

TWENTY SECOND ANNUAL REPORT

for the year ended
31st March 2007



UPASANA FINANCE LIMITED

BOARD OF DIRECTORS

SRI. R RAMAKRISHNAN

SRI. S E S MANI

SRI. S RAMAKRISHNAN

**SENIOR 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.
Tel: 044 - 2847 8605

UPASANA FINANCE LIMITED, Chennai 600 004

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **TWENTY SECOND 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 Wednesday the 26th September, 2007 at 10.00 a.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 2007, the Profit and Loss Account for the year ended 31st March 2007 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 S 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".

By Order of the Board

Chennai
20th August, 2007

R KRISHNAN
Senior 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 20th September, 2007 to 26th September, 2007 both days inclusive.
6. The equity shares of the Company are listed with the following Stock Exchanges:

Madras Stock Exchange Limited, Exchange Building
11 Second Line Beach, Chennai 600 001.

The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

The listing Fees for the year 2007-2008 have been paid to the above Stock Exchanges.

7. At this annual general meeting Sri S Ramakrishnan, Director, retires by rotation and being eligible, offers himself for re-appointment. The particulars of Sri S Ramakrishnan, Director, as required to be furnished under the Listing Agreement are provided hereunder.

Sri S Ramakrishnan, aged 62 years, is an Automobile Engineering Graduate from Madras Institute of Technology, Madras and a Post Graduate Diploma from Indian Institute of Management, Ahmedabad (IIM A). He has 38 years experience in various capacities in the field of Engineering, Treasury and Finance.

Sri S Ramakrishnan is a Director in Lakshminarayana Ancillaries Limited, Chennai, UFL Properties Private Limited, Chennai and GAEA Technologies India Private Limited, Chennai. He is not a member of any committee in the above companies.

As on date, he holds 200 equity shares jointly with his wife.

UPASANA FINANCE LIMITED, Chennai 600 004

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present you with the Twenty Second Annual Report with the Audited Accounts for the year ended 31st March 2007.

1. FINANCIAL RESULTS:

	2006-2007	2005-2006
	Rs. Lakhs	Rs. Lakhs
Income from Operations (Net)	470.98	472.71
Other Income	18.17	20.94
Profit/(Loss) before Interest & Depreciation	439.02	454.33
Less : Interest	54.01	23.76
Less : Depreciation	6.00	14.78
Profit before Tax	379.01	415.79
Less : Provision for Tax	42.68	35.27
Profit after Tax	336.33	380.52
Add : Balance brought forward	(976.38)	(1282.00)
Amount available for appropriation	(640.06)	(901.48)
Less : Appropriations :		
Special Depreciation Reserve Withdrawn	(1.37)	(3.84)
Transfer to Statutory Reserve	67.26	76.10
Tax relating to earlier years	48.11	2.64
Balance carried Over	(754.06)	(976.38)

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, 2007.

3. MANAGEMENT DISCUSSION AND ANALYSIS:

Classification by RBI

During the Year ended 31st March 2005 a show cause notice was received from Reserve Bank of India (RBI) for not maintaining the required minimum Net Owned Funds (NOF) seeking reasons as to why the certificate of Registration of the company should not be cancelled. Later at the request of the Company, RBI vide its letter DNBS (che) CMD. 1521/13/18.4/2004-2005 dated December 28, 2004 granted a period of two years to recover the dues and recoup the NOF of the Company. The Company intimated the RBI about the Company's NOF turning positive and requested for classification as Non Deposit taking company. In Feb 2007, RBI classified the company as Non Deposit taking Non-Banking Financial Company (NBFC-ND) and issued a fresh Certificate of Registration.

Business Review

The Company continued to concentrate upon the recovery of Overdue Receivables. Even while pursuing the legal route, the Company attempts negotiations with customers for early recovery of debts. The Company has collected an amount of Rs.435.66 lakhs during this year.

Future Outlook

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

4. DEPOSITS:

As at 31st March 2007 deposits (including interest) amounting to Rs. 1.72 lakhs comprising 14 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 0.29 lakhs have 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 S 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 Twenty Second 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, 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

UPASANA FINANCE LIMITED, Chennai 600 004

DIRECTORS' REPORT TO THE SHAREHOLDERS (Contd..)

the profit of the Company for that 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 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 overdues. The Directors also wish to thank the employees for their co-operation.

On behalf of the Board

Chennai
20th August 2007.

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 31st March 2007 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 except with respect to attendance of Independent Director in three Audit Committee meetings, wherein only one Independent Director was present as against the required two Directors.

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

P. MENAKSHISUNDARAM
Partner
Membership No: 217914

Chennai
20th August 2007.

UPASANA FINANCE LIMITED, Chennai 600 004

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2007

(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 2006-2007 the Board met 5 times on 29th April 2006, 31st July 2006, 7th August 2006, 28th October 2006 and 29th January 2007. 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.