



Swarna Securities Limited

**9th ANNUAL REPORT
1998 - 99**

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

BOARD OF DIRECTORS

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

9th ANNUAL GENERAL MEETING

Day, Date	..	Friday, 9th July, 1999
Venue	..	Hotel Swarna Palace, Eluru Road, Vijayawada - 2
Time	..	10.00 A.M.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of the Company will be held on Friday, the 9th of July, 1999 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, 1999 and the Audited Balance Sheet as at that date and the report of Directors' and Auditors' thereon.
02. To appoint a Director in place of Sri M. Venkateswara Rao 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"

By Order of the Board

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

M. MURALI KRISHNA
Chairman & Managing Director

Date : 10.06.1999

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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 1st of July, 1999 to Friday, 9th of July, 1999, (Both days inclusive).
03. 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.
04. 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.

DIRECTORS' REPORT

Your Directors hereby present their Ninth Annual Report and the audited financial statements of the Company for the year ending 31st March, 1999.

FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	Current Year	Previous Year
TOTAL INCOME	63.72	93.97
Less : Expenditure	27.93	50.28
PROFIT BEFORE DEPRECIATION	35.79	43.69
Less : Depreciation	24.07	34.90
PROFIT BEFORE TAX	11.72	8.79
Less : Provision for taxation	9.65	7.18
PROFIT AFTER TAX	2.07	1.61
Add : Surplus carried forward	2.80	1.51
PROFIT AND LOSS ACCOUNT	4.87	3.12

DIVIDEND :

To consolidate the financial position and in view of sluggish market conditions, your Board of Directors did not recommend for payment of any Dividend for the year ending 31st March, 1999.

REVIEW OF OPERATIONS :

The year 1998-99 has not witnessed any positive change in the market condition over the previous year. However, a ray of hope for revival is being seen since January 1999. The operations of the Company remained the same during the year under review when compared with the previous year. Gross Income decreased by 32% whereas the Net Income after NPA provision and Taxes has increased by 29%.

PUBLIC DEPOSITS :

Your Company has stopped accepting fresh deposits during the year under review. However, the Company has renewed deposits to a tune of Rs. 0.56 Lakhs during April 1998 and since then it has also stopped renewing deposits and is repaying the same as and when they become due for

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payment. During the year deposits to a tune of Rs. 37.25 lakhs have been repaid. 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, 1999 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.

FINANCE :

Your Company is availing a Cash Credit limit of Rs.45.00 Lakhs from The Nedungadi Bank Limited, Vijayawada. Your Company has issued Secured Redeemable Non-Convertible Debentures (Series A) of Rs.100/- each on private placement basis to a tune of Rs.26.30 Lakhs. Series B of the said Debentures are at present open for subscription on private placement basis.

FUTURE PROSPECTS :

The NBFC sector had gone through its worst times. On the other hand, business prospects have been seriously affected due to severe competition offered by Foreign Banks and Financial Institutions. In a nutshell, the NBFC sector is passing through a situation where the fund base is eroding, the business opportunities are reducing and NPAs are mounting. However there are positive signals for revival with the situation becoming better, thanks to the patching up measures taken by the Reserve Bank of India and the Ministry of Finance. The potential for hire purchase finance especially for used vehicles is gradually increasing and your company is making best use of its resources for tapping the market. Your directors wish to reiterate that the Company shall spare no efforts for increasing the operations by effective marketing measures and increasing the collection of hirepurchase installments and thereby reducing the NPAs.

DIRECTORS :

Sri M. Venkateswara Rao retires by rotation in the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

AUDITORS:

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

Swarna Securities Limited**9th ANNUAL REPORT****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 1998-99 made in the prospectus dated 19.04.1995 are as under.

	(Rupees in Lakhs)	
	Projection	Actual
Gross Income	267.77	63.72
Profit After Tax	122.95	2.07

The Company could not increase the operations as projected in the prospectus due to drastic change in the money and capital market conditions. Changes in the statutory regulations have further decreased the net profits.

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.

Y2k PREPAREDNESS :

Your Directors wish to inform you that the Company is taking necessary steps to complete the process of Y2k Compliance by September 1999 and the cost on account is estimated at about Rs. 2.00 Lakhs. Your Directors wish to state that there would not be any impact on the operations of the Company.

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 : 10.06.1999

M. MURALI KRISHNA

Chairman & Managing Director

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, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 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, 1999.
 - ii) in so far it relates to the Profit and Loss account of the profit of the company for the year ended 31st March, 1999.

Place : VIJAYAWADA
Date : 10.06.1999

For **ANDAVILLI ASSOCIATES**
Chartered Accountants
(Sd) **A.V. NARASIMHA RAO**
Proprietor