



Swarna Securities Limited

11th ANNUAL REPORT

2000 - 2001

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

SWARNA SECURITIES LIMITED**11th ANNUAL REPORT****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
Chartered Accountants
UGF 1 & 2, Ammana Estates, Prakasam Road
Governorpet, VIJAYAWADA - 520 002

BANKERS

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

11th ANNUAL GENERAL MEETING

Day, Date	..	Monday, 23rd July, 2001
Venue	..	Hotel Swarna Palace, Eluru Road Vijayawada - 2.
Time	..	10.00 A.M.

SWARNA SECURITIES LIMITED**11th ANNUAL REPORT****NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held on Monday, the 23rd July, 2001 at Hotel Swarna Palace, Eluru Road, Vijayawada-2 at 10.00 A.M. to transact the following business.

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2001 and the audited Balance Sheet as at that date and the report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sri M. Venkateswara Rao who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s.Seshadry & Company, Chartered Accountants, who retire at the conclusion of this Annual General Meeting, as Auditors of the Company and to the purpose to pass, with or without modifications, the following resolution as an ordinary resolution.

"RESOLVED that M/s.Seshadry & Co., Chartered Accountants be and are hereby appointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration that may be fixed by the Board of Directors".

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution.

"RESOLVED that the objects clause III(A)(2) of the Memorandum of Association of the Company be and is hereby altered by substituting the existing clause by the following clause":

2. To carry on and undertake the business of construction, purchase, sale, lease, development and maintenance of all kinds of buildings - commercial or residential, warehouses, godowns, roads and bridges; development, sale and maintenance of township and residential colonies and to undertake trunk contracts for construction of roads and bridges and all such activities that are necessary for the purpose of the above.

"FURTHER RESOLVED that pursuant to Sec.149(2A) of the Companies Act, 1956, approval is hereby accorded to the Company for commencing and undertaking the business as enumerated in the amended Clause III(A)(2) of the Objects Clause of the Memorandum of Association of the Company".

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: 23.06.2001

SWARNA SECURITIES LIMITED**11th ANNUAL REPORT****NOTES**

1. 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.
2. The explanatory statement as required under Sec.173(2) of the Companies Act, 1956 with regard to the special business is enclosed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 16th of July, 2001 to Monday, the 23rd of July 2001. (Both days inclusive).
4. 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.
5. 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 UNDER SECTION 173(2) OF THE
COMPANIES ACT, 1956**

Your Company is at present engaged in the activities of Hirepurchase, Leasing and trading in shares and securities. With the continuous down trend in the financial market the total dependence on the above activities is unable to yield sufficient returns. The present situation in construction activity including that of commercial and residential complexes and construction of roads and bridges is encouraging, thanks to the policy of the Government to give boost to the Infrastructure sector. The activities envisaged in the new objects clause will enable the Company to carry on its business economically and efficiently, and under the existing circumstances, can be conveniently and advantageously combined with the present activities of the company.

The proposed alteration requires the sanction of the members at the General Meeting under section 17 of the Companies Act, 1956.

None of the directors are either concerned or interested in the above resolution.

The directors commend the passing of the above resolution.

Copy of the Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days during the usual business hours.

BY ORDER OF THE BOARD

Regd. Office: 27-21-36, Swarna House
1 Floor, Kaleswara Rao Road
Governorpet, VIJAYAWADA-2.
Date: 23.06.2001

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

DIRECTORS' REPORT

Your Directors hereby present their Eleventh Annual Report and the audited Financial Statements of the Company for the year ending 31st March, 2001.

FINANCIAL RESULTS

(Rupees in Lakhs)

	Current Year	Previous Year
TOTAL INCOME	90.44	76.18
Less: Expenditure	117.59	32.80
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PROFIT/ LOSS BEFORE DEPRECIATION	-27.15	43.38
Less: Depreciation	35.20	29.74
	-----	-----
PROFIT/LOSS BEFORE TAX	-62.35	13.64
Less: Provision for Taxation	8.12	8.75
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PROFIT/LOSS AFTER TAX	-70.47	4.89
Add: Surplus carried forward	8.37	4.46
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PROFIT AND LOSS ACCOUNT	-62.10	9.35
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REVIEW OF OPERATIONS

The year 2000-01 has not been that encouraging for the Company. Although, there has been a moderate increase of 18% in the Gross Income. The Company has incurred a Net Loss before Tax of Rs.62.35 Lakhs after providing for Depreciation of Rs.35.20 Lakhs and provision for Non-performing Assets of Rs.11.19 Lakhs. A Net Loss of Rs.70.47 Lakhs has been recorded after providing Rs.8.12 lakhs towards provision for Taxation.

PUBLIC DEPOSITS:

In pursuance to the Reserve Bank of India Directions, your Company has repaid the deposits on their maturity and as on the date of this report, there are no Public Deposits held by the Company.

FINANCE:

Your Company is availing a Cash Credit from The Nedungadi Bank Limited, Vijayawada for Rs.100 Lakhs. Your Company has further issued Secured Redeemable Non-Convertible Debentures of Rs.100/- each issued on private placement basis of Series C to the tune of Rs.33.30 lakhs and Series D to the tune of Rs.43.40 lakhs. While Secured Redeemable Debentures of Series A and B have been redeemed in full, Series E is still open for subscription.

SWARNA SECURITIES LIMITED**11th ANNUAL REPORT****FUTURE PROSPECTS:**

The financial market in the country still continues to be in stalemate with the interest rates decreasing drastically. While the interests on Hire Purchase Finance by Banks have decreased only moderately, the Hirepurchase Finance rates have decreased owing to severe competition with many players in the market including Commercial Banks, Financial Institutions and the dealers themselves. The repayment capacity of the borrowers has also decreased due to the slump in transport and allied sectors, resulting in higher outstandings and NPAs. However, your directors wish to state that a revival in the position is expected in the course of the financial year and wish to reiterate that they shall spare no efforts. The company wishes to diversify the activities by undertaking construction business. The relevant amendment to the objects clause is placed before the members for approval.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, your Directors wish to confirm that :

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) such accounting policies have been selected and applied consistently and judgements and estimates are made that 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 the financial year and of the profit or loss of the Company for that period;
- (iii) proper and sufficient care 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 any fraud or other irregularities has been taken.
- (iv) accounts for the financial year ended on 31st March, 2001 are prepared on a going-concern basis.

SWARNA SECURITIES LIMITED**11th ANNUAL REPORT****AUDITORS :**

M/s.Seshadry & Company, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 225(1-B) of the Companies Act, 1956.

LISTING:

The Shares of the Company were listed in Mumbai and Hyderabad Stock Exchanges and the listing fee for both the Exchanges have been paid upto Financial Year 2000-01.

CORPORATE GOVERNANCE:

The provision of Clause 49 of the listing agreement with respect to corporate governance are not applicable for the Company during the period under review.

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, Debenture holders 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 : 23.06.2001

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