



Swarna Securities Limited

**10th ANNUAL REPORT
1999 - 2000**

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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, I Floor
Kaleswara Rao Road, Governorpet
VIJAYAWADA - 520 002

ADMINISTRATIVE OFFICE

II Floor, Swarnalok Complex
Eluru Road, VIJAYAWADA - 520 002

AUDITORS

M/s.SESHADRY & COMPANY
D.No.29-2-4/5, Ramamandiram Road
Governorpet, VIJAYAWADA - 520 002

BANKERS

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

10th ANNUAL GENERAL MEETING

Day, Date	..	Thursday, 27th July, 2000
Venue	..	Hotel Swarna Palace, Eluru Road Vijayawada - 2.
Time	..	10.00 A.M.

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of the Company will be held on Thursday, the 27th of July, 2000 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, 2000 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 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.Seshadry & Company, Chartered Accountants, Vijayawada appointed by the Board of Directors U/s.224(6)(a) of the Companies Act, 1956 to fill the casual vacancy caused due to the sudden demise of Sri A.V. Narasimha Rao, Proprietor, Andavilli Associates, and retiring at this Annual General Meeting, being eligible for re-appointment, be and are hereby re-appointed as Auditor's of the Company to hold office until the conclusion of the next Annual General Meeting on such terms and conditions and on such remuneration as may be fixed by the Board of Directors."

BY ORDER OF THE BOARD

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

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

Date : 27.06.2000

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 Friday, the 21st of July, 2000 to Thursday, the 29th July, 2000. (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.

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DIRECTOR'S REPORT

Your Directors hereby present their Tenth Annual Report and the Audited Financial Statements of the Company for the year ending 31st March, 2000.

FINANCIAL RESULTS

	(RUPEES IN LAKHS)	
	Current Year	Previous Year
TOTAL INCOME	75.94	63.72
Less: Expenditure	32.55	27.93
	-----	-----
PROFIT BEFORE DEPRECIATION	43.39	35.79
Less: Depreciation	29.75	24.07
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PROFIT BEFORE TAX	13.64	11.72
Less: Provision for Taxation	8.75	9.65
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PROFIT AFTER TAX	4.89	2.07
Add: Surplus carried forward	4.46	2.80
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PROFIT AND LOSS ACCOUNT	9.35	4.87
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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, 2000.

REVIEW OF OPERATIONS

The year 1999-2000 has witnessed positive change in the market condition over the previous year. The operations of the Company has increased during the year when compared with the previous year. Gross Income increased by 19% whereas the Net Income after NPA provision and Taxes has increased by 138%.

PUBLIC DEPOSITS

Your Company has stopped accepting fresh deposits from the public during the year under review and since then it has also stopped renewing deposits and is repaying the same as and when they become due for payment. During

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the year deposits to the tune of Rs.4.57 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, 2000, there are no depositors who have not claimed or to 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 from The Nedungadi Bank Limited, Vijayawada, the limit for which has been raised during the current year from Rs.45.00 Lakhs to Rs.100.00 Lakhs. Your Company has further issued Secured Redeemable Non-Convertible Debentures of Rs.100/- each issued on private placement basis of Series - B to the tune of Rs.42.60 Lakhs and Series - C to the tune of Rs.3.40 Lakhs. While the Debentures of Series - A were redeemed to the tune of Rs.25.00 Lakhs, which have become due for redemption, Series - C is still open for subscription.

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. 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 Hire Purchase Installments and thereby reducing the NPAs.

DIRECTORS

Sri Pradeep Kumar retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

M/s.Seshadry & Company, Chartered Accountants, Vijayawada appointed by the Board of Directors to fill in the vacancy caused due to the sudden demise of Sri A.V. Narasimha Rao, the previous Auditor of the Company; retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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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 1999-2000 made in the prospectus dated 19.04.1995 are as under:

(Rupees in Lakhs)

	Projection	Actual
Gross Income	297.89	75.94
Profit After Tax	136.66	4.89

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 REASOURCES

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 handwork and commitment exhibited by the Employees of the Company.

FOR AND ON BEHALF OF THE BOARD

Place: VIJAYAWADA
Date: 27.06.2000

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