



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

**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

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

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

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 |
| | ----- | ----- |
| | 07.72 | 04.47 |
| Add: Surplus carried forward | -54.04 | -58.51 |
| | ----- | ----- |
| 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 :

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

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.

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 : 03.06.2009

(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, 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 | - | |

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.

There are no complaints received during the year under review and as on 31st March, 2009, there are no complaints that are pending. Since the company has an in-house secretarial department, in addition to the common agency for transfers, the shareholders grievances, if any are promptly attended to.

V. GENERAL BODY MEETINGS :

The Location and Time of the Annual General Meetings held during the last 3 years are as follows:

| AGM | Date | Time | Venue | No. of Special Resolution |
|------|------------|------------|---|---------------------------|
| 16th | 06.07.2006 | 10.00 A.M. | Hotel Swarna Palace Vijayawada | 1 |
| 17th | 09.07.2007 | 10.00 A.M. | Hotel Swarna Palace Vijayawada | Nil |
| 18th | 12.07.2008 | 10.00 A.M. | Hotel Fortune Murali Park Vijayawada | 1 |

For the year ended 31st March, 2009 there have been no ordinary or special resolutions passed by the Company's shareholders through postal ballot.

VI. DISCLOSURES :

There are no non-compliances by the Company, penalties strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

VII. MEANS OF COMMUNICATION :

The unaudited quarterly, and annual financial results are sent to all the stock exchanges where the shares of the Company are listed. The results are also published in Indian Express and Andhra Jyothi.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS :

a) INDUSTRY STRUCTURE AND DEVELOPMENT :

Off late the Non-Banking Finance Industry has been in a very bad shape with the increase in the controls of the Apex Bank following misconduct by some companies. This has effected the genuine honest companies which could not sustain the growth recorded in the previous years. The future of these companies seems to be grim and may vanish over a period of time since the banking sector has entered the business of the non-banking business activities.

b) OPPORTUNITIES AND THREATS :

At present there seems to be no good opportunities for NBFCs in future.

SEGMENT WISE PERFORMANCE :

The Company is engaged in the Hire Purchase loans and advances segment, the performance of which was discussed earlier in the report.

d) RISKS AND CONCERNS :**RISK OF DELAYED RECEIPT OF INSTALLMENTS:**

In case of delayed receipts of installment amounts of the hire purchase finance given, the funds of the Company get blocked resulting in high non-performing assets.

To mitigate this risk, the Company is trying to put pressure on the delayed payers for payment installments and in inevitable cases legal action is also being initiated.

RISK OF INSOLVENCY OF THE BORROWERS:

Where the borrower becomes insolvent, and is unable to clear the loan, the same becomes a bad debt and the total loan amount and the interest accrued thereon becomes a charge on the income generated by other good transactions.

To mitigate this risk, the company follows a very conservative policy of lending.

e) INTERNAL CONTROL SYSTEMS :

The Company has an adequate system of internal control and management with respect to disbursement of loans and follow-up action for collection of installments.

f) HUMAN RESOURCES :

There are no significant developments in this front during the year under review.

IX. GENERAL SHAREHOLDERS' INFORMATION :

- i) AGM Date, time and Venue : 09th July, 2009 at 10.00 A.M.
Hotel Fortune Murali Park
M. G. Road, VIJAYAWADA - 10
- ii) Date of Book Closure : 6th July, 2009 to 9th July, 2009
(Both days inclusive)
- iii) Dividend Payment Date : Not Applicable
- iv) Listing on Stock Exchange : Bombay Stock Exchange Ltd.
- v) Address of Registered Office : 27-21-36, I Floor, Kaleswara Rao Rd.
Governorpet, Vijayawada - 2
- vi) Financial Calendar : 1st Quarter - 1st April to 30th June
2nd Quarter - 1st July to 30th Sept.
3rd Quarter - 1st Oct. to 31st Dec.
4th Quarter - 1st Jan. to 31st March
- vii) Market Price Data : Shares were not actively traded in
the Stock Exchange and hence the
data could not be appended.

viii) Distribution of Shareholding:

| Slab of share holding | Share holders | Percentage | No. of shares | Percentage |
|-----------------------|---------------|------------|----------------|------------|
| 0 - 500 | 343 | 56 | 110800 | 4 |
| 501 - 1000 | 133 | 22 | 114600 | 4 |
| 1001-2000 | 61 | 10 | 93900 | 3 |
| 2001-3000 | 22 | 4 | 54400 | 2 |
| 3001-4000 | 11 | 2 | 38500 | 1 |
| 4001-5000 | 11 | 2 | 49200 | 2 |
| 5001-10000 | 09 | 1 | 68100 | 2 |
| 10001 & above | 16 | 3 | 2470500 | 82 |
| TOTAL | 606 | 100 | 3000000 | 100 |

ix) Categories of shareholdings as on 31st March, 2008.

| Category | No. of Shares Held | % of Share Holding |
|------------------------|--------------------|--------------------|
| Promoters | 1691650 | 56.39 |
| Financial Institutions | 250000 | 8.33 |
| FII's | -- | -- |
| OCBs and NRIs | 130250 | 4.34 |
| Individuals | 783150 | 26.11 |
| Companies | 142950 | 04.77 |
| Mutual Funds, etc | 2000 | 0.06 |
| TOTAL | 3000000 | 100.00 |

- x) Dematerialisation of Shares : As on 31.03.2009 a total number of 1156300 shares have been dematerialised
- xi) Share transfer system : M/s. Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad-29 were retained as common agency for share transfers and dematerialization.
- xii) Outstanding GDRs/ADRs/Warrants or any Convertible Debentures : The Company has not issued any GDRs/ADRs/Warrants or any convertible Instruments.
- xiii) Investors Correspondence : Ch.V. Narasimha Rao,
Compliance Officer
Swarna Securities Ltd.
27-21-36, I Floor
Kaleswara Rao Road
Governorpet
Vijayawada-520 002
Tel: 0866 - 2575928

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To
The Members,
SWARNA SECURITIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **Swarna Securities Limited** for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is *neither an audit nor an expression of opinion on the financial statements of the Company.*

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per records maintained by the Shareholders / Investor's Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: VIJAYAWADA
Date : 03.06.2009

for **SESHADRY & COMPANY**
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

**AUDITORS' REPORT**

To
The Members of
SWARNA SECURITIES LIMITED

01. We have audited the attached Balance Sheet of **Swarna Securities Limited** as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
02. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a best basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
03. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
04. Further to our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the Information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet and Profit and loss account complies with the mandatory accounting standards referred to in section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit & Loss Account read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - ii) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

Place: VIJAYAWADA
Date : 03.06.2009

for **SESHADRY & COMPANY**
Chartered Accountants
(sd) **L.S. RAJENDRA**
Partner

ANNEXURE

(Referred to in Paragraph (3) of our Report of even date)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verifications.
- (c) The Company has not disposed off any of its fixed assets so as to affect the going concern status.
- ii) (a) The nature of business of the Company does not involve holding inventories of finished goods, stores, spare parts or raw materials.
- (b) Not Applicable.
- (c) Not Applicable
- iii) (a) The Company has neither taken nor granted any loans, secured or unsecured from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- (b) According to the information and explanations given to us and as per the records of the Company examined by us, the rate of interest and other terms and conditions of the loans given and taken by the Company are not prejudicial to the interests of the Company.
- (c) In respect of hire moneys due on stocks-on-hire under the hire purchase business transactions and general loans given by the Company in the ordinary course of its business, the parties are generally repaying the principal amount as stipulated and are also regular in payment of interest, wherever applicable.
- (d) Where the sums are overdue, we are of the opinion that the Company has taken reasonable steps for the recovery of the same.
- iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of consumables, plant and machinery, equipment and other assets; and there is no continuing failure to correct any weaknesses in the internal controls.
- v) (a) According to the information and explanations given to us and as per the records of the Company examined by us the Company has not entered into any transaction, that needs to be entered into the register in pursuance of section 301 of the Companies Act, 1956.
- (b) Not Applicable.
- vi) The Company has neither accepted nor held any public deposits during the year under audit. Therefore, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules made thereunder are not applicable.
- vii) In our opinion the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the activities of the company.
- ix) As per the records of the Company examined by us and the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues with the appropriate authorities and there are no

- undisputed amounts payable in respect of any statutory dues outstanding as at the date of the Balance Sheet for a period more than six months from the date they became payable.
- x) The accumulated losses of the Company as at the end of the financial year are less than fifty percent of the net worth of the Company and the Company has not incurred cash losses during the financial year under audit or the immediately preceding financial year.
 - xi) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in repayment of any dues either to its debenture holders or to any financial institutions or banks.
 - xii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
 - xiii) According to the information and explanations given to us the provisions of any special statute applicable to chitfund, nidhi or mutual benefit society are not applicable to the Company during the year.
 - (a) Not Applicable
 - (b) Not Applicable
 - (c) Not Applicable
 - (d) Not Applicable
 - xiv) In our opinion, the Company has maintained proper records of the transactions and contracts in respect of trading in shares, securities, debentures and other securities and timely entries have been made therein; and shares, securities, debentures and other investments are held by the Company in its own name.
 - xv) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not given any guarantee in respect of loans taken by others from banks or financial institutions.
 - xvi) As per the records of the Company examined by us, the Company has not obtained any term loans during the year under audit.
 - xvii) The amounts raised by the Company by the issue of secured redeemable debentures has been utilised for the purpose of lending moneys in the course of the business of the Company and not for the purpose of any long term investment.
 - xviii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not made any allotment of shares, preferential or otherwise, during the year.
 - xix) The Company has created security in respect of the redeemable debentures issued, by way of a floating charge on stock on hire and lease receivables which are not specifically charged to the Company's Bankers; and other loans.
 - xx) The Company has not raised any money by public issue during the year under audit.
 - xxi) No fraud on or by the Company has been noticed or reported during the year in the course of our audit.

Place: VIJAYAWADA

Date : 03.06.2009

for **SESHADRY & COMPANY**

Chartered Accountants

(sd) **L.S. RAJENDRA**

Partner

BALANCE SHEET AS AT 31st MARCH, 2009

| | Schedule | 2008-09 Rs. | 2007-08 Rs. |
|---|----------|--------------------|----------------|
| <u>SOURCES OF FUNDS</u> | | | |
| <u>SHAREHOLDERS' FUNDS</u> | | | |
| Share Capital | I | 3,00,00,000 | 3,00,00,000 |
| Reserves & Surplus | II | 24,26,000 | 22,28,000 |
| <u>LOAN FUNDS</u> | | | |
| Secured Loans | III | 1,39,21,220 | 1,91,78,594 |
| TOTAL | | 4,63,47,220 | 5,14,06,594 |
| <u>APPLICATION OF FUNDS</u> | | | |
| 1. <u>FIXED ASSETS</u> | | | |
| GROSS BLOCK | IV | 1,08,23,983 | 1,07,95,483 |
| Less: Depreciation | | 18,07,136 | 16,18,372 |
| | | 90,16,847 | 91,77,111 |
| 2. <u>INVESTMENTS</u> | | | |
| | | 0 | 0 |
| 3. <u>CURRENT ASSETS, LOANS & ADVANCES</u> | | | |
| A) Current Assets | V | 3,64,53,798 | 4,14,90,393 |
| B) Loans & Advances | VI | 38,393 | 38,893 |
| | | 3,64,92,191 | 4,15,29,286 |
| Less: Current Liabilities & Provisions | VII | 37,94,064 | 47,04,018 |
| NET CURRENT ASSETS | | 3,26,98,127 | 3,68,25,268 |
| 4. <u>PROFIT & LOSS ACCOUNT</u> | | | |
| | | 46,32,246 | 54,04,215 |
| TOTAL | | 4,63,47,220 | 5,14,06,594 |
| <u>NOTES ON ACCOUNTS</u> | | | |
| | XIII | | |

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

PROFIT & LOSS A/C FOR THE PERIOD ENDING 31st MARCH, 2009

| | Sche- dule | 2008-08 Rs. | 2007-08 Rs. |
|---|---------------|-------------------|-------------------|
| INCOME | | | |
| Hire Purchase Income | | 65,193 | 1,12,092 |
| Interest on Hypothecation Loans | | 5,23,432 | 6,56,192 |
| Interest Received | | 21,17,849 | 21,62,510 |
| Sale of Shares | | 0 | 0 |
| Other Income | VIII | 14,094 | 19,027 |
| TOTAL | | 27,20,568 | 29,49,821 |
| EXPENDITURE | | | |
| Cost of Shares sold | IX | 0 | 0 |
| Personnel Expenditure | X | 1,58,400 | 1,70,400 |
| Operation & Administrative Expenses | XI | 3,16,983 | 2,67,080 |
| Interest | XII | 20,35,617 | 23,94,860 |
| Depreciation | | 1,88,764 | 1,92,202 |
| TOTAL | | 26,99,764 | 30,24,542 |
| PROFIT BEFORE TAX & N.P.A. PROVISION | | 20,804 | -74,721 |
| Add: Provision for Non-Performing Assets - Reversed | | 9,70,954 | 6,15,868 |
| PROFIT BEFORE TAX | | 9,91,758 | 5,41,147 |
| Provision for Taxation | | | |
| Current Tax | 30,000 | | |
| Add: Fringe Benefit Tax | 7,000 | | |
| | 37,000 | | |
| Less: Deferred Tax Tax Expense | 24969 | 12,031 | -23,123 |
| PROFIT AFTER TAX | | 9,79,727 | 5,64,270 |
| Less: Short Provision for I.T. | | 9,758 | 9,407 |
| | | 9,69,969 | 5,54,863 |
| Surplus Brought Forward | | -54,04,215 | -58,51,079 |
| | | -44,34,246 | -52,96,215 |
| APPROPRIATIONS | | | |
| Reserve Fund | | 1,98,000 | 1,08,000 |
| Balance Carried to Balance Sheet | | -46,32,246 | -54,04,215 |
| TOTAL | | -44,34,246 | -52,96,215 |

NOTES ON ACCOUNTS

XIII

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

| | 2008-09 Rs. | 2007-08 Rs. |
|--|--------------------|----------------|
| SCHEDULE - I | | |
| SHARE CAPITAL | | |
| AUTHORISED | | |
| 36,00,000 Equity Shares of Rs.10/- each | 3,60,00,000 | 3,60,00,000 |
| | ===== | ===== |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 3000000 Equity Shares of Rs.10/- each | 3,00,00,000 | 3,00,00,000 |
| | ----- | ----- |
| | 3,00,00,000 | 3,00,00,000 |
| | ----- | ----- |
| SCHEDULE - II | | |
| RESERVES AND SURPLUS | | |
| General Reserve | 8,05,000 | 8,05,000 |
| Reserve Fund | 16,21,000 | 14,23,000 |
| | ----- | ----- |
| | 24,26,000 | 22,28,000 |
| | ----- | ----- |
| SCHEDULE - III | | |
| SECURED LOANS | | |
| Cash Credit from Punjab National Bank, Vijayawada (secured by Hire Purchase and Lease Agreements entered into by the Company and personal guarantees of Managing Director | 2,854 | 48,79,894 |
| Secured Redeemable Debentures (Series W) | 33,05,000 | |
| Secured Redeemable Debentures (Series X) | 48,54,000 | |
| Secured Redeemable Debentures (Series Y) | 51,28,000 | |
| | ----- | |
| | 1,32,87,000 | 1,35,70,000 |
| Add: Interest Accrued thereon | 5,59,571 | 5,59,725 |
| (Secured by a floating charge on Stock on Hire and Lease receivable not specifically charged to the bank; and other loans) | 1,38,84,571 | 1,41,29,725 |
| | ----- | ----- |
| ICICI Bank Limited - Car Loan | 33,795 | 1,68,975 |
| | ----- | ----- |
| | 1,39,21,220 | 1,91,78,594 |
| | ----- | ----- |

SCHEDULE - IV : FIXED ASSETS

| NAME OF THE ASSET | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|-------------------------|------------------|-----------|--------------|---------------|--------------|------------------|-----------------|--------------|-------------------|--------------------|--------------------|
| | Cost 31.03.08 | Additions | Sale/ TFR | Total Cost | Rate % | Upto 31.03.08 | For the Year | Sale/ TFR | Total 31.03.09 | W.D.V. 31.03.08 | W.D.V. 31.03.09 |
| LAND | 68,97,786 | 0 | 0 | 68,97,786 | 0.00% | 0 | 0 | 0 | 0 | 68,97,786 | 68,97,786 |
| BUILDING | 20,75,341 | 0 | 0 | 20,75,341 | 5.00% | 1,85,095 | 95,012 | 0 | 2,80,107 | 18,90,246 | 17,95,234 |
| COMPUTERS | 2,12,205 | 28,500 | 0 | 2,40,705 | 40.00% | 1,98,292 | 5,565 | 0 | 2,03,857 | 13,913 | 36,848 |
| FURNITURE & FITTINGS | 6,09,590 | 0 | 0 | 6,09,590 | 18.10% | 5,46,544 | 11,411 | 0 | 5,57,955 | 63,046 | 51,635 |
| VEHICLES | 8,35,475 | 0 | 0 | 8,35,475 | 25.89% | 5,54,330 | 72,467 | 0 | 6,26,797 | 2,81,145 | 2,08,678 |
| PLANT & MACHINERY | 1,65,086 | 0 | 0 | 1,65,086 | 13.91% | 1,34,111 | 4,309 | 0 | 1,38,420 | 30,975 | 26,666 |
| OWN ASSETS | 1,07,95,483 | 28,500 | 0 | 1,08,23,983 | -- | 16,18,372 | 1,88,764 | 0 | 18,07,136 | 91,77,111 | 90,16,847 |
| | | | | | | | | | | | |

2008-09
Rs.2007-08
Rs.**SCHEDULE - V - CURRENT ASSETS****STOCK OF SHARES IN TRADE****EQUITY SHARES**

| | | | |
|---------------------------------------|-------|-----------------|----------|
| H.D.F.C. Bank Ltd. | 1200 | 12000 | 12000 |
| Infobin Technologies Ltd., | 200 | 1,080 | 1,080 |
| Kinetic Finance Limited | 66 | 1 | 1 |
| Natco Laboratories Ltd. | 80 | 1 | 1 |
| Nicco Uco Alliance Credit Limited | 100 | 1 | 1 |
| Raghava Estates Ltd. | 1000 | 1 | 1 |
| Siva Credits Ltd. | 55000 | 5,50,000 | 5,50,000 |
| Sri Vani Sugars Ltd. | 200 | 1 | 1 |
| Tata Iron & Steel Company Ltd. | 23 | 2,246 | 2,246 |
| The Andhra Sugars Ltd. | 500 | 10,750 | 10,750 |
| The K.C.P. Ltd. | 50 | 725 | 725 |
| K.C.P.Sugars & Industries Corpn. Ltd. | 50 | 800 | 800 |
| Vantel Technologies Ltd. | 300 | 840 | 840 |

5,78,446-----
5,78,446**MUTUAL FUNDS**

| | | | |
|-------------------------------|-----|---------------|--------|
| Tharus Star Share Mutual Fund | 400 | 1,300 | 1,300 |
| PNB - Mutual Fund | | 30,000 | 30,000 |

6,09,746-----
6,09,746

2008-08
Rs.2007-08
Rs.**SCHEDULE - V : CURRENT ASSETS** (Contd.)**Stock on Hire as per Hirepurchase****Agreements**

| | | | |
|-----------------|----------|-----------------|-----------|
| Doubtful Assets | 9,17,396 | | |
| | ----- | 9,17,396 | 10,43,453 |

Hypothecation Loans

| | | | |
|---------------------|-----------|------------------|-----------|
| Standard Assets | 0 | | 10,80,300 |
| Sub-Standard Assets | 9,92,024 | | 1,78,992 |
| Doubtful Assets | 16,23,352 | | 40,46,593 |
| | ----- | 26,15,376 | 53,05,885 |

Other Loans

| | | | |
|---------------------|----------|--------------------|--------------------|
| Standard Assets | 21090390 | | 2,38,30,668 |
| Sub-Standard Assets | 5830000 | | 54,50,000 |
| Doubtful Assets | 4410000 | | 43,31,000 |
| | ----- | 3,13,30,390 | 3,36,11,668 |
| | | ----- | 3,48,63,162 |

| | | | |
|------------------------------------|--|--------------------|-------------|
| Cash on Hand | | 1,36,720 | 2,48,540 |
| Cash at Bank | | 1,94,393 | 50,464 |
| Income Tax Paid in Advance & TDS | | 5,77,615 | 5,66,285 |
| Differed Tax Account | | 72,162 | 47,193 |
| Interest Payable - ICICI Bank Ltd. | | 0 | 7,160 |
| | | ----- | ----- |
| | | 3,64,53,798 | 4,14,90,393 |

| | 2008-09 Rs. | 2007-08 Rs. |
|--|------------------|----------------|
| <u>SCHEDULE - VI</u> | | |
| <u>LOANS AND ADVANCES</u> | | |
| Telephone Deposit | 4,000 | 4,000 |
| Other Advances | 17,900 | 18,400 |
| Electricity Deposit | 16,493 | 16,493 |
| | ----- | ----- |
| | 38,393 | 38,893 |
| | ----- | ----- |
| <u>SCHEDULE - VII</u> | | |
| <u>CURRENT LIABILITIES & PROVISIONS</u> | | |
| Sundry Creditors | 1,18,000 | 94,000 |
| Provision for Income Tax | 5,03,768 | 4,73,768 |
| Provision for Frindge Benefit Tax | 7,000 | 0 |
| Provision for Non-performing Assets on : | | |
| Hire Purchase | 9,17,398 | 10,43,453 |
| Hypothecation Loans | 5,34,900 | 12,00,347 |
| Other Loans | 17,13,000 | 18,92,450 |
| | ----- | ----- |
| | 31,65,296 | 41,36,250 |
| | ----- | ----- |
| | 37,94,064 | 47,04,018 |

2008-09
Rs.2007-08
Rs.**SCHEDULE - VIII****OTHER INCOME**

| | | |
|---|---------------|--------|
| Dividend received from Indian Companies | 14,094 | 12,927 |
| Dividend on Chits | 0 | 6,100 |
| | ----- | ----- |
| | 14,094 | 19,027 |
| | ----- | ----- |

SCHEDULE - IX**COST OF SHARES SOLD**

| | | |
|---------------------|-----------------|----------|
| Opening Stock | 6,09,746 | 6,09,746 |
| Add: Purchases | 0 | 0 |
| | ----- | ----- |
| | 6,09,746 | 6,09,746 |
| Less: Closing Stock | 6,09,746 | 6,09,746 |
| | ----- | ----- |
| Cost of Shares Sold | 0 | 0 |
| | ----- | ----- |

SCHEDULE - X**PERSONNEL EXPENDITURE**

| | | |
|----------|-----------------|----------|
| Salaries | 1,58,400 | 1,70,400 |
| | ----- | ----- |
| | 1,58,400 | 1,70,400 |

| | 2008-09 Rs. | 2007-08 Rs. |
|--|-----------------|-----------------|
| SCHEDULE - XI | | |
| OPERATION AND ADMINISTRATIVE EXPENSES | | |
| Fees, Licences & Taxes | 54,700 | 46,560 |
| Postage, Telephones & Telegrams | 13,958 | 21,823 |
| Conveyance and Travelling | 23,596 | 40,734 |
| Printing & Stationery | 11,880 | 14,677 |
| Audit Fee | 20,000 | 20,000 |
| Bank Charges | 4,440 | 2,200 |
| Legal Charges | 61,526 | 5,750 |
| Advertisement | 35,145 | 20,006 |
| Miscellaneous Expenditure | 9,841 | 26,975 |
| Rent Paid | 24,000 | 24,000 |
| Donations & Subscriptions | 25,000 | 0 |
| Professional Charges | 0 | 6,000 |
| Repairs & Maintenance | 2,684 | 4,836 |
| Electricity Charges | 14,954 | 18,377 |
| Loss on Chit Auction | 8,099 | 0 |
| Interest Paid | 7,160 | 15,142 |
| | ----- | ----- |
| | 3,16,983 | 2,67,080 |
| | ===== | ===== |

SCHEDULE - XII**INTEREST**

| | | |
|---------------|------------------|------------------|
| On Bank Loan | 3,75,586 | 8,36,926 |
| On Debentures | 16,60,031 | 15,57,934 |
| | ----- | ----- |
| | 20,35,617 | 23,94,860 |
| | ===== | ===== |

**Schedule Under Paragraph 9BB of Non-Banking Financial
Companies Prudential Norms
(Reserve Bank) Directions, 1998**

Rs. in Lakhs

| PARTICULARS | Amount Outstanding | Amount Overdue |
|---|-----------------------|-------------------|
| LIABILITIES SIDE : | | |
| 01. Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid | | |
| (a) Debentures : Secured | 138.85 | 0.00 |
| Unsecured (other than falling within the meaning of public deposits)* | 0.00 | 0.00 |
| (b) Deferred Credits | 0.00 | 0.00 |
| (c) Terms Loans | 0.00 | 0.00 |
| (d) Inter-Corporate Loans and Borrowings | 0.00 | 0.00 |
| (e) Commercial Paper | 0.00 | 0.00 |
| (f) Public Deposits | 0.00 | 0.00 |
| (g) Other Loans (Cash Credit) | 0.37 | 0.00 |
| * Please see Note 1 below. | | |
| 02. Break-up of (1)(f) above (Outstanding Public Deposits inclusive of Interest accrued thereon but not paid) | | |
| (a) In the form of Unsecured Debentures | 0.00 | 0.00 |
| (b) In the form of partly secured debentures i.e., debentures where there is a short- fall in the value of security | 0.00 | 0.00 |
| (c) Other Public Deposits | 0.00 | 0.00 |

| | | Rs. in Lakhs |
|---|--------------------|--------------|
| PARTICULARS | Amount Outstanding | |
| ASSETS SIDE : | | |
| 03. Break-up of Loans and Advances including Bills receivables [other than those included in (4) below]: | | |
| (a) Secured | | 322.52 |
| (b) Unsecured | | 0.00 |
| 04. Break-up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities : | | |
| (i) Lease Assets including lease rentals under Sundry Debtors : | | |
| a) Financial Lease | | 0.00 |
| (b) Operating Lease | | 0.00 |
| (ii) Stock on Hire including Hire Charges under Sundry Debtors : | | |
| a) Assets on Hire | | 11.98 |
| b) Repossessed Assets | | 0.00 |
| (iii) Hypothecation Loans Counting towards EL / HP Activities : | | |
| a) Loans where assets have been repossessed | | 0.00 |
| b) Loans other than (a) above | | 31.84 |
| 05. Break-up of Investments : | | |
| Current Investments : | | |
| 1. Quoted | | |
| (i) Shares | (a) Equity | 5.78 |
| | (b) Preference | 0.00 |
| (ii) Debentures and Bonds | | 0.00 |
| (iii) Units of Mutual Funds | | 0.31 |
| (iv) Government Securities | | 0.00 |
| (v) Other (Please specify) | | 0.00 |

Rs. in Lakhs

| PARTICULARS | Amount Outstanding |
|-----------------------------|--------------------|
| 2. Un-Quoted | |
| (i) Shares | |
| (a) Equity | 0.00 |
| (b) Preference | 0.00 |
| (ii) Debentures and Bonds | 0.00 |
| (iii) Units of Mutual Funds | 0.00 |
| (iv) Government Securities | 0.00 |
| (v) Other (Please specify) | 0.00 |

Long Term Investments :

| | | |
|-----------------------------|--|------|
| 1. Quoted | | |
| (i) Shares | | |
| (a) Equity | | 0.00 |
| (b) Preference | | 0.00 |
| (ii) Debentures and Bonds | | 0.00 |
| (iii) Units of Mutual Funds | | 0.00 |
| (iv) Government Securities | | 0.00 |
| (v) Other (Please specify) | | 0.00 |
| 2. Un-Quoted | | |
| (i) Shares | | |
| (a) Equity | | 0.00 |
| (b) Preference | | 0.00 |
| (ii) Debentures and Bonds | | 0.00 |
| (iii) Units of Mutual Funds | | 0.00 |
| (iv) Government Securities | | 0.00 |
| (v) Other (Please specify) | | 0.00 |

06. Borrower group-wise classification of all leased assets
stock-on-hire and loans and advances

| CATEGORY | AMOUNT NET OF PROVISION | | |
|---------------------------------|-------------------------|-------------|---------------|
| | Secured | Unsecured | Total |
| 01. Related Parties | | | |
| (a) Subsidiaries | 0.00 | 0.00 | 0.00 |
| (b) Companies in the same group | 0.00 | 0.00 | 0.00 |
| (c) Other Related Parties | 0.00 | 0.00 | 0.00 |
| 02. Other than related parties | 318.98 | 0.00 | 316.98 |
| TOTAL | 318.98 | 0.00 | 316.98 |

Rs. in Lakhs

07. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

| CATEGORY | Market Value / Break-up or fair value or NAV | Book Value (Net of Provisions) |
|---------------------------------|--|--------------------------------|
| 01. Related Parties | | |
| (a) Subsidiaries | 0.00 | 0.00 |
| (b) Companies in the same group | 5.50 | 5.50 |
| (c) Other Related Parties | 0.00 | 0.00 |
| 02. Other than related parties | 0.60 | 0.60 |
| Total | 6.10 | 6.10 |

08. Other Information

| Particulars | Amount |
|--|--------|
| (i) Gross Non-Performing Assets | |
| (a) Related Parties | 0.00 |
| (b) Other than related parties | 137.73 |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | 0.00 |
| (b) Other than related parties | 106.07 |
| (iii) Assets acquired in Satisfaction of Debt. | 0.00 |

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

SCHEDULE - XIII**NOTES ON ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES :****01. INCOME RECOGNITION :**

- (a) The Company recognises Hirepurchase Finance Charges, Interest on Hypothecation Loans on equal spread method and interest on Loans on accrual basis. Income for the year from Hire Purchase represents the income reversed during earlier years, now recognised on receipt basis.
- (b) In pursuance to the Non-Banking Finance Companies Prudential Norms (Reserve Bank) Directions, 1998, the Income on Hire Purchase, Lease and other Loan Accounts which have been classified as Non-Performing Assets has been accounted for on realisation basis.
- (c) Additional finance Charges and Dividends are accounted for as and when received. Dividend on hit Subscription is accounted for on due basis.

02. FIXED ASSETS

All the Fixed Assets including assets given on lease are stated in the Balance Sheet at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of insurance, compensation charges, freight, duties, taxes, cost of installation as applicable.

03. DEPRECIATION

Depreciation is provided on Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.

04. INVESTMENTS :

Investments are stated at cost.

05. STOCK OF SHARES IN TRADE :

Stock of shares in trade, where quoted are valued scrip wise at cost or market value as per quotations available as on the Balance Sheet date, whichever is less. Unquoted equity shares are valued at cost or break-up value, whichever is lower. Where the balance sheet of the invested company is not available, such shares are valued at one rupee.

06. CONTINGENT LIABILITIES :

There are no contingent liabilities.

- 07. The Balances on account of Lease, Hire Purchase, Other Debtors and Sundry Creditors are subject to confirmation. There are no dues to any SSI as on 31.03.2009.

08. MANAGERIAL REMUNERATION

No Remuneration is paid to the Managing Director.

09. PROVISION FOR NON-PERFORMING ASSETS :

In pursuance to the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 Provision for NPAs amounting to Rs.9.71 lakhs was reversed during the year 2008-09.

10. TRANSFER TO RESERVE FUND :

An amount of Rs.1.98 Lakhs is transferred to Reserve Fund in accordance with the provisions of Section 45(I)C of the RBI Act, 1934, for the current year.

11. There was no expenditure on employees who were in receipt of remuneration in excess of the amounts prescribed under Sec.217(2A) of the Companies Act, 1956.
12. There was no consumption of imported raw materials, components or spare parts during the year.
13. There was no expenditure in foreign currency during the year.
14. There were no earnings in foreign currency.
15. Previous Year's Figures are regrouped wherever necessary.
16. Paises are rounded off to the nearest rupee.

SCHEDULES I TO XIII

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART (iv) OF THE COMPANIES ACT, 1956**

I. REGISTRATION DETAILS

Registration No. : 01-11031 State Code : 01
Balance Sheet Date : 31.03.2009

II. CAPITAL RAISED DURING THE YEAR (Amount Rs.in Thousands)

Public Issue Nil Bonus Issue Nil
Rights Issue Nil Private Placement Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs.in Thousands).

Total Liabilities 46347 Total Assets 46347

SOURCES OF FUNDS

Paid Up Capital 30000 Reserves & Surplus 2426
Secured Loans 13921 Unsecured Loans 0

APPLICATION OF FUNDS

Net Fixed Assets 9017 Investments 0
Net Current Assets 32703 Misc. Expenditure 0
Accumulated Losses 4627

IV. PERFORMANCE OF THE COMPANY (Amount Rs.in Thousands)

Total Income 2721 Total Expenditure 1729
Profit/Loss before Tax 992 Profit/Loss after Tax 970
Earning per Share 0.00 Dividend Rate (%) --

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. : N.A.
Product Description : Hire Purchase
Hypothecation Loans
Trading in Shares

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

CASH FLOW STATEMENT FOR THE YEAR 2007 - 08



| | Rs. | Rs. |
|--|-----------|------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax & Extraordinary Items | | 20804 |
| ADJUSTMENT FOR : | | |
| Depreciation | 1,88,764 | |
| Lease Equivalisation Account | 0 | |
| Preliminary Expenses written off | 0 | |
| Foreign Exchange | 0 | |
| Investments | 0 | |
| Profit/Loss on sale of Shares | 0 | |
| Profit/Loss on sale of Assets | 0 | |
| Interest / Dividend | - 14,094 | |
| | ----- | 1,74,670 |
| Operating Profit before Working Capital Changes | | 1,95,474 |
| Adjustment for : | | |
| Trade and Other receivables | 49,71,786 | |
| Inventories | 0 | |
| Trade payable | 0 | |
| | ----- | 49,71,786 |
| Cash Generated from Operations | | 51,67,260 |
| Interest paid | 0 | |
| Direct Taxes paid / Refund | -15,211 | |
| | ----- | -15,211 |
| Cash Flow before Extraordinary Items | | 51,82,471 |
| Extraordinary Items | | 0 |
| | | ----- |
| Net Cash Flow from Operating Activities | | 51,82,471 |

**CASH FLOW STATEMENT FOR THE YEAR 2007 - 08**

| | Rs. | Rs. |
|---|----------|-----------------|
| B. CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Purchase of Fixed Assets | -28,500 | |
| Sale of Fixed Assets | 0 | |
| Hirepurchase Disbursements | 1,26,057 | |
| Acquisition of Companies | 0 | |
| Purchase of Shares | 0 | |
| Sale of Shares | 0 | |
| Interest received | 0 | |
| Dividend received | 14,094 | |
| | ----- | |
| Net cash used in investing activities | | 1,11,651 |

CASH FLOW STATEMENT FOR THE YEAR 2008 - 09



| | Rs. | Rs. |
|--|------------------|-------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of Share Capital | 0 | |
| Proceeds from long term borrowing | - 52,57,374 | |
| Repayment of Finance / Lease Liabilities | 0 | |
| Increase in other Borrowings | 0 | |
| Dividend Paid | 0 | |
| Public Issue Expenditure | 0 | |
| Net Cash used in Financing Activities | | -52,57,374 |
| Net Increase in cash and cash equivalents | | 36,748 |
| Cash & Cash Equivalents as at 01.04.2008 (Opening Balance) | | 8,64,534 |
| Cash & Cash Equivalents as at 31.03.2009 (Closing Balance) | | 9,01,282 |
| CASH & CASH EQUIVALENTS | | |
| | 2008-09 | 2007-08 |
| Cash on Hand | 3,31,112 | 2,99,003 |
| Deposits & Other Investments | 0 | 0 |
| Sundry Debtors | 0 | 0 |
| Loans & Advances | 6,88,170 | 6,59,531 |
| | 10,19,282 | 9,58,534 |
| Less: Current Liabilities | 1,18,000 | 94,000 |
| | 9,01,282 | 8,64,534 |

Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
(sd) **L. S. RAJENDRA**
Partner

For and on behalf of the Board
(sd) **M. MURALI KRISHNA**
Managing Director
(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 03.06.2009

CERTIFICATE

We have examined the attached Cash Flow Statement of **Swarna Securities Limited** for the year ended 31st March, 2009. the statement has been prepared by the Company in accordance with the requirements of the Listing Agreement of Bombay Stock Exchanges Limited; and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 03.06.2009 to the members of the Company.

Place: VIJAYAWADA

Date : 03.06.2008

For SESHADRY & COMPANY

Chartered Accountants

(sd) **L.S. RAJENDRA**

Partner



SWARNA SECURITIES LIMITED

Regd. Office: 27-21-36, First Floor, Kaleswara Rao Road, Vijayawada - 520 002

ATTENDANCE SLIP

| NAME OF THE SHAREHOLDER * / PROXY * | FOLIO NO. | NO.OF SHARES HELD |
|--|--------------|----------------------|
| | | |

I hereby record my presence at the 19th Annual General Meeting held at Vijayawada, Andhra Pradesh on Thursday, the 9th Day of July, 2009 at Hotel Fortune Murali Park, M.G. Road, Vijayawada-10 at 10.00 A.M.

SIGNATURE OF THE SHAREHOLDER / PROXY

* Strike out whichever is not applicable.

NOTE: Please handover the slip at the entrance of the Meeting Venue.

SWARNA SECURITIES LIMITED

Regd. Office: 27-21-36, First Floor, Kaleswara Rao Road, Vijayawada - 520 002

PROXY FORM

I/We
of in the District of being a
Member(s) of the above named Company hereby appoint
of or failing him
of in the district of
as my/our proxy to attend and vote for me/us on my/our behalf at the 19th Annual
General Meeting of the Company to be held on Thursday, the 9th Day of July, 2009 at
Hotel Fortune Murali Park, M.G. Road, Vijayawada-10 at 10.00 A.M.

Signed at this day of2009.

Folio No.

Number of Shares held :

Signature :

Affix Re.1
Revenue
Stamp

- NOTE: 1. The Proxy need not be a member.
2. The form of proxy, duly signed across Re.1/- Revenue Stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.



PRINTED MATTER

BOOK - POST

To

IF UNDELIVERED PLEASE RETURN TO :

SWARNA SECURITIES LIMITED

27-21-36, Swarna House, 1st Floor

Kaleswara Rao Road

Governorpet

VIJAYAWADA - 520 002