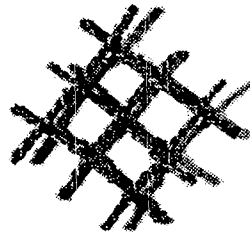


26th ANNUAL REPORT

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

Statement of Accounts 1996-97



UNITED CREDIT LIMITED



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

Mr. Ravi Poddar, *Chairman*
Mr. A. K. Dabriwala, *Managing Director*
Mr. M. R. B. Punja
Mr. Y. D. Patil
Mr. S. N. Roy
Mr. J. M. Vakil
Dr. Mohan Chellappa
Mr. N. Himatsingka
Mr. Samir Ghosh
Kumar Rathindro Mullick
Mr. N. K. Sarawgi

SECRETARY

Mr. Arunabha Biswas

SOLICITORS AND ADVOCATES

Mukherjee & Biswas
Khaitan & Co.
S. N. Sen & Co.

AUDITORS

M/s Ray & Ray

BANKERS

Allahabad Bank
United Bank of India
Punjab & Sind Bank
Bank of Baroda

REGISTRARS & TRANSFER AGENT

ABC Computers Pvt. Ltd.
National Council of Education, Bengal
Jadavpur University Campus
P.O. Jadavpur
Calcutta 700 032
Phone : 473-1163/1292/5363
Fax : 91-33-4746548

REGISTERED OFFICE 27B, Camac Street (8th Floor) Calcutta 700 016 Phone : 247-0930/9359, 240-9185 Fax : 033-240 2047
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UNITED CREDIT LIMITED**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Twentysixth Annual General Meeting of the members of UNITED CREDIT LIMITED will be held at the Auditorium of Kala Kunj, (Sangit Kala Mandir Trust), 48 Shakespeare Sarani, Calcutta 700 017 on Friday, the 12th September, 1997 at 3-00 p.m.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 1997 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To declare dividend for the financial year ended 31st March 1997.
3. To elect a Director in place of Mr. Ravi Poddar, who retires by rotation, and being eligible, offers himself for reappointment.
4. To elect a Director in place of Mr. Samir Ghosh, who retires by rotation, and being eligible, offers himself for reappointment.
5. To elect a Director in place of Kumar Rathindro Mullick, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration. The retiring Auditors, Messrs, Ray & Ray, Chartered Accountants, Calcutta, are eligible for reappointment.

SPECIAL BUSINESS

To consider, and if thought fit, to pass, with or without modification, the following Resolutions :

As an Ordinary Resolution

7. "RESOLVED THAT Mr. M. R. B. Punja be and is hereby appointed as Director of the Company."

As a Special Resolution

8. "RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, (including any statutory modification or any enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board'), consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid shares not exceeding 15 lacs on such terms and conditions and up to such limit as may be prescribed by law from time to time : provided that the acquisition/purchase of such fully paid equity shares of the Company be not construed as reduction of equity share capital, and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this Resolution."

27B, Camac Street
Calcutta 700 016
The 28th June 1997

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 hour before the hour of commencement of the meeting.
- III. Dividend, if declared at the meeting, will be paid on or after 13 October 1997 to those members whose names will appear on the Register of Members of the Company on 12.09.1997 subject to the provisions of Section 206A of the Companies Act, 1956.
- IV. Members are requested to (i) notify immediately any change in their address to the Company, (ii) to furnish dividend mandate, if any.
- 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 2nd September to 12th September 1997.
- VII. Please bring the attendance slip with you 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, you are requested to bring your copy of the Annual Report with you at the meeting.
- IX. Should you wish to have any information in respect of the accounts of the Company, please send your queries in writing to the Company at the Registered Office so as to reach us 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 your Registered Folio Number is quoted in all your correspondence with the Company.
- XI. 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.
- XII. As a measure to prevent theft of dividend warrants, shareholders are requested to indicate their account number and bank branch so that warrants sent to them include such details.
- XIII. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends up to and including the dividend declared for the year ended 31st March, 1993 have been transferred to the Central Government under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 and the same may be claimed through the Office of the Registrar of Companies, West Bengal.

UNITED CREDIT LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 7

Mr. M. R. B. Punja was appointed as an Additional Director in the Board Meeting held on 18-11-96 in terms of the provisions of Section 260 of the Companies Act, 1956. Mr. Punja is to hold office till the date of the forthcoming Annual General Meeting. He is eligible for appointment as Director of the Company and in this respect the Company has received from a member notice under Section 257 of the Companies Act, 1956 proposing his appointment as Director of the Company under Articles 79(b) and 83 of the Company's Articles of Association. Except Mr. M. R. B. Punja, none of the Directors are interested in the resolution.

Item No. 8

The earning per share has gone down considerably during 1996-97. With the intention of improving the EPS the Board of Directors recommended buy-back of not more than 15 lacs Equity Shares subject to the applicable provisions of the Companies Act, 1956 and any amendment thereof. The maximum amount to be involved is Rs. 2.5 crores. Such buy-back, at the discretion of the Board, will be completed within 15 months from the date of passing of such resolution or such period as may be prescribed.

None of the Directors are interested in the resolution.

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

Your Directors are pleased to present the 26th Annual Report with the Audited Statement of Accounts for the year ended March 31, 1997.

FINANCIAL RESULTS

	(Rs. in lacs)	
	1996-97	1995-96
Gross Income	824.26	527.32
Profit before Interest, Depreciation & Tax	585.05	422.67
Interest	242.33	115.45
Depreciation	247.39	124.75
Profit before Tax	95.33	182.47
Provision for Taxation	24.00	Nil
Profit after Tax	71.33	182.47
Income Tax Adjustments	21.57	Nil
Appropriations		
Surplus b/f from previous year	141.47	132.63
Profit available for appropriation	204.22	323.69
Transfer to General Reserve	Nil	100.00
Transfer to Lease Equalisation Reserve	85.87	Nil
Transfer to Reserve Fund as per RBI Norms	14.27	Nil
Proposed dividend	70.21	82.22
Tax on Dividend	7.02	—
Surplus Carried to B/S	26.85	141.47

DISCLOSURE PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

Particulars	Performance as on 31.03.97	Projections as per Letter of Offer and Prospectus issued in 1995
Income	824.26	1816.87
Profit after tax	71.33	487.71

The Company could not achieve the projected profitability due to the reasons explained below :

1. Bank facility as prescribed in the prospectus was not available due to reluctance on the part of the Banks to finance NBFCs in general.

UNITED CREDIT LIMITED

2. Merchant Banking activities came to a virtual halt because of the depressed capital market.
3. Owing to the compulsory provisioning of non-performing assets as per RBI guidelines, there has been a substantial erosion of profit during the year.

DIVIDEND

Your Directors are pleased to recommend a Dividend of Re. 1 per share of Rs. 10 each on pro-rata basis.

RESERVES & SURPLUS

The Balance in Reserves & Surplus stands at Rs. 12,40,88,488/- (as on 31.3.96 : Rs. 12,63,78,652/=) after the appropriations mentioned above.

NOTES ON ACCOUNTS AND AUDITORS' REPORT

The Auditors have made reference to the Notes on Accounts in their report, which are explained below:

- a) The Lease Equalisation Reserve has been treated in a manner that is in consonance with the accepted practices currently followed by the other leading companies in similar business activities.
- b) Regarding Depreciation, the Company has acted on the basis of legal opinion obtained for this purpose.
- c) However, the Company has followed the prudential norms prescribed by the RBI in respect of income recognition and provision for bad and doubtful debts.

Regarding non provision of loans of Rs. 73.73 lacs, the Company is in the final stages of negotiations and expect the matter to be settled very soon, and if not realised, provision/writing off would be made during the financial year 1997-98.

Performance - should be judged on a common platform

At the first glance it appears that the Company has not been able to match its performance shown in 1995-96. The year 96-97 was a rejuvenating year for the Company. However, on a comparative scrutiny, it would be seen that the adjustments in the current year for provision for doubtful debts and advances of Rs. 73.17 lakhs and depreciation on fixed assets Rs. 247.39 lakhs, account for the large difference between the two years performance. Results in short, in all other respects the activities and the resultant outcome are on a comparable basis, despite difficult market condition as explained earlier.

Resource Mobilisation

The mobilisation efforts were stymied by the bank's reluctance to advance funds to NBFCs. Your Company was a victim of the same policy. However, as a part of conservative philosophy, the Company did not go for fixed deposit mobilisation. Efforts are however being made in various

UNITED CREDIT LIMITED

directions for mobilisation of resources, through the Non Convertible Debenture and Preference Share route.

Fund based Operations :**Lease**

The year, as previously stated, was a tough one for us as our principal raw material - money was in tight supply. This straitjacketed situation taught us to effectively utilise the available resources. Despite this the lease operations on a YoY basis increased by 25%, which we feel is satisfactory on an overall basis.

Hire Purchase

The Company has established itself as an important player in the 'commercial vehicle financing' market, in West Bengal. The Company's growing popularity has been because of the concerted efforts of its district marketing team which identified opportunities in this area. The increase in stock on hire during the year was 13% to Rs. 13.26 crores.

To consolidate its position in the state of West Bengal, your Company opened up a branch in Siliguri, which will open up North Bengal and adjacent areas.

Intercompany Deposits

The risk analysis cell created by the Company cautioned before hand of the adverse performance by the corporate in 1996-97. The lead given by them ensured that we do not lend much in the inter-company market. Our exposure as at the end of 1996-97 stood at Rs. 1.83 crores, a decrease of 7%, the entire amount of which is recoverable.

Non-Fund based Operations

The non-fund based operations of your Company includes merchant banking, portfolio management and investment banking. Both merchant banking and portfolio management activities were not carried out by the Company due to the risks involved. The Company has over the last 12 months created a niche for itself in the restricted preference share market. With preference dividend being 100% tax free, the activities in this division will increase in years to come.

DEPOSITS

All deposits, which matured till date, were repaid except 5 deposits aggregating Rs. 15,000/- awaiting claims by the depositors concerned.

DIRECTORS

Mr. P. K. Saraf resigned from the Board on 15th March 1997. The Board recorded its appreciation for the valuable services rendered by Mr. Saraf during the tenure of his office.

Mr. M. R. B. Punja has to hold office up to the date of the forthcoming Annual General Meeting. Notice has been received from a member in compliance of Section 257 of the Companies Act, 1956 proposing his appointment as Director.

UNITED CREDIT LIMITED

Mr. Ravi Poddar, Mr. Samir Ghosh and Kumar Rathindro Mullick retire by rotation in the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

AUDITORS

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

SUBSIDIARY COMPANY

UCL Housing Ltd., a subsidiary of your Company, is poised to implement two prestigious housing projects at Queens Park and Thakurpukur both in Calcutta. These real estate construction activities are expected to bring about substantial earnings on completion.

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 or outgo in any manner during the year under review.

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 wish to place on record their deep appreciation for the whole-hearted and sincere co-operation the Company has received from the bankers, automobile manufactures and their dealers.

Your Directors also wish to thank all the employees for the effective contribution made by them for the growth and prosperity of the Company.

Calcutta
The 28th June, 1997

For and on behalf of the Board of Directors
Ravi Poddar
Chairman