



# Swarna Securities Limited

**19th ANNUAL REPORT**  
**2008 - 2009**

**TRUE COPY**

**For Swarna Securities Ltd.**

*[Signature]*  
**Managing Director.**

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

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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

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## **19th ANNUAL GENERAL MEETING**

Day, Date	:	Thursday 9th July, 2009
Venue	:	Hotel Fortune Murali Park M.G. Road, Vijayawada - 10
Time	:	10.00 A.M.

**NOTICE**



NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held on Thursday, the 9th day of July, 2009 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, 2009 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 K. Sridhar, who retires by rotation and being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Sri T.V.S.J. Nehru, who retires by rotation and being eligible, offers himself for re-appointment.
04. 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**

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

"RESOLVED that pursuant to sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri M. Murali Krishna, be and is hereby re-appointed as Chairman & Managing Director of the Company for a period of 3 years with effect from 01.06.2009 without any remuneration."

BY ORDER OF THE BOARD

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

Date : 03.06.2009

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

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**NOTICE**

## 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 Monday the 6th day of July, 2009 to Thursday, the 9th day of July, 2009 (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. The Explanatory Statement U/s.173(2) of the Companies Act, 1956 is annexed hereto.
05. 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.

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

01. Sri M. Murali Krishna is the promoter director of the Company. He is a post graduate in Commerce and has more than 2 decades of experience in Hire Purchase Finance. He is a Director of M/s.Siva Credits Limited and M/s.Muthavarapu Leasing (P) Limited.
02. Sri K. Sridhar is a post graduate in Management and has more than 12 years experience in the fields of Hire Purchase Finance, Administration and Secretarial work. He is a Director of M/s.Siva Credits Limited.
03. Sri T.V.S.J. Nehru is an Engineering Graduate and has more than 9 years of business experience. He has no other directorships.

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

**Item No. 5**

Sri M. Murali Krishna, is one of the promoters of the Company and is looking after the affairs of the Company since its inception. He has been instrumental for the growth and development of the Company and his re-appointment as Chairman & Managing Director would be to the best advantage of the Company. The Board of Directors at its meeting on 03.06.2009 has re-appointed Sri M. Murali Krishna as Chairman & Managing Director of the Company for a period of 3 years with effect from 01.06.2009.

The Directors recommend the passing of the above resolution.

Smt. M.V.N.S. Sushma is interested in the above resolution as spouse of Sri M. Murali Krishna.

Copy of the Memorandum and Articles of Association shall be available for inspection at the registered office of the Company between 10.00 A.M. to 6.00 P.M. on all working days.

BY ORDER OF THE BOARD

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

Date : 03.06.2009

(sd)

**M. MURALI KRISHNA**  
Chairman & Managing Director

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**DIRECTORS' REPORT**

Your Directors take pleasure in presenting their 19th Annual Report and the audited financial statements of the Company for the year ending 31st March, 2009.

FINANCIAL RESULTS	(Rupees in Lakhs)	
	CURRENT YEAR	PREVIOUS YEAR
Total Income	27.21	29.50
Less: Expenditure	15.40	21.93
Profit before depreciation	11.81	07.57
Less: Depreciation	01.89	01.92
Profit before tax	09.92	05.65
Less: Provision for Taxation	00.22	00.10
Profit after tax	09.70	05.55
Less: Reserve Fund	01.98	01.08
Add: Surplus carried forward	07.72	04.47
Balance Carried to Balance Sheet	-46.32	-54.04

**DIVIDEND :**

Due to constraints of profit, the Board do not recommend any dividend for the year 2008-09.

**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.

**PUBLIC DEPOSITS :**

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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, 2009 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.33.05 Lakhs (Series-W), Rs.48.54 Lakhs (Series-X) and Rs.51.29 Lakhs (Series-Y). While Series-T, Series-U and Series-V 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 K. Sridhar and Sri T.V.S.J. Nehru retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The consent of the shareholders is also being sought for the re-appointment of Sri M. Murali Krishna as Chairman and Managing Director of the Company who has been re-appointment by the Board of Directors with effect from 01.06.2009.

**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 :

- (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

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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, 2009 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 Bombay Stock Exchange Limited and the listing fee has been paid upto financial year 2008-09.

**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.

**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.

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**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

(sd)

Date : 03.06.2009

**M. MURALI KRISHNA**

Chairman & Managing director

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**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, 2009.

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. Murali Krishna	8	8	Yes
Smt. M.V.N.S: Sushma	8	6	Yes
Sri Pradeep Kumar	8	8	Yes
Sri K. Sridhar	8	8	Yes
Sri T.V.S. Jawaharlal Nehru	8	8	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. Murali Krishna	5	1	
Smt. M.V.N.S. Sushma	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

Eight Board Meetings were held during the financial year from 01.04.2008 to 31.03.2009. The dates on which the meetings were held are as follows:

25.04.2008, 30.05.2008, 10.06.2008, 12.07.2008, 25.07.2008, 24.10.2008, 28.01.2009 and 28.03.2009.

**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 01.04.2008 to 31.03.2009 on 25.04.2008, 25.07.2008, 24.10.2008 and 28.01.2009.

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 2008-09, a total number of 222700 shares were transferred and as at 31st March, 2009 there are No Equity shares pending for transfer.