



# Swarna Securities Limited

## ***22nd ANNUAL REPORT*** ***2011 - 2012***

Registered Office :  
# 27-1-102, II Floor  
Governorpet  
VIJAYAWADA - 520 002.  
Phone : 2575928

**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**

# 27-1-102, II Floor, Governorpet  
VIJAYAWADA - 520 002.  
Phone : 2575928

**AUDITORS**

M/s. SESHADRY & COMPANY  
Chartered Accountants  
UGF 1 & 2, Ammana Estates  
Prakasam Road, Governorpet  
VIJAYAWADA - 520 002

**BANKERS**

PUNJAB NATIONAL BANK  
  
VIJAYAWADA - 520 008.

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**22nd ANNUAL GENERAL MEETING**

Day, Date : Friday 6th July, 2012  
  
Venue : D.No.54-15-3, Srinagar Colony, Ring Road  
Vijayawada - 8  
  
Time : 10.00 A.M.

**N O T I C E**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held on Friday, the 6th day of July, 2012, at D.No. 54-15-3, Srinagar Colony, Ring Road, Vijayawada-8 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 2012 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 if 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 without any remuneration."

BY ORDER OF THE BOARD

Regd. Office: # 27-1-102, II Floor,  
VIJAYAWADA - 520 002.

Date : 04.06.2012

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

**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 Monday the 2nd day of July, 2012 to Friday, the 6th day of July, 2012 (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.

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**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 Private Limited and M/s Muthavarapu Leasing Private Limited.
- 02 Sri K. Sridhar is a post graduate in Management and has more than 15 years experience in the fields of hire purchase finance, Administration and Secretarial work. He is a Director of M/s Siva Credits Private Limited.
- 03 Sri T.V.S.J. Nehru is an Engineering Graduate and has more than 10 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 04.06.2012 has re-appointed Sri M. Murali Krishna as chairman & Managing Director of the Company for a period of 3 years.

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 06.00 p.m. on all working days.

BY ORDER OF THE BOARD

Regd. Office : # 27-1-102, II Floor,  
VIJAYAWADA - 520 002.

Date : 04.06.2012

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

**DIRECTORS' REPORT**

Your Directors take pleasure in presenting their 22nd Annual Report and the Audited Financial Statements of the Company for the year ending 31st March, 2012.

<b>FINANCIAL RESULTS</b>	(Rupees in Lakhs)	
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Total Income	22.56	25.12
Less: Expenditure	19.49	19.64
	-----	-----
Profit before depreciation	03.07	05.48
Less: Depreciation	00.60	00.70
	-----	-----
Profit before tax	02.47	04.78
Less: Provision for Taxation	01.91	00.35
	-----	-----
Profit after tax	00.56	04.43
Less: Reserve Fund	00.49	00.96
	-----	-----
	00.07	03.47
Add: Surplus carried forward	-41.56	-45.03
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Balance Carried to Balance Sheet	-41.49	-41.56
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**DIVIDEND :**

Due to constraints of profit, the Board do not recommend any dividend for the year 2011-12.

**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 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 utilised for reduction of secured liabilities. Concentration has been made in collection of Hire purchase and Loan Instalments which are classified as NPA's and there has been satisfactory result on the same. Hence, there has been a very marginal profit during the year under consideration.

**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, 2012 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 has issued Secured Redeemable Non-Convertible Debentures of Rs. 100/- each on private placement basis to the tune of Rs. 03.10 Lakhs (Series-AD), Rs. 49.35 Lakhs (Series-AE) and Rs. 14.25 Lakhs (Series-AF). While Series-AB and Series-AC are redeemed in full during the year under review, Series-AF is still open for subscription on private placement basis.

**FUTURE PROSPECTS :**

With the future 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 shortly.

**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-appointed by the Board of Directors for a period of three years.

**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 judgments 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, 2012 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 Ltd., Mumbai and the listing fee has been paid upto financial year 2011-12.

**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.



**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 : 04.06.2012

(sd)

**M. MURALI KRISHNA**

Chairman & Managing director

**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, 2012.

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	7	7	Yes
Smt. M.V.N.S. Sushma	7	7	Yes
Sri Pradeep Kumar	7	7	Yes
Sri K. Sridhar	7	7	Yes
Sri T.V.S. Jawaharal Nehru	7	7	Yes

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

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	Chairman
Smt. M.V.N.S. Sushma	3	--	
Sri Pradeep Kumar	2	--	
Sri K. Sridhar	1	0	
Sri TVS Jawaharal Nehru	0	--	