

**TWENTY FIRST ANNUAL REPORT**  
for the year ended  
31st March 2006

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**UPASANA FINANCE LIMITED**

**BOARD OF DIRECTORS**

SRI. R RAMAKRISHNAN

SRI. S E S MANI

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**

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

# UPASANA FINANCE LIMITED, Chennai 600 004

## NOTICE TO THE SHARE HOLDERS

NOTICE is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Shareholders of the Company will be held at the Music Academy (Mini Hall) (Old No. 306) New No. 168, T T K Road, Chennai 600 014 on Friday the 22<sup>nd</sup> September, 2006 at 03.00 p.m to transact the following business:

### ORDINARY BUSINESS

1. To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that the Audited Balance Sheet as at 31st March 2006, the Profit and Loss Account for the year ended 31st March 2006 and the reports of the Directors and the Auditors of the Company, be and are hereby approved and adopted."
2. To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that Sri R RAMAKRISHNAN, who retires by rotation and being eligible for re-appointment, be and is hereby appointed as a Director of the Company."
3. To consider and, if thought fit, to pass, with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of- pocket expenses actually incurred by them in connection with the Audit".

Chennai  
7<sup>th</sup> August, 2006

By Order of the Board  
R KRISHNAN  
Manager - Finance & Secretary

### 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 instrument appointing proxy should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
3. 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.
4. Please bring the Attendance Slip duly filled in and hand it over at the entrance of the meeting hall.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September, 2006 to 22<sup>nd</sup> September, 2006 both days inclusive.
6. The equity shares of the Company are listed with the following Stock Exchanges:  
Madras Stock Exchange Limited, Exchange Building      The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers,  
11 Second Line Beach, Chennai 600 001.      Dalal Street, Mumbai 400 001.  
The listing Fees for the year 2006-2007 have been paid to the above Stock Exchanges.
7. At this annual general meeting Sri R Ramakrishnan, Director, retires by rotation and being eligible, offers himself for re-appointment. The particulars of Sri R Ramakrishnan, Director, as required to be furnished under the Listing Agreement are provided hereunder. Sri R Ramakrishnan, an Industrialist, aged 69 years, is a Bachelor of Science from Madras University. Sri R Ramakrishnan has more than 49 years of managerial experience in manufacturing, marketing and as an entrepreneur. He has 18 years experience in Finance and Banking. He has been associated with the Company since 1988.  
The details of other Directorships/Committee Memberships held by Sri R Ramakrishnan are as follows:

### Directorship:

Chairman - Indian Reinforcing Co. (Welded Mesh) Pvt. Ltd.  
Managing Director - Concord Arai Pvt. Ltd.

Director - Sundram Fasteners Limited;

Yekediar Farms Pvt. Ltd. Yekediar Holdings & Properties Pvt. Ltd.  
Yekidiar Estates Pvt. Ltd. Yekidiar Coconuts Pvt. Ltd.  
As on date, he is not holding any equity share in the company.

### Committee Membership :

Investor/Shareholder Grievance Committee (Chairman)  
Audit Committee (Member)

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Directors present you with the **Twenty First Annual Report** with the Audited Accounts for the year ended 31st March 2006.

**1. FINANCIAL RESULTS:**

	<b>2005-2006</b>	<b>2004-2005</b>
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Income from Operations (Net)	<b>456.77</b>	130.27
Other Income	<b>20.94</b>	14.63
Profit/(Loss) before Interest & Depreciation	<b>454.33</b>	131.92
Less : Interest	<b>23.76</b>	-
Less : Depreciation	<b>14.78</b>	17.95
Profit before Tax	<b>415.79</b>	113.97
Less : Provision for Tax	<b>35.27</b>	8.94
Profit after Tax	<b>380.52</b>	105.03
Add : Balance brought forward	<b>(1282.00)</b>	<b>(1370.52)</b>
Amount available for appropriation	<b>(901.48)</b>	<b>(1265.49)</b>
Less : Appropriations :		
Special Depreciation Reserve Withdrawn	<b>(3.84)</b>	(4.48)
Transfer to Statutory Reserve	<b>76.10</b>	21.01
Tax relating to earlier years	<b>2.64</b>	
Balance carried Over	<b>(976.38)</b>	<b>(1282.00)</b>

**2. DIVIDEND:**

In view of the accumulated losses the Directors are unable to recommend any dividend on equity shares for the year ended 31st March, 2006.

**3. MANAGEMENT DISCUSSION AND ANALYSIS:**

**Business Review**

The Company continued with its policy of neither lending nor accepting / 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 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. However the Company has collected an amount of Rs.442.01 lakhs during this year. The Network of the Company turned positive during this year.

**Future Outlook**

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

**4. DEPOSITS:**

As at 31<sup>st</sup> March 2006 deposits (including interest) amounting to Rs. 2.70 lakhs comprising 24 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 0.42 lakhs has been transferred to Investor 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 reappointment.

**6. AUDITORS:**

M/s Sundaram and Srinivasan, Chartered Accountants, Chennai 600 018 retire at the ensuing Twenty First 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**

Pursunt to clause 49 of the listing agreement with the stock exchanges, a separate report on Corporate Governance together with a certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance is attached to this report.

**9. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm that :

- in the preparation of annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures.
- 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 that year.
- 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.

## UPASANA FINANCE LIMITED, Chennai 600 004

### DIRECTORS' REPORT TO THE SHAREHOLDERS (Contd..)

d) the annual accounts have been prepared on a going concern basis.

#### 10. PERSONNEL:

None of the employees of the Company are 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 those assisting the recovery of overdue. The Directors also wish to thank the employees for their co-operation.

On behalf of the Board

Chennai  
7<sup>th</sup> August 2006.

R RAMAKRISHNAN  
Director

S RAMAKRISHNAN  
Director

### SUNDARAM & SRINIVASAN

Chartered Accountants

23, C P Ramaswamy Road  
Alwarpet, Chennai - 600 018.

### CERTIFICATE

To the members of Upasana Finance Limited, Chennai 600 004

We have examined the Compliance of the conditions of Corporate Governance by Upasana Finance Limited, Chennai for the year ended 31<sup>st</sup> March 2006, as stipulated in Clause 49 of the Listing Agreements 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 Agreements.

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 as 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  
Membership No:F7945

Chennai  
7<sup>th</sup> August 2006.

## UPASANA FINANCE LIMITED, Chennai 600 004

### REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2006

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

#### 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 Directors of which two are independent viz. Sri. R. Ramakrishnan and Sri. S E S Mani. Sri S Ramakrishnan is non-independent non-executive director. All information as required under Annexure 1A to Clause 49 is being made available to the Board. There is no pecuniary relationship / transaction with any of the Directors other than reported elsewhere.

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

During the financial year 2005-2006 the Board met 5 times on 23<sup>rd</sup> April 2005, 31<sup>st</sup> July 2005, 12<sup>th</sup> August 2005, 29<sup>th</sup> October 2005 and 28<sup>th</sup> January 2006. 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.