

TWENTY SIXTH ANNUAL REPORT

FOR THE YEAR ENDED

31ST MARCH 2011



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
State Bank of Mysore**

AUDITORS

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

REGISTERED OFFICE

**III Floor
Auras Corporate Center
98-A, Dr. Radhakrishnan Salai,
Mylapore, Chennai - 600 004
Tel : 044 - 2847 8605
email: upasana_shares@yahoo.com**

Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with RTA of the Company.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the Shareholders of the Company will be held at the Narada Gana Sabha Trust (Mini Hall), New No.314, Old No.254, T T K Road, Alwarpet, Chennai 600 018 on Thursday the 15th September 2011 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 2011, the Profit and Loss Account for the year ended 31st March 2011 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 E S Mani, who retires by rotation and being eligible for re-appointment, be and is hereby re-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, (Registration No.004207S with the Institute of Chartered Accountants of India) 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
12th May, 2011

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 either at the Registered Office of the Company or at the Office of the Company's Share Transfer Agents viz. Integrated Enterprises (India) Limited, Kences Tower, 2nd Floor, No.1 Ramakrishna Street, T Nagar, North Usman Road, Chennai 600 017 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 at least seven days before the meeting so as to enable the Management to keep the information ready.
4. Members holding shares in physical form, are requested to notify/send the following to the Registrar and Share Transfer Agent of the Company
 - a) any change in their address/mandate/bank details
 - b) Nomination in Form 2B, in duplicate as provided under Section 109A of the Companies Act, 1956, in case they have not been sent earlier.
 - c) Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 5th September 2011 to 15th September 2011 (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 2011-2012 has been paid to the above Stock Exchanges.

7. At this Annual General Meeting Sri S E S Mani, Director, retires by rotation and being eligible, offers himself for re-appointment. The particulars of Sri S E S Mani, Director as required to be furnished under the Listing Agreement are provided hereunder.
Sri S E S Mani, aged 69 years is a Mechanical Engineering Graduate. He has 38 years of experience in various capacities in the fields of Engineering and Finance.
He is not a Director in any other Company. As on date, he holds 200 equity shares.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors are pleased to present the Twenty Sixth Annual Report together with the Audited Accounts for the year ended 31st March 2011.

	Rs.in lakhs	
1. <u>FINANCIAL RESULTS :</u>	2010-2011	2009-2010
Income from Operations	73.00	61.90
Other Income	39.96	47.66
Profit/(Loss) before Interest & Depreciation	112.96	109.56
Less: Interest	1.07	Nil
Less: Depreciation	0.01	0.01
Profit before Tax	56.08	63.47
Less : Provision for Tax	13.45	12.76
Profit after Tax	42.63	50.71
Add: Balance brought forward	(583.86)	(624.43)
Amount available for appropriation	(541.23)	(573.72)
Less: Appropriations		
Transfer to Statutory Reserve	8.53	10.14
Tax relating to earlier years	32.55	Nil
Balance Carried Over	(517.21)	(583.86)

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 2011.

3. TRADING IN EQUITY SHARES OF THE COMPANY

The Bombay Stock Exchange Limited (BSE) had revoked the suspension in trading of equity shares of the Company with effect from 6th September 2010 vide its notification dated 31st August 2010. The Company Shares are traded in BSE under the script Code 511764.

4. MANAGEMENT DISCUSSION AND ANALYSIS**Classification by RBI**

The Company is registered with RBI as Non Deposit taking Non-Banking Financial Company (NBFC-ND) and has a valid certificate of Registration.

Business Review

The Company continues to concentrate upon recovery of overdue receivables. Even while pursuing the legal route, the Company attempts negotiations with customers for early recovery of debts. During the year, the Company has collected an amount of Rs. 40.74 lakhs.

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 net worth will be more beneficial to the company.

5. DEPOSITS

There are no unclaimed deposits. There are no matured deposits claimed by the depositors, but not paid by the company.

6. DIRECTORS

Sri S E S Mani, Director, retires from the Board by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

7. AUDITORS

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

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.

DIRECTORS' REPORT TO THE SHARE HOLDERS (Contd.)

9. 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 earning or outgo for the company during the year.

10. 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 judgments 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.
- the annual accounts have been prepared on a going concern basis.

11. 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.

12. GENERAL

Your Directors wish to place on record their appreciation for the continued support from all those assisting the recovery of over dues. The Directors also wish to thank the employees for their co-operation.

CHENNAI
12th May 2011

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 ("The Company") for the year ended 31st March 2011, 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
Regn. No. 004207S
CHARTERED ACCOUNTANTS

P. MENAKSHISUNDARAM
PARTNER
Membership No.217914

Chennai
Date : 12th May 2011

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 - 03 - 2011

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

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, all of are independent 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 2010-2011 the Board met 4 times on 30th April 2010, 11th August 2010, 9th November 2010 and 11th February 2011. 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 they are Director/Member:

Name of the Director	Attendance		No. Of Directorships in public Limited companies (including this Company)	Committee memberships (including this Company)	
	Board	AGM		Chairman	Member
Sri R Ramakrishnan	4	Yes	2	3	1
Sri S Ramakrishnan	4	Yes	2	Nil	2
Sri S E S Mani	2	Yes	1	Nil	2

c. Code of Conduct

The Board of Directors of the Company have laid down a Code of Conduct applicable for all Board Members and the Senior Management of the Company. This Code of Conduct is displayed in the website of the Company www.upasanafinance.com. Further, all Board Members and the Senior Management of the Company have affirmed their adherence to the Code. A declaration signed by Sri S Ramakrishnan, Director to this effect is enclosed at the end of this report.

3. Audit Committee

The Audit Committee of the Board comprises of three Directors with all of them being independent viz. Sri R Ramakrishnan, Sri S E S Mani and Sri S Ramakrishnan with Sri R Ramakrishnan as its Chairman.

Meetings and attendance during the year

Four Meetings of the Audit Committee were held during the year on 30th April 2010, 12th August 2010, 9th November 2010 and 11th February 2011.

Name of the Director	No. of meetings attended
R Ramakrishnan	4
S Ramakrishnan	4
S E S Mani	2

The Chairman of the Audit Committee was present at the Annual General Meeting held on 28th September 2010. Sri R Krishnan, Senior - Manager Finance and Secretary, acts as Secretary of the Audit Committee

Brief Description and terms of reference:

The Terms of Reference of Audit Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreements as well as in Section 292 of the Companies Act, 1956. The role of Audit Committee is as prescribed under clause 49(III)(D) of the Listing Agreement.

4. Remuneration / Compensation Committee

The Company has not set up a Remuneration Committee. The Directors have waived even the sitting fees and do not receive any remuneration

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 - 03 - 2011 (Contd.)

5. Investor/ Shareholder Grievance Committee

The Share Transfer and Investor/Shareholder Grievance Committee of the Board comprises of Sri R Ramakrishnan, Chairman, Sri S E S Mani and Sri S Ramakrishnan, as members. The Committee deals inter alia with redressal of Investors/ shareholders complaints. Sri R Krishnan, Senior Manager Finance and Secretary of the Company is the Compliance Officer of the Company. During the year, 53 queries/complaints were received from shareholders/ investors and other agencies, all of which have been resolved. The Company has no transfer application pending for registration as on 31st March 2011.

6. General Meetings

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

Year	Location	Date	Time
2009-2010	The Music Academy (Mini Hall), Chennai	28/09/2010	02.00 P.M.
2008-2009	The Music Academy (Mini Hall), Chennai	29/09/2009	02.45 P.M.
2007-2008	The Music Academy (Mini Hall), Chennai	29/09/2008	10.00 A.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. Most Special Resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

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

The detail of Director seeking appointment/re-appointment is provided in the Notice calling for the Annual General Meeting.

7. Disclosure

Transactions where Directors may have pecuniary interest

All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matter. In matters other than those involving pecuniary interest, the Directors are considered to be interested to the extent of their shareholding in the Company and the following is the status of their shareholding as on 31st March 2011.

Name of the Director	Number of Equity Shares	% of Holding
R Ramakrishnan	-	-
S Ramakrishnan	200	0.0046
S E S Mani	200	0.0046

Materially significant related party transactions during the year ended 31st March 2011

There are no materially significant related party transactions made by the company with its Promoters, Directors, their subsidiaries, relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly and approval obtained.

Accounting Treatment

The Company follows Accounting Standards prescribed, by the Central Government in consultation with National Advisory Committee on Accounting Standards, under the Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last three years.

Bombay Stock Exchange Limited (BSE) has revoked suspension in trading of equity shares of the Company with effect from 6th September 2010 vide Notification 20100831-10 dated 31st August 2010.

8. Means of Communication

The Company mails the Annual Report every year, individually to all the shareholders. The Management Discussion and Analysis Report forms a part of this Annual Report.

The quarterly, half yearly and annual results are published in Trinity Mirror (English) and Makkal Kural (Tamil). These are not sent individually to the Shareholders.

The Financial Results are displayed on the website of the Company www.upasanafinance.com.

The Management Discussion and Analysis Report forms part of this Annual Report.