

NINETEENTH ANNUAL REPORT

for the year ended
31st March 2004

Report  Junction.com



UPASANA FINANCE LIMITED

BOARD OF DIRECTORS

SRI. R RAMAKRISHNAN

SRI. K R KRISHNASWAMY

SRI. S E S MANI

PRESIDENT

SRI. S RAMAKRISHNAN

**MANAGER -
FINANCE & SECRETARY**

SRI. R KRISHNAN

BANKERS

The Karur Vysya Bank Ltd
United Bank of India

AUDITORS

M/S. SUNDARAM & SRINIVASAN
Chartered Accountants
23, C P Ramaswamy Road,
Chennai - 600 018.

REGISTERED OFFICE

IIIrd Floor
Auras Corporate Centre
98-A, Dr. Radhakrishnan Salai,
Mylapore, Chennai - 600 004.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present you with the **Nineteenth Annual Report** with the Audited Accounts for the year ended 31st March 2004.

1. FINANCIAL RESULTS:

	2003-2004	2002-2003
	Rs. Lakhs	Rs. Lakhs
Profit before Interest & Depreciation	291.27	176.40
Less : Depreciation	22.40	38.93
Profit before Tax	268.87	137.47
Less : Provision for Tax	20.57	10.83
Profit after Tax	248.30	126.64
Add : Balance brought forward	(1,574.39)	(1,673.43)
Amount available for appropriation	(1,326.09)	(1,546.79)
Less : Appropriations :		
Tax relating to earlier years	-	8.40
Special Depreciation Reserve Withdrawn	(5.23)	(6.12)
Transfer to Statutory Reserve	49.66	25.32
Balance carried forward	(1,370.52)	(1,574.39)
	(1,326.09)	(1,546.79)

2. DIVIDEND:

In view of the brought forward losses the Directors are unable to recommend any dividend on equity shares for the year ended 31st March, 2004.

3. OPERATIONS:

No fresh business was done by the Company during the year under review.

The Company is continuing to concentrate on recovering of the overdues and is confident of recovering a substantial portion of the same. The Company has filed necessary legal suits for the recovery of debts.

4. DEPOSITS:

As at March 2004 deposits amounting to Rs. 7.99 lakhs comprising 62 depositors having matured for payment were due to be claimed. Steps are being taken to obtain depositors' instructions to ensure repayment of these deposits. Deposits amounting to Rs.0.49 lakhs has been transferred to Investors Education and Protection Fund as on the date of this report. There are no matured Deposits claimed by the depositors but not paid by the company.

5. DIRECTORS:

Sri.R.Ramakrishnan, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

6. AUDITORS:

M/s Sundaram and Srinivasan, Chartered Accountants, Chennai 600 018 retire at the ensuing Nineteenth Annual General Meeting and are eligible for re-appointment.

7. INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956:

The Company is a Non-Banking Finance Company and is not engaged in manufacturing activity of any kind. The disclosure of information regarding conservation of energy and technology absorption are therefore not applicable to the company. There was no foreign exchange earnings or outgo for the company during the year.

8. CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the stock exchanges, where the Company's shares are listed, the management discussion and analysis report and a corporate governance report are made as part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated by the clause 49 of the listing agreement, is attached to this report.

9. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm that :

- a) in the preparation of annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures.
- b) appropriate accounting policies have been selected and applied consistently, and judgements and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for the year.
- c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

10. PERSONNEL:

None of the employees of the Company is in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956.

11. GENERAL:

Your Directors wish to place on record their appreciation for the continued support from all customers and depositors.

The Directors also wish to thank the employees for their co-operation.

On behalf of the board

Chennai
11th August 2004.

R RAMAKRISHNAN
Director

S S MANI
Director

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31/03/2004

Business Review

The Company continued with its policy of neither lending nor accepting or renewing deposits. As of this year, the Company has written off in the Books, all assets which have been Non Performing. The Company continued to concentrate upon the recovery of Overdue Receivables/ NPA's. Prudent steps have been taken by filing necessary legal suits, wherever necessary. Negotiations with customers are also in progress for early settlement of the disputes and recovery of debts. The process is time consuming and hence the progress is slow.

Statutory requirements

The Company's networth continues to be negative and this will improve as the company's efforts in recovery succeed. The Reserve Bank of India guidelines for NBFC's stipulate that every NBFC maintains a given capital adequacy ratio and a given minimum net owned funds. Falling in line with this guideline, would necessitate infusion of a large amount of equity funds, the Company has requested the Reserve Bank of India to grant more time to achieve the Minimum Net owned funds and Capital adequacy ratio.

Future Outlook

The company is not entering into contracts for business and is continuing to concentrate upon recovery of overdue receivables and is hopeful that the impact of this approach on the negative networth will be more beneficial to the Company.

Cautionary statement

Statements in the Management Discussion and Analysis Report describing our Company's position may be forward looking within the meaning of applicable regulations and other legislation. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include changes in regulatory directions issued by the Government, tax laws, economic situation, legal setup and other relevant factors.

CERTIFICATE

To the members of Upasana Finance Limited

We have examined the Compliance of the conditions of Corporate Governance by Upasana Finance Limited, Chennai for the year ended 31st March 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except with respect to formation and functioning of Audit Committee, Investor Grievance Committee and Publication of Quarterly and Annual Results as mentioned in the Report of even date by Board on Corporate Governance.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for SUNDARAM & SRINIVASAN
Chartered Accountants

M BALASUBRAMANIAM
Partner

Chennai
11th August 2004.

Membership No:F7945

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2004

(As required by Clause 49 of the Listing Agreement with the Stock Exchange)

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Governance

The company believes in abiding by the Laws of the Land.

2. Board of Directors

a. Composition and Category of Directors

The Board comprises of 3 Non-Executive Independent Directors and they meet at statutorily prescribed intervals.

b. Attendance of each Director at the Meetings of the Board of Directors and the last Annual General Meeting.

During the financial year 2003-2004 the Board met 5 times on 7th May 2003, 25th August 2003, 1st November 2003, 14th January 2004 and 29th March 2004. The following table gives details pertaining to attendance of Directors at the board meetings and at the last Annual General Meeting and number of Companies and Committees where he is Director / Member.

Name of the Director	Attendance Particulars		Number of Directorships (Including this company)	Number of Committee Membership	
	Board Meeting	Last AGM		Chairman	Member
Smt. Usha Krishna - ##	1	No	5**	Nil	Nil
Sri. K.R.Krishnaswamy	2	No	1	Nil	Nil
Sri. R.Ramakrishnan	5	Yes	10**	2	3
Sri. S.E.S.Mani	5	Yes	1	Nil	Nil

ceased to be Director/Managing Director with effect from 21st May 2003 ** Including Directorship in Private Limited Companies

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2004 (Contd..)

3. Audit Committee

The Company has not undertaken any business activity during the year except for recovery of over due receivables. Hence no Audit Committee has been set up during the year.

4. Remuneration / Compensation

The Company has not set up a Remuneration Committee. The Directors have waived even the sitting fees and do not receive any remuneration. There is no pecuniary relationship / transaction with any of the Directors other than reported elsewhere.

5. Investor Grievance Committee.

The Company has not set up any Investor / Shareholder Grievance Committee. The Board itself deals with the transfer of shares.

6. General Meetings

Details of the location, date and time of the last three Annual General Meeting (AGM) and the details of the resolutions passed or to be passed by Postal Ballot :

Year	Location	Date	Time
2002-2003	Music Academy (Mini Hall) (Old No. 306) New No. 168, T.T.K. Road, Chennai -14	26/09/2003	10.00 A.M
2001-2002	Music Academy (Mini Hall) (Old No. 306) New No. 168, T.T.K. Road, Chennai -14	23/09/2002	10.00 A.M
2000-2001	Music Academy (Mini Hall) (Old No. 306) New No. 168, T.T.K. Road, Chennai -14	26/09/2001	03.00 P.M

All the resolutions set out in the respective notices were passed by the shareholders. No Postal Ballots were required to be used for voting at these meetings.

Brief background, functional experience of the Directors seeking re-appointment.

Sri R Ramakrishnan, Director, retires from the Board by rotation and being eligible offers himself for re-appointment.

Sri R Ramakrishnan, aged 67 years, is Graduate of Science, an Industrialist with 42 years of experience. He was appointed to our Board during 1988 and was reappointed in 2002.

The details of other Directorships/ Committee Memberships held by Sri R Ramakrishnan are as follows:

COMPANY NAME	DIRECTORSHIP	COMMITTEE MEMBERSHIP
Indian Reinforcing Co. (Welded Mesh) Pvt. Ltd. Concord Arai Pvt. Ltd. Vanavil Dyes & Chemicals Ltd.	Chairman Managing Director Director	Audit Committee (Chairman) Share Transfer Committee Remuneration Committee Investor / Shareholder Grievance Committee (Chairman) & Audit Committee
Sundram Fasteners Ltd.	Director	
Yekediar Farms Pvt. Ltd.	Director	
Yekediar Holdings & Properties Pvt. Ltd.	Director	
Yekidiar Estates Pvt. Ltd.	Director	
Yekidiar Coconuts Pvt. Ltd.	Director	
S R P Tools Ltd.	Director	
Andhra Chamber of Commerce, Chennai	Vice-President	