



**Swarna Securities Limited**

**12th ANNUAL REPORT**

**2001-2002**

Report  junction.com

~~27-21-00, Swarna House, 1st Floor~~  
~~Kaleswara Rao Road, Canal~~  
VIJAYAWADA - 520 002  
Phone: 575928, 665928

**SWARNA SECURITIES LIMITED****12th ANNUAL REPORT****BOARD OF DIRECTORS**

Sri M. MURALI KRISHNA	..	Chairman & Managing Director
Sri M. VENKATESWARA RAO	..	Director
Sri PRADEEP KUMAR	..	Director
Sri K. SRIDHAR	..	Director
Sri T.V.S. JAWAHARLAL NEHRU	..	Director

**REGISTERED OFFICE**

27-21-36, Swarna House, I Floor  
Kaleswara Rao Road  
Governorpet  
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

**12th ANNUAL GENERAL MEETING**

Day, Date	:	Saturday, 6th July, 2002
Venue	:	Hotel Swarna Palace, Eluru Road, Vijayawada-2.
Time	:	10.00 A.M.

**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of the Company will be held on Saturday, the 6th day of July, 2002 at Hotel Swarna Palace, Eluru Road, Vijayawada 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, 2002 and the Audited Balance Sheet as at that date and the report of Directors' and Auditor's thereon.
2. To appoint a Director in place of Sri Pradeep Kumar 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 for 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:**

4. To consider, and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED that Mr. K. Sridhar who was appointed an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed director of the company liable to retire by rotation".

5. To consider, and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution :

"RESOLVED that Mr. T.V.S. Jawaharlal Nehru who was appointed an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed director of the Company liable to retire by rotation".

BY ORDER OF THE BOARD

Regd.Office: 27-21-36, Swarna House  
I Floor, Kaleswara Road  
Governorpet, Vijayawada-2  
Date: 29.05.2002

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

**SWARNA SECURITIES LIMITED****12th ANNUAL REPORT****NOTICE****NOTES:**

1. A MEMBER ENTITLED TO ATTAINED 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 1st day of July, 2002 to Saturday, the 6th day of July, 2002. (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.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**


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**Item No.4 & 5**

Mr. K. Sridhar was appointed as additional director at the meeting of the Board of Directors held on 29.05.2002. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. Mr. K. Sridhar is a post graduate in Management and has 10 years experience in Hire Purchase finance and his appointment shall be in the best interests of the Company. As required under section 257 of the Companies Act, 1956 the Company has received notice from a shareholder along with a deposit of Rs.500/- specifying his intention to propose Mr.K. Sridhar as Director of the Company.

Mr. T.V.S. Jawaharlal Nehru was appointed as additional director at the meeting of the Board of Directors held on 29.05.2002. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting. He is a graduate in Engineering and has 7 years of business experience. As required under section 257 of the Companies Act, 1956 the Company has received notice from a shareholder along with a deposit of Rs.500/- specifying his intention to propose Mr. T.V.S. Jawaharlal Nehru as director of the Company.

None of the Directors are interested or concerned in the above resolution.

The Board commends the passing of the above resolution.

Place: VIJAYAWADA

Date : 29.05.2002

BY ORDER OF THE BOARD  
(sd) **M. MURALI KRISHNA**  
Chairman & Managing Director

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**PARTICULARS OF DIRECTORS APPOINTED / RE-APPOINTED IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT**


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1. **PRADEEP KUMAR** - is a Chartered Accountant and has more than 7 years experience in Hirepurchase Finance and Real estate. He is also a Director in Sha Nathmal Yeswanthraj Finance Limited and Raghava Estates Limited.
2. **K. SRIDHAR** - is a post graduate in management and has 10 years experience in Hirepurchase Finance. He does not hold any Directorships in other Companies.
3. **T.V.S. JAWAHARLAL NEHRU** - is a graduate in Engineering and has 7 years experience in business. He is not a director in any other company.

## SWARNA SECURITIES LIMITED

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**DIRECTORS' REPORT**

Your Directors hereby present their Twelfth Annual Report and the audited financial statements of the Company for the year ending 31st March, 2002.

**FINANCIAL RESULTS****(Rupees in Lakhs)**

	<b>Current Year</b>	<b>Previous Year</b>
TOTAL INCOME	<b>97.44</b>	90.44
Less: Expenditure	<b>70.02</b>	117.59
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PROFIT BEFORE DEPRECIATION	<b>27.42</b>	-27.45
Less: Depreciation	<b>10.79</b>	35.20
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PROFIT BEFORE TAX	<b>16.63</b>	-62.35
Less: Provision for Taxation	<b>8.35</b>	8.12
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PROFIT AFTER TAX	<b>8.28</b>	-70.47
Add: Surplus carried forward	<b>-62.10</b>	8.37
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PROFIT AND LOSS ACCOUNT	<b>-53.82</b>	-62.10
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**DIVIDEND**

In view of the financial constraints of the Company the Board does not recommend any dividend for the year 2001-02.

**REVIEW OF OPERATIONS:**

The Company has re-entered into the track of profits in this financial year. The Company registered a Gross Income of Rs.97.44 Lakhs a moderate increase of 7% over the previous year and after provision for Depreciation and Taxation a Net Profit of Rs.8.28 Lakhs is realized. The Company has disbursed an amount of Rs.313.75 Lakhs towards Hire Purchase and other Loans.

**PUBLIC DEPOSITS**

The Company does not hold any Public Deposits during the year under review. 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, 2002, 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, for Rs.100 Lakhs. Your Company has further issued Secured

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Redeemable Non-Convertible Debentures of Rs.100/- each issued on private placement basis of Series E to the tune of Rs.19.00 Lakhs and Series F to the tune of Rs.40.00 Lakhs. While Secured Redeemable Debentures of Series C and D have been redeemed in full, Series G to the tune of Rs.46.70 lakhs was just closed and Series H is still open for subscription.

**FUTURE PROSPECTS:**

The economy of the Country is heading towards stability with the decrease in the inflation rate coupled with effective interest rate management. The financial sector is also showing signs of stability, thanks to the new policy of the Reserve Bank of India. As on date only Companies with strong financial back ground and effective lending habits have remained in the market. However, with the borrowing capacities of the people still below the standard level, the competition among the existing hirepurchase finance companies has increased resulting in interest rate war. The situation is expected to improve with the proposed interest rate cut by the Reserve Bank of India in the slack season credit policy after which the funds will be available at a lesser cost to the hirepurchase finance companies.

**DIRECTORS**

Sri Pradeep Kumar retires by rotation in the ensuing Annual General Meeting, and being eligible offers himself for re-appointment. Mr. K. Sridhar and Mr. T.V.S. Jawaharlal Nehru are appointed as additional directors of the Company at the Board Meeting held on 29.05.2002 and they cease to hold office on the date of the ensuing Annual General Meeting. Your Company has received notices under section 257 of the Companies Act with respect to their appointment as Directors and the same is being placed in the Annual General Meeting for the approval of the members.

**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 has 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 any fraud or other irregularities.
- (iv) accounts for the financial year ended on 31st March, 2002 are prepared on a going-concern basis.

**SWARNA SECURITIES LIMITED****12th 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 224(1-B) of the Companies Act, 1956.

**OBSERVATIONS OF AUDITORS**

The observations made in the audit report are self explanatory as given in the notes of accounts attached thereto.

**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 2001-02.

**CORPORATE GOVERNANCE**

The Company has appointed an audit committee with the following members:

1. PRADEEP KUMAR
2. K. SRIDHAR
3. T.V.S. JAWAHARLAL NEHRU

The disclosures as required under Clause 49 of the listing agreement shall be made in due course within the specified time.

**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 Shareholders 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 : 29.05.2002

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