



Swarna Securities Limited

18th ANNUAL REPORT

2007 - 2008

Registered Office :
27-21-36, Swarna House, 1st Floor
Kaleswara Rao Road, Governorpet
VIJAYAWADA - 520 002
Phone : 2575928

SWARNA SECURITIES LIMITED

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BOARD OF DIRECTORS

Sri M. MURALI KRISHNA	..	Chairman & Managing Director
Smt. M.V.N.S. SUSHMA	..	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

PUNJAB NATIONAL BANK
Convent Street
VIJAYAWADA - 520 001

18th ANNUAL GENERAL MEETING

Day, Date	:	Saturday 12th July, 2008
Venue	:	Hotel Fortune Murali Park M.G. Road, Vijayawada - 10
Time	:	10.00 A.M.

SWARNA SECURITIES LIMITED**18th ANNUAL REPORT****N O T I C E**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Saturday, the 12th day of July, 2008 at Hotel Fortune Murali Park, M.G. Road, Vijayawada-10 at 10.00 AM 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, 2008 and the Audited Balance Sheet as at that date and the report of the 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 M/s. Seshadry & Co. Chartered Accountants, who retire at the conclusion of this Annual General Meeting, as auditors of the company and for the purpose of the same, to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED that M/s. Seshadry & Co., Chartered Accountants, Vijayawada be and are hereby re-appointed as 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."

AS SPECIAL BUSINESS

04. To consider and it thought fit to pass with or without modifications the following resolution as an ordinary resolution.

"RESOLVED that Smt. M.V.N.S. Sushma who was appointed as 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 Rao Road,
Governorpet, Vijayawada-2.

Date : 10.06.2008

(sd)

M. MURALI KRISHNA
Chairman & Managing Director

SWARNA SECURITIES LIMITED**18th ANNUAL REPORT****N O T I C E****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 Wednesday the 9th day of July, 2008 to Saturday, the 12th day of July, 2008 (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 the 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**

Smt. M.V.N.S. sushma was appointed as additional director at the meeting of the Board of Directors held on 30.05.2008. According to the provisions of Section 260 of the Companies Act, 1956 she holds office as Director only upto the date of the ensuing Annual General Meeting. Smt. M.V.N.S. Sushma is a graduate in Science and has 15 years experience in Hire Purchase Finance and her appoint 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 Smt. M.V.N.S. Sushma as Director of the Company.

Mr. M. Murali Krishna is interested in the resolution as Husband of Smt. M.V.N.S. Sushma.

The Board commends the passing of the above resolution.

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

01. Sri Pradeep Kumar is a Chartered Accountant and has more than 12 years experience in the fields of Hire purchase Finance and Administration. He is a Director of M/s.Raghava Estates Limited and Sha Nathmal Yeswanth Raj Finance Ltd.
02. Smt. M.V.N.S. Sushma is a graduate in Science and has more than 15 years of experience in the fields of Hire Purchase and Construction. She is the Director of M/s.Siva Credits Limited and M/s.Muthavarapu Leasing (P) Limited.

SWARNA SECURITIES LIMITED**18th ANNUAL REPORT****DIRECTORS' REPORT**

Your Directors take pleasure in presenting their 18th Annual Report and the audited financial statements of the Company for the year ending 31st March, 2008.

FINANCIAL RESULTS	(Rupees in Lakhs)	
	CURRENT YEAR	PREVIOUS YEAR
Total Income	29.50	39.58
Less: Expenditure	21.93	30.77
	-----	-----
Profit before depreciation	07.57	08.81
Less: Depreciation	01.92	01.67
	-----	-----
Profit before tax	05.65	07.14
Less: Provision for Taxation	00.10	01.66
	-----	-----
Profit after tax	05.55	05.48
Less: Reserve Fund	01.08	01.43
	-----	-----
	04.47	04.05
Add: Surplus carried forward	-58.51	-62.56
	-----	-----
Balance Carried to Balance Sheet	-54.04	-58.51
	-----	-----

DIVIDEND :

Due to constraints of profit, the Board do not recommend any dividend for the year 2007-08.

REVIEW OF OPERATIONS :

The industry of hire purchase and lease finance is in a very bad shape with increased competition and lack of support. Even in the segment of mortgage and real estate loans has become non-profitable with difficulty in the collection of the installments. With great difficulty the company could collect the installments which are utilized for reduction of secured liabilities. Hence, there has been a very marginal profit during the year under consideration.

SWARNA SECURITIES LIMITED**18th ANNUAL REPORT****PUBLIC DEPOSITS :**

The Company had neither accepted nor held 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, 2008 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 date there are no deposits that are matured and remained unclaimed or deposits that are claimed and remained unpaid

FINANCE :

Your Company is availing Cash Credit facility from Punjab National Bank, Vijayawada-1, to the extent of Rs.50 Lakhs. Your Company has further issued secured redeemable Non-Convertible Debentures of Rs.100/- each on private placement basis to the tune of Rs.21.65 Lakhs (Series-T), Rs.49.93 Lakhs (Series-U) and Rs.47.02 Lakhs (Series-V). While Series-Q, Series-R and Series-S are redeemed in full during the year under review, Series-W is open for subscription on private placement basis.

FUTURE PROSPECTS :

With the future of Hire Purchase and Lease sector appearing to be grim, the company is contemplating to diversify its activities towards the upcoming sectors of real estate, hospitality and tourism sectors. However, a final decision is yet to be taken in the matter which will be put before the members in the next meeting.

DIRECTORS :

Sri M. Venkateswara Rao one of the founder directors of the Company expired on 11.05.2008. Sri Pradeep Kumar retires by rotation in the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Consent of the members is being sought for the appointment of Smt. M.V.N.S. Sushma who was appointed as additional director and whose office shall cease at the ensuing Annual General Meeting, as director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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- (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 maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding 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, 2008 are prepared on a going-concern basis.

AUDITORS :

M/s.Seshadry & Company, the auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and they have intimated that their re-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 has been paid upto financial year 2007-08.

CORPORATE GOVERNANCE :

A detailed report on Corporate Governance along with the certificate from the auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the listing agreement is attached to this report.

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HUMAN RESOURCES :

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 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 :

Your Directors wish to place on record their sincere appreciation to the Company's Customers, Bankers, Financial Institutions, Debenture Holders and share holders for their continued support and faith in the Company. A word of appreciation is also due to the employees of the Company for their hard work and commitment.

For and on behalf of the Board

Place: VIJAYAWADA

Date : 10.06.2008

(sd)

M. MURALI KRISHNA

Chairman & Managing director

SWARNA SECURITIES LIMITED**18th ANNUAL REPORT****REPORT ON CORPORATE GOVERNANCE**

- I. Your Company has been practicing the principles of good corporate governance and lays a strong emphasis on transparency, accountability and integrity. All the matters of strategy, significant developments etc are routinely placed before the Board. The Audit, Share Transfer and Investor Grievance Committees meet regularly to consider the aspects relevant to each committee.

II. **BOARD OF DIRECTORS :**

- a) Composition and Category of directors as on 31st March, 2008.

Category	No. of Directors
Promoter Directors	1
Executive Directors	1
Non-Executive, Independent Directors	3
Total	5

- b) Attendance of each Director at the Board Meetings and the last AGM.

Director	No. of Board Meetings held	No. of Board Meetings Attendance	Last AGM Attendance (Yes/No)
Sri M. Venkateswara Rao	9	9	Yes
Sri M. Murali Krishna	9	9	Yes
Sri Pradeep Kumar	9	9	Yes
Sri K. Sridhar	9	9	Yes
Sri T.V.S. Jawaharlal Nehru	9	9	Yes

- c) Number of Other Directorships or Board Committees he/she is a member or Chairperson of

Name of Director	Number of Directorships	No. of Member ships in Board Committees Other than SSL	Whether Member or Chairman
Sri M. Venkateswara Rao	4	--	
Sri M. Murali Krishna	5	1	Chairman
Sri Pradeep Kumar	2	--	
Sri K. Sridhar	1	1	Chairman
Sri TVS Jawaharlal Nehru	0	-	

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- d) Number of Board Meetings held and dates on which held

Nine Board Meetings were held during the financial year from 01.04.2007 to 31.03.2008. The dates on which the meetings were held are as follows:

26.04.2007, 07.06.2007, 09.07.2007, 25.07.2007, 21.09.2007 27.10.2007, 17.01.2008, 25.01.2008 and 11.02.2008.

III. AUDIT COMMITTEE :

- a) Terms of Reference :

The responsibilities of the audit committee include the overseeing of the financial reporting process to ensure a proper disclosure of the financial statements; recommending appointment / removal of the external auditors and fixing their remuneration; reviewing the quarterly, half yearly and annual financial results before submission to the Board; reviewing the adequacy of internal control systems; structure and staffing of the internal audit function, reviewing findings of the internal investigations and to make recommendations to the Board on any matter relating to the financial management of the Company including the Audit Report.

- b) Composition

The Audit Committee consists of the following non-executive Directors

1. Sri Pradeep Kumar	Chairman
2. Sri K. Sridhar	Member
3. Sri T.V.S. Jawaharlal Nehru	Member

- c) Meetings and Attendance of the Audit Committee during the year

A total of 4 meetings were held during the financial year from 01.04.2007 to 31.03.2008 on 26.04.2007, 25.07.2007, 27.10.2007 and 25.01.2008.

All the Members and the Chairman attended all the meetings.

IV. SHAREHOLDERS COMMITTEE :

The Board has constituted the Shareholders committee which looks into shareholders and investors grievances. The following are the members of the Committee.

1. Sri Pradeep Kumar
2. Sri K. Sridhar
3. Sri T.V.S. Jawaharlal Nehru

During the year 2007-08, a total number of 7500 shares were transferred and as at 31st March, 2008 there are No Equity shares pending for transfer.