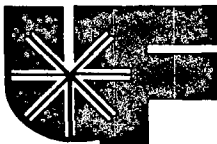


MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

TWELFTH ANNUAL REPORT

for the year ended
31st March, 1997

Report  junction.com



UPASANA FINANCE LIMITED



UPASANA FINANCE LIMITED

BOARD OF DIRECTORS

Sri Suresh Krishna

Chairman

Mrs Usha Krishna

Managing Director

Sri S L Narayanan

Executive Director

Sri K R Krishnaswamy

Sri R Ramakrishnan

Dr V Raghunathan

PRESIDENT

Sri S Ramakrishnan

MANAGER - FINANCE & SECRETARY

Sri R Krishnan

BANKERS

STATE BANK OF INDIA

STATE BANK OF MYSORE

STATE BANK OF HYDERABAD

STATE BANK OF SAURASHTRA

ANZ GRINDLAYS BANK, PLC

THE FEDERAL BANK LIMITED

THE KARUR VYSYA BANK LIMITED

THE SOUTH INDIAN BANK LIMITED

CENTRAL BANK OF INDIA

IDBI BANK LIMITED

FINANCIAL INSTITUTION

THE INDUSTRIAL CREDIT &
INVESTMENT CORPORATION OF
INDIA LIMITED

AUDITORS

M/s. SUNDARAM & SRINIVASAN

Chartered Accountants

23, C P Ramasamy Road

Chennai - 600 018

REGISTERED OFFICE

"Ganesh Towers"

96/1, Luz Church Road

Mylapore

Chennai - 600 004.

SHARE TRANSFER AGENTS

M/s. Karvy Consultants Limited

G-1, Swathy Court

22, Vijayaraghava Road

T Nagar, Chennai - 600 017.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Shareholders of the Company will be held at the Music Academy, 306, T T K Road, (Mowbrays Road), Chennai 600 014 on Friday the 19th September, 1997 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors of the Company.
2. To declare dividend.
3. To appoint Dr V Raghunathan, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Sri K R Krishnaswamy, Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION :
"RESOLVED that the words and figures appearing in existing clause V of the Memorandum of Association of the Company be deleted and the following clause be substituted :
V. The Authorised Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each (Rupees Ten only) and 5,00,000 (Five lakhs) Cumulative Redeemable Preference Shares of Rs.100/- each (Rupees One Hundred only) with power of the Company to increase or reduce the said Capital and to issue any part of its Capital, original or increased with or without any preferences, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions. The right and privileges attached to any shares having preferential, qualified or special rights, privileges or conditions attached thereto may be altered or dealt with in accordance with the Articles of Association but not otherwise.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION :
"RESOLVED that the existing article three of the Articles of Association be deleted and the following be substituted :
"The Authorised Share Capital of the company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 50,00,000 (Fifty lakhs) equity shares of Rs.10 each (Rupees Ten only) and 5,00,000 (Five lakhs) Cumulative Redeemable Preference Shares of Rs.100 each (Rupees One hundred only)".
8. To consider and if thought fit, to pass, with or without modification(s), the following as an ORDINARY RESOLUTION :
"RESOLVED that the Board of Directors be and is hereby authorised, pursuant to section 293(1)(d) of the Companies Act, 1956, to borrow monies from time to time, at their discretion, together with the monies to be borrowed/already borrowed by the Company (apart from the Company's banker in the ordinary course of business) either from the Company's bankers and/or any one or more persons or Financial Institutions whether by way of cash credit,

UPASANA FINANCE LIMITED

advances, loans or bills discounting, issue of debentures or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company's assets and properties whether movable or immovable, or stock-in-trade and work-in-progress of the Company on such terms and conditions as may be considered suitable by the Board of Directors upto a limit of Rs.150 Crores (Rupees one hundred and fifty crores only) in excess of the aggregate of paid up capital and free reserves of the Company that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER that pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors be and is hereby authorised to secure the borrowings of monies as aforesaid with interest, costs, charges and other monies in such manner as they may think fit and for that purpose to execute mortgage, charge and/or hypothecation in respect of the whole or any part of the properties and assets of the company, both present and future, and so such terms and conditions as the Board of Directors may think fit from time to time.

9. To consider and if thought fit, to pass with or without modification(s) the following as a SPECIAL RESOLUTION :

"RESOLVED that pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association of the Company and subject to such approvals, permissions and sanctions as may be necessary and subject to such terms, conditions, alterations and modifications, as may be specified while granting any such approval, which the Board of Directors are hereby authorised to accept, if it thinks fit, consent of the company be and is hereby accorded to the Board of Directors or a Committee of Directors thereof to issue out of unissued Authorised Share Capital of the Company and allot at one time or from time to time by way of private placement for cash Cumulative Redeemable Preference Shares of Rs.100/- each (Rupees One Hundred only) to any person or persons (whether or not such persons include the person or persons who, at the date of the offer, are holders of the equity shares of the company, hereinafter called the "Investors") , in any manner whatsoever as the Board may, in its sole discretion deem fit, but not exceeding an aggregate of 5,00,000 (Five lakhs only) Cumulative Redeemable Preferences Shares of Rs.100/- each (Rupees One Hundred only) aggregating to Rs.5,00,00,000 (Rupees Five Crores only) for cash and on such other terms and conditions in one or more or all such cases as may be agreed to between the Board of Directors of the Company and the investors and on the terms and conditions set out below and/or on such other terms and conditions as may be prescribed in granting the approvals by the appropriate authorities or which the Board of Directors may at its absolute discretion consider proper or expedient.

1. The Cumulative Redeemable Preference Shares issued and allotted by the Company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of Association of the Company.
2. The Preference Shares will carry such rate of dividend as the Board may decide at its absolute discretion.
3. The rate of dividend may vary for each series of Preference Shares to be issued.
4. The Preference Shares will be redeemed at such price, in one or more instalments on expiry of specified period as may be agreed to by the Board and the Investors.

RESOLVED FURTHER that for the purpose of giving effect to the Resolution, the Board of Directors or Committee of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary proper and desirable, to settle any questions, difficulties or doubts that may arise in regard to the offer/issue and allotment".

By Order of the Board

Chennai,
18th June, 1997.

R KRISHNAN
Manager - Finance & Secretary

UPASANA FINANCE LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed.
3. The instrument appointing proxy should be deposited at the Registered office of the Company or at the office of the Company's Share Transfer Agents, viz. M/s. Karvy Consultants Limited, G-1, Swathy Court, 22, Vijayaraghava Road, Chennai 600 017 at least 48 hours before the commencement of the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 1997 to 19th September, 1997 (both days inclusive) for the purpose of payment of Dividend.
5. The dividend, as recommended by the Board of Directors, if declared at the meeting shall be paid to those members whose names appear in the Register of Members of the Company on 19th September, 1997 or to their mandates.
6. Members desiring any information as regards Accounts are requested to write to the Company atleast seven days before the meeting so as to enable the Management to keep the information ready.
7. Members who have not furnished the bank account viz. Name of the bank, branch and account number, are requested to furnish the same to the Company's Share Transfer Agents at the earliest, so that these details can be incorporated in the dividend warrant, to prevent any fraudulent encashment of warrants after despatch.
8. Please bring the Attendance Slip duly filled in and hand it over at the entrance of the meeting hall.
9. Shareholders who have not encashed their Dividend warrants for the year 1995 and 1996 and Refund Orders are requested to write to the Company for encashment of the warrants/refund orders.

UPASANA FINANCE LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 & 7

Presently the Equity Share Capital of the Company consists of Rs.5,00,00,000 (Rupees Five Crores only) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each (Rupees Ten only). To facilitate issue of further Capital, it is desirable to increase the Authorised Share Capital to Rs.10,00,00,000 (Rupees Ten Crores only) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- each (Rupees Ten only) and 5,00,000 (Five lakhs) Cumulative Redeemable Preference Shares of Rs.100/- each (Rupees One Hundred only). This increase is to accommodate any future increase in share capital that might be considered necessary to meet Capital Adequacy purposes.

Amendment to Clause V of the Memorandum of Association of the Company and article three of the Articles of Association of the Company as set out in the resolution are consequential to the increase in the Authorised Share Capital of the Company. Your Directors recommend the said resolutions for your approval.

None of the Directors is interested in this resolution.

Item No. 8

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors shall not except with the consent of the Company in General Meeting, borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of paid-up capital and free reserves of the Company. According to Explanation 1 of this section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above power shall specify the total amount upto which monies may be borrowed by the Board of Directors over and above the Paid up Capital and Free Reserves.

At the Extra-ordinary General Meeting of the Company held on 15th March, 1995 the Members had authorised the Board of Directors to borrow monies not exceeding Rs.75,00,00,000 (Rupees Seventy Five Crores only). Taking into account the increased volume of business in the years to come, it is proposed to obtain consent of the Members to increase the limits to Rs.150,00,00,000 (Rupees One Hundred and Fifty Crores only) over and above the aggregate of Paid-up Capital and Free Reserves of the Company. Hence the resolution as set out in item 8 is proposed. Your Directors recommend the said resolution for your approval.

None of the directors is interested in this resolution.

Item No. 9

Your company desires to issue Cumulative redeemable Preference Shares to meet the Capital Adequacy requirements of the Company. It is felt that your Board should be armed with the authority of the members to take advantage of proposals that may come up without prior notice for participation in the above issue of Cumulative Redeemable Preference Shares. The said shares will be issued as per the Provisions of Section 80 of the Companies Act, 1956 and subject to the Memorandum and Articles of Association of the Company.

UPASANA FINANCE LIMITED

Section 81 of the Companies Act, 1956 provides, inter-alia, that whenever it is proposed to increase the Subscribed Capital of the Company by allotment of further shares, such further shares shall be first offered to the existing Share holders of the Company in the manner laid down under Section 81 of the Companies Act, 1956 unless the shareholders in General Meeting decide otherwise. The resolution at item No.9 will enable the Board of Directors to issue Cumulative Redeemable Preference Shares on Private Placement basis on such terms as it may deem fit in the best interest of the Company. In order to give flexibility and discretion to the Board to finalise the issue of Cumulative Redeemable Preference Shares, consent of the Shareholders is being sought by Special Resolution in accordance with requirements of Section 81(1A) of the Companies Act, 1956. Your Directors recommend the said resolution for your approval.

None of the Directors is concerned or interested in this resolution except in so far as it may relate to offer to be made to them or to their relatives by way of Private Placement Basis.



UPASANA FINANCE LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors have great pleasure in presenting the **Twelfth Annual Report** with the audited accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS :

	1996-97 (Rs in Lakhs)	1995-96 (Rs in Lakhs)
Profit before Interest & Depreciation	1513.01	1014.24
Less : a) Interest	797.66	538.60
b) Depreciation	390.08	242.26
c) Special Depreciation Reserve	80.45	74.39
d) Reserve on Overdue HP, Lease & Bills	74.48	19.58
Profit before Tax	170.34	139.41
Less : Income-tax for the year	38.06	NIL
Interest tax for the year	18.08	7.17
Profit after Tax	114.20	132.24
Add : Balance brought forward	3.85	18.57
Amount available for appropriation	118.05	150.81
Less : Appropriations :		
Proposed Dividend	64.17	106.95
Provision for Dividend Tax	6.41	NIL
Transfer to Statutory Reserve	21.56	NIL
Transferred to General Reserve	5.71	40.00
Balance carried forward	20.20	3.86

2. DIVIDEND :

The Directors are happy to recommend a dividend of 15% to shareholders. This will absorb a sum of Rs.64.17 lakhs. The Net Profits available for appropriation has come down to Rs.118.05 lakhs primarily due to provision made for tax. The Company has also transferred an amount of Rs 21.56 lakhs towards statutory reserve as per Reserve Bank of India (Amendment) Act, 1997.

3. BUSINESS :

The Year 1996-97 witnessed sharp increase in the cost of borrowings and tight liquidity conditions. The Company deployed Rs.3286.27 lakhs in Hire Purchase business for the year ended 31st March, 1997 as against Rs.2220.39 lakhs for the year ended 31st March, 1996. The Company deployed Rs.288.31 lakhs in leasing business for the year ended 31st March, 1997 as against Rs.348.23 for the year ended 31st March, 1996.

The Weighted Average Funds deployed under bills discounting have gone up significantly from Rs.784.16 lakhs for the year ended 31st March, 1996 to Rs.1297.50 lakhs for the year ended 31st March, 1997.

4. **RESOURCES :**

a) Deposits :

The Depositors continue to repose tremendous confidence in the Company. The amount of Deposits has substantially increased to Rs.4243.28 lakhs as at 31st March, 1997 as against Rs.3686.95 lakhs as at 31st March, 1996.

As at 31st March, 1997 deposits amounting to Rs. 64.03 lakhs comprising 496 depositors having matured for payment were due to be claimed or renewed. Steps are being taken to obtain depositors' instructions to ensure renewal / repayment of these deposits. Deposits amounting to Rs.32.83 lakhs has been repaid or renewed out of the total unclaimed deposits as on the date of this report.

b) ICRA has retained " **MAA-** " signifying **High Safety** for the depositors' funds.

c) Bank / Institutional Finance :

During the year, the Company has tied up additional Cash - Credit limit of Rs.535.00 lakhs taking the total Working Capital tied-up limit to Rs.1535.00 lakhs as against Rs.1000.00 lakhs tied-up as at 31st March 1996.

During the year, the Company has availed a Term Loan of Rupees One Crore from the Industrial Credit and Investment Corporation of India Limited.

5. **OUTLOOK FOR THE CURRENT YEAR :**

- (1) The Company will continue to concentrate in Hire Purchase of Commercial Cars & Trucks, Leasing, Bills Discounting and Factoring.
- (2) The changing economic scenario has resulted in increase in the number of defaults and in protracted delays in timely repayment of dues. The Company has set up an efficient recovery and follow-up system to manage the non performing assets.
- (3) The Company has been certified by the Reserve Bank of India under liberalised conditions. Based on the certificate the company revised the interest rates during January, 1997. However, in view of the easy liquidity conditions your Company has proposed to revise the interest rates downwards effective from 1st July, 1997.

6. **DIRECTORS :**

Sri R Sundararaman, a director of the Company passed away on 28th October, 1996. Sri R Sundararaman had been the director of the Company since 13th June, 1988. The Directors place on record their appreciation of his services.

The following directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

1. Dr. V. Raghunathan
2. Sri K.R. Krishnaswamy