



# Swarna Securities Limited

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

## 8th ANNUAL REPORT 1997 - 98

Registered Office  
27-21-36, Swarna House, 1st Floor  
Kaleswara Rao Road, Governorpet  
VIJAYAWADA - 520 002

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****BOARD OF DIRECTORS**

Sri M. MURALI KRISHNA	..	Chairman & Managing Director
Sri T. SHANMUGAM	..	Director
Sri PRADEEP KUMAR	..	Director
Sri M. VENKATESWARA RAO	..	Director

**REGISTERED OFFICE**

27-21-36, Swarna House, 1st Floor  
Kaleswara Rao Road, Governorpet  
VIJAYAWADA - 520 002

**ADMINISTRATIVE OFFICE**

2nd Floor, Swarnalok Complex,  
Eluru Road, VIJAYAWADA - 520 002

**AUDITORS**

M/s. ANDAVILLI ASSOCIATES  
Sri Venkateswara Complex  
Bundar Road, VIJAYAWADA-520 010

**BANKERS**

THE NEDUNGADI BANK LIMITED  
B.R.P. Road, VIJAYAWADA - 520 001

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**8th ANNUAL GENERAL MEETING**

Day, Date	..	Monday, 10th August, 1998
Venue	..	Hotel Swarna Palace, Eluru Road, Vijayawada - 2
Time	..	10.00 A.M.

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****NOTICE**

**NOTICE** is hereby given that the Eighth Annual General Meeting of the members of the Company will be held on Monday, the 10th of August, 1998 at Hotel Swarna Palace, Eluru Road, Vijayawada at 10.00 A.M. to transact the following business:

**AS ORDINARY BUSINESS**

01. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Audited Balance Sheet as at that date and the report of Directors' and Auditors' thereon.
02. To appoint a Director in the place of Sri Pradeep Kumar who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint Auditors of the Company and for the purpose of the same to consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED that M/s. Andavilli Associates, Chartered Accountants, Vijayawada who retire at this Annual General Meeting, and being eligible for re-appointment be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such terms and conditions as may be fixed by the Board of Directors"

**AS SPECIAL BUSINESS**

04. APPROVAL OF THE APPOINTMENT OF MANAGING DIRECTOR

To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Ordinary Resolution:

"RESOLVED that pursuant to section 269, 198 and 309 of the Companies Act, 1956 read with SCHEDULE XIII of the Act and relevant provisions of the Articles of Association of the Company consent be and is hereby accorded to the appointment of Sri M. Murali Krishna as Managing Director of the Company for a period of 5 years with effect from 1st June, 1998 without any remuneration".

By Order of the Board

Regd. Office: 27-21-36, Swarna House  
1 Floor, Kaleswara Rao Road,  
Governorpet, Vijayawada-2

(sd) **M. MURALI KRISHNA**  
Chairman & Managing Director

Date : 19.06.1998.

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****NOTES:**

01. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER. THE PROXY FORMS, IN ORDER TO BE EFFECTIVE SHALL BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
02. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
03. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 3rd of August, 1998 to Monday, 10th of August, 1998. (Both days inclusive).
04. Shareholders desiring any information as regards accounts are requested to write to the Company seven days before the date of the Meeting so as to enable the Company to keep the information ready at the meeting.
05. As a measure of economy copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956.****ITEM NO.4:**

Sri M. Murali Krishna had been the Managing Director of the Company in the earlier years who had resigned on personal grounds. In consideration to his abilities and experience, the Board of Directors have appointed him as Managing Director at their meeting held on 06.05.1998 with effect from 01.06.1998. Sri M. Murali Krishna is a post graduate in Commerce and has more than 15 years of experience in the field of hirepurchase and lease financing. His appointment as Managing Director shall enable the Company to turnaround from the present situation. Sri M. Murali Krishna has stated that he do not wish to draw any remuneration from the Company.

According to Sections 198 and 269, read with SCHEDULE XIII of the Companies Act, 1956 ratification of the appointment of the Managing Director is required at a General Meeting of the Share Holders. Hence the above resolution.

The Directors recommend the passing of the above resolution. Sri M. Venkateswara Rao is interested in the resolution as father of Sri M. Murali Krishna.

By Order of the Board

Regd. Office: 27-21-36, Swarna House  
1 Floor, Kaleswara Rao Road,  
Governorpet, Vijayawada-2

(sd) **M. MURALI KRISHNA**  
Chairman & Managing Director

Date : 19.06.1998.

## SWARNA SECURITIES LIMITED

## 8th ANNUAL REPORT

**DIRECTORS' REPORT**

Your Directors hereby present their Eighth Annual Report and the audited financial statements of the Company for the year ending 31st march, 1998.

**FINANCIAL RESULTS:**

(Rupees in Lakhs)

	Current Year	Previous Year
<b>TOTAL INCOME</b>	<b>93.97</b>	<b>95.31</b>
Less: Expenditure	37.71	30.71
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<b>PROFIT BEFORE DEPRECIATION</b>	<b>56.26</b>	<b>64.60</b>
Less : Depreciation	34.90	25.85
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<b>PROFIT BEFORE TAX &amp; N.P.A. PROVISION</b>	<b>21.36</b>	<b>38.75</b>
Less: Provision for Non Performing Assets	12.57	00.00
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<b>PROFIT BEFORE TAX</b>	<b>8.79</b>	<b>38.75</b>
Less: Provision for Taxation	7.18	5.18
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<b>PROFIT AFTER TAX</b>	<b>1.61</b>	<b>33.57</b>
Add: Surplus carried forward	1.51	9.37
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<b>PROFIT AND LOSS ACCOUNT</b>	<b>3.12</b>	<b>42.94</b>
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**DIVIDEND:**

In view of lower profits, your Directors feel it prudent to plough back the profit without any recommendation for payment of dividend.

**REVIEW OF OPERATIONS:**

1997-98 turned to be a very difficult year for the Indian economy in general and the financial sector in particular. The slow-down witnessed during the second half of the previous year deepened further which has caused synergic effect on the money markets. Your Company could not escape such effect and has to get satisfied with a moderate performance. However, the company has succeeded in restricting decline in gross income by 1.41%.

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****PUBLIC DEPOSITS:**

Your Company has accepted deposits to the extent of Rs.32.36 lakhs during the year upto 01.01.1998. The Company has stopped accepting fresh deposits in pursuance to the Non-Banking Finance Companies (Reserve Bank) Directions, 1998 with effect from 02.01.1998 and is only renewing the deposits from that date. In order to regularise the deposits position as advised by the Reserve Bank of India, the Company has started repaying deposits in accordance to the cash flows and for the year ended 31st March, 1998 the Company has repaid deposits to the tune of Rs.33.63 Lakhs. In pursuance to clause 5 (Part III) of the Non-Banking Finance Companies (Reserve Bank) Directions, 1998, your directors wish to state that as on 31st March, 1998 there are no depositors who have not claimed or whom the amount was not paid by the company after the date on which the deposits became due for repayment and as on that date there are no deposits that are matured and remained unclaimed or deposits that are claimed and remained unpaid. An application for rating of the deposits is under the consideration of CARE. Your Directors take pleasure to inform that your company has received the certificate of registration from the Reserve Bank of India.

**FINANCE:**

Your Directors wish to place on record their sincere thanks to The Nedungadi Bank Limited for the confidence reposed on your Company for sanctioning the Cash Credit Limit of Rs.100 lakhs. However, the Company could not avail the total limit since the Bankers insisted on registration of the Company with the Reserve Bank of India. Since the same is received now, the Directors are pursuing the matter with the Bankers and a positive outcome of the same is expected very soon. In order to augment funds for meeting the working capital needs, secured redeemable non-convertible debentures of Rs.100/- each are being issued on private placement basis to a maximum extent of Rs.50.00 lakhs.

**FUTURE PROSPECTS:**

Your Company is trying its level best to overcome the effects of recession witnessed in the economy especially in the transportation sector. It is contemplating to diversify its activities into hire purchase finance of machinery and consumer durable where much of the segment is untapped. Further the Company is re-enforcing its manpower for effective collection of hirepurchase and lease instalments in order to reduce the non-performing assets.

**DIRECTORS:**

Sri M. Murali Krishna has resigned as Managing Director of the Company in October, 1997 due to personal reasons. However, he was re-inducted to the post with effect from 01.06.1998. Sri M. Venkateswara Rao has resigned as Chairman of the Company and in his place Sri M. Murali Krishna was appointed as Chairman of the Company. Sri Pradeep Kumar retires by rotation in the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****AUDITORS**

M/s.Andavilli Associates, Chartered Accountants, Vijayawada retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

**PROJECTIONS VIS-A-VIS PERFORMANCE:**

As per the requirement of the listing agreement with the Stock Exchanges, the performance of the Company as against the projections for the year 1997-98 made in the prospectus dated 19.04.1995 are as under:

	Rupees in Lakhs	
	Projection	Actual
Gross Income	230.92	93.97
Profit After Tax	103.78	1.61

The variation in the projections and actuals is due to the adverse market conditions prevailing in the market followed by increase in competition, dilution of spreads and stringent prudential norms of the Reserve Bank of India.

**HUMAN RESOURCES:**

The Company is equipped with qualified and trained employees who are responsive to the customers need. There are no employees covered by Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 as amended.

**ADDITIONAL INFORMATION:**

Your Company not being a Manufacturing Company is advised that Forms A & B of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 requiring the disclosure of particulars regarding Conservation of Energy and Technology absorption, are not applicable. There has been no foreign exchange inflow or outgo in the current year.

**APPRECIATION:**

The Directors take this opportunity to place on record their sincere appreciation and gratitude to the Company's Clients, Bankers, Financial Institutions, Depositors, and Share holders for their continued support and faith in the Company. Your Directors also wish to appreciate the hardwork and commitment exhibited by the employees of the Company.

For and on behalf of the Board.

Place: VIJAYAWADA  
Date : 19.06.1998

(sd) **M. MURALI KRISHNA**  
Chairman & Managing Director

**SWARNA SECURITIES LIMITED****8th ANNUAL REPORT****AUDITOR'S REPORT**

To  
The Members of  
**SWARNA SECURITIES LIMITED**

We have audited the attached Balance Sheet of M/s. SWARNA SECURITIES LIMITED as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 annexed thereto, and report that :

1. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the statement referred to in paragraph (1) above,
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, where necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as it appears from our examination of the books;
  - (c) The Balance Sheet and Profit and Loss Account referred to in the report are in agreement with the books of account; and
  - (d) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - i) in so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998.
    - ii) in so far it relates to the Profit and Loss account of the profit of the company for the year ended 31st March, 1998.

Place: VIJAYAWADA  
Date : 19.06.1998.

**For ANDAVILLI ASSOCIATES**  
CHARTERED ACCOUNTANTS  
(sd) **A. V. NARASIMHA RAO**  
Proprietor