Mr. N. Mishra, who retires by rotation, and being eligible, offers himself for reappointment.
3. To elect a Director in place of Mr. Nathmal Himatsingka, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint retiring Auditors, M/s. Ray & Ray, Chartered Accountants, Kolkata to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification(s), the following resolution :

As Special Resolution :

5. **AMENDMENT OF EXISTING ARTICLE 104 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"RESOLVED THAT subject to the approval of the shareholders pursuant to Section 31 of the Companies Act, 1956, and other applicable provisions, if any, Article 104 of the Articles of Association of the Company be deleted and in its place the following new article be substituted :

104. Overall managerial remuneration is restricted to the limit prescribed under Section 198, 269 read with Schedule XIII, 309, 310 and 311 of the Companies Act, 1956 and any subsequent modification thereto or re-enactment thereof with liberty to the Board to exceed the limit on compliance of applicable provisions of the Act and approval of such authorities as may be prescribed under the Act."

27B, Camac Street
Kolkata 700 016
The 28th May, 2009

By Order of the Board of Directors
Arunabha Biswas
Vice President and Secretary

UNITED CREDIT LIMITED**NOTES**

- I) A member entitled to attend and vote at this Annual General Meeting may appoint proxy, who need not be a member of the Company, to attend and vote on a poll on his behalf. Proxies in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before this meeting.
- II) Members are requested to notify immediately any change in their address to the Company.
- III) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- IV) Corporate Members, in case they intend to send their representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- V) The Register of Members and Transfer Book of the Company will remain closed from 16th July, 2009 to 24th July, 2009 (both days inclusive).
- VI) 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.
- VII) 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.
- VIII) 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. It will be helpful, if Registered Folio Number/ DP ID – Client ID Number is quoted in all the correspondence with the Company.
- IX) Pursuant to the provision of Section 109A and 109B members are informed that every holder of shares at any time may nominate, in the prescribed manner, a person, to whom his shares in the Company shall vest in the event of his death.
- X) 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 the individual amounts which remain unclaimed and unpaid for a period of seven years from the dates that they first become due for payment.

During the financial year under review Rs. 4,79,725/- on account of Unpaid Dividend for the year 2000-01 has been transferred to Investor Education and Protection Fund.

The members who have not received/encashed dividend warrants for the financial years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 may write to the Company for arranging payment thereof.

The amount of matured debentures and interest accrued thereon, which remains unpaid or unclaimed for a period of seven years from the date of maturity shall be transferred by the company to the Investor Education and Protection Fund on or after 1.4.2010.

UNITED CREDIT LIMITED

- XI) The members are requested to inform their PAN allotted by the Income Tax authorities immediately. Pursuant to circular no. MRD/DoP/Cir-05/2007 dated 20.05.2009 of SEBI it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs (Registrars and Share Transfer Agent) for registration of transfer of shares.
- XII) Members are informed that the scrips of the Company have been activated both in CDSL and NSDL and may be dematerialised under the ISINs INE858C01027 for Equity Shares and INE858C04013 for Preference Shares.
- XIII) All documents referred to in the above NOTICE are open for inspection at the Registered Office of the Company during office hours.
- XIV) **The shareholders who have not yet surrendered their share certificates of erstwhile United Credit Financial Services Limited, are requested to contact the Registrars and Share Transfer Agents of the Company, C B Management Services (P) Limited for necessary action immediately.**
- XV) Mr. N. Mishra and Mr. Nathmal Himatsingka, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of Companies in which they hold directorships / memberships / chairmanships of the Board and Committee of the Board, shareholding and relationships between director inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors recommends re-appointment of Mr. N. Mishra and Mr. Nathmal Himatsingka.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO: 5**

Article 104 of the Articles of Association of the Company inter alia provides for payment of minimum remuneration to the Directors including Managing and Wholetime Directors in case of inadequacy of profit or absence of profit.

Section 269 read with Schedule XIII of the Companies Act, 1956 permits payment of remuneration in case of absence of profit or inadequacy of profit to Managing Director or Wholetime Directors. However pursuant to Section 198(4) of the Companies Act, 1956 when there is no profit or when profits are inadequate Ordinary Directors are not entitled to any remuneration exclusive of fees payable to them for attending each meeting of the Board or a Committee thereof under sub-Section (2) of Section 309 of the Companies Act, 1956, except with the previous approval of the Central Government. Article 104 should therefore be amended to make it consistent with the provisions of law.

None of the Directors of the Company is interested / concerned in the proposed resolution and the Board of Directors recommends the proposal for your approval.

27B, Camac Street
Kolkata 700 016
The 28th May, 2009

By Order of the Board of Directors
Arunabha Biswas
Vice President and Secretary

UNITED CREDIT LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors are happy to present the 38th Annual Report with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

| | (Rupees in Lacs) | |
|--------------------------------------------|------------------|-----------|
| | 2008-2009 | 2007-2008 |
| Gross Income | 137.52 | 537.46 |
| PBDIT | (17.53) | 228.29 |
| Interest | 3.10 | 8.74 |
| Depreciation | 13.30 | 14.00 |
| PBT | (33.93) | 205.55 |
| Provision for Taxation (Net) | (1.33) | 34.20 |
| Provision for F.B.T (Net) | 1.50 | 2.81 |
| Deferred Tax | (4.84) | (17.17) |
| PAT | (29.26) | 185.71 |
| Appropriations | | |
| Surplus b/f from previous year | 203.81 | 197.45 |
| Profit available for appropriation | 174.55 | 383.16 |
| Proposed Dividend | — | 57.45 |
| Tax on Dividend | — | 9.76 |
| General Reserve | — | 75.00 |
| Transfer to Reserve Fund as per RBI norms. | — | 37.14 |
| Surplus carried to Balance Sheet | 174.55 | 203.81 |

DIVIDEND

In view of absence of profit, no dividend is recommended by the Board in the current Financial Year.

RESERVES & SURPLUS

The Balance in Reserves & Surplus stands at Rs. 16,57,25,893/- (as on 31.3.2008 at Rs. 16,86,52,032/-).

PERFORMANCE

Although your Company was able to maintain profitability by proper utilization of available resources during the preceding years, in the financial year under review the Company has sustained loss after tax of Rs. 29,26,139/-.

FUTURE OUTLOOK

In the present economic scenario while the management feels that the Company should explore opportunities in other areas instead of concentrating on its traditional business, it is difficult to venture into new areas, in view of present recession, which has affected most of the countries.

Although the Indian market has started showing some positive indication of recovery, global market is still volatile. Both the Government and its different departments / agencies are in the process of taking suitable measures of recovery. Your management is confident that once economic circle starts upturn, it will be possible for the Company to venture into new areas.

**LISTING WITH THE STOCK EXCHANGES**

The Company's Equity Shares are listed with The Calcutta Stock Exchange Association Ltd. and Bombay Stock Exchange Limited. The annual Listing Fee to both the stock exchanges has been paid on time. Upon conversion of a portion of Equity Shares into Preference Shares, the Equity ISIN of the Company has been changed from INE858C01019 to INE858C01027 and new Preference ISIN is INE858C04013.

CONVERSION OF EQUITY SHARES INTO REDEEMABLE PREFERENCE SHARES

Pursuant to the scheme of arrangement approved by the Hon'ble High Court at Calcutta 1055086 Equity Shares of Rs. 10/- each have been converted into 1055086 12.5% Redeemable Preference Shares of Rs. 10/- each on 04.09.2008 redeemable at a premium of Rs. 5/- per share at the end of five years from the date of issue or earlier at the option of the Company. For the purpose of giving effect to the scheme of arrangement approved by the Hon'ble High Court at Calcutta trading in shares were temporarily suspended, which resumed on 19.12.2008 and 28.01.2009 at Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited respectively upon compliance of all statutory formalities.

DEPOSITS

The Company does not have any matured unclaimed deposit as on 31.03.2009.

DIRECTORS

Mr. N. Mishra and Mr. Nathmal Himatsingka retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr. N. K. Sarawgi resigned from the Board with effect from 09.03.2009 on personal reasons. Mr. Sarawgi was also the Chairman of the Investors Grievance Committee. The vacancy in the Committee has been filled up by induction of Mr. R. M. Choubey, a member of the Board, as Chairman of the Committee in place of Mr. N. K. Sarawgi.

During his long association the Company has been immensely benefited by his able guidance and active participation in the decision making process.

AUDITORS

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The Company being engaged in hire purchase, leasing and other business of varied nature, 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 outgo of foreign exchange during the year under review was Rs. 1,15,414/-

TRANSFER OF UNPAID DIVIDEND AMOUNTS TO IEPF

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remain unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement, the Company has implemented the Code of Corporate Governance and a separate section has been included in this report. The report on Corporate Governance

UNITED CREDIT LIMITED

and the declaration by the Managing Director in respect of Code of Conduct for all Board Members and Senior Management personnel and the certificate issued by M/s. Ray & Ray, Statutory Auditors of the Company in confirmation of the compliance as per requirement of Clause 49 of the Listing Agreement with the stock exchanges have been set out separately in Annexure – I.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion and Analysis Report has been appended to this report in terms of the Listing Agreement and marked Annexure – II.

SUBSIDIARY COMPANIES

The Company has two subsidiaries namely United Credit & Development Company Ltd. and United Nanotechnologies Private Limited. Accordingly, as per requirement of Sec.212 of the Companies Act, 1956 a copy each of the Annual Reports of these two Companies is enclosed along with a statement of your Company's interest in the said subsidiary Companies.

Audited Consolidated Financial Statements prepared in accordance with the Accounting Standard AS-21, which form an integral part of the Annual Report, are also attached.

PARTICULARS OF 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.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm that -

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
- ii) they have 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 as at March 31, 2009 and of the profit and loss account of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

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 Statutory Authorities, stakeholders, customers and bankers.

Your Directors also wish to thank all the employees for their dedicated and committed service to the Company.

For and on behalf of the Board

Ravi Poddar
Chairman

Kolkata – 700 016
The 28th May, 2009

CORPORATE GOVERNANCE REPORT**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

United Credit Limited is a non-deposit taking non-banking financial institution. Activities of the Company are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. The Company satisfies the Corporate Governance criteria as required by Clause 49 of the Listing Agreement.

I. BOARD OF DIRECTORS**(A) Composition of Board**

The Company has a broad-based Board and meets the 'Composition' criteria. As on 31st March, 2009, the Board comprised of seven Directors, out of which six are non-executive Directors, four of whom are independent Directors. The non-executive Directors are eminent professionals drawn from persons with experience in business, finance, law and public enterprises. Mr. A. K. Dabriwala, the Managing Director is the Director in Executive capacity. The composition of the Board during the year ended 31st March, 2009 is as under :-

| Sl. No. | Name of the Directors | Category of Director | No. of Board Meetings held | No. of Board Meetings attended | Last AGM attended |
|---------|------------------------------------------|----------------------------------------------|----------------------------|--------------------------------|-------------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1. | Mr. Ravi Poddar Chairman | Non-executive Promoter Director | 6 | 6 | Yes |
| 2. | Mr. A. K. Dabriwala Managing Director | Director in Executive capacity & Promoter | 6 | 6 | Yes |
| 3. | Mr. N. Himatsingka | Non-executive Independent Director | 6 | 6 | No |
| 4. | Mr. N. K. Sarawgi* | Non-executive Promoter Director | 6 | 6 | No |
| 5. | Mr. Dipankar Chatterji | Non-executive Independent Director | 6 | 6 | Yes |
| 6. | Mr. R. M. Choubey | Non-executive Independent Director | 6 | 6 | Yes |
| 7. | Mr. N. Mishra | Non-executive Independent Director | 6 | 5 | Yes |
| 8. | Mr. Devashish Dabriwal | Non-executive Promoter Director | 6 | 6 | Yes |

6 Board Meetings were held during the year and the dates were 21.05.2008, 23.06.2008, 28.07.2008, 04.09.2008, 20.10.2008 & 27.01.2009.

Mr. Ravi Poddar is relative of Mr. A. K. Dabriwala.

Mr. Devashish Dabriwal and Mr. A. K. Dabriwala are related to each other.

* Mr. N. K. Sarawgi a Director of the Company and Chairman of the Investors

Grievance Committee has resigned from the Board of Directors w.e.f. 09.03.2009.

(B) Non-executive Directors' compensation and disclosures

The Non-executive Directors are entitled to a commission of 1% of the net profit of the Company to be divided between them in such manner, as the board may determine from time to time in addition to fees for attending Meeting of the Board of Directors and Committees thereof. In the current financial year no such commission has been paid in absence of profit.