



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.

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.

NOTICE

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

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 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.

**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.

FINANCIAL RESULTS	(Rupees in Lakhs)	
	CURRENT YEAR	PREVIOUS YEAR
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
	-----	-----
Balance Carried to Balance Sheet	-41.49	-41.56
	-----	-----

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. Jawaharial 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 Jawaharial Nehru	0	--	

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

Seven Board Meetings were held during the financial year from 01.4.2011 to 31.03.2012. The dates on which the meetings were held are as follows:

22.04.2011, 04.06.2011, 07.07.2011, 23.07.2011, 28.10.2011, 30.01.2012 and 27.02.2012.

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 01.04.2011 to 31.03.2012 on 22.04.2011, 23.07.2011, 28.10.2011 and 30.01.2012.

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

During the year 2011-12, a total number of 46000 shares were transferred and as at 31st March, 2012 there are no equity shares pending for transfer.

There are no complaints received during the year under review and as on 31st March, 2012 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.

Name of the Compliance Office : **Ch.V. Narasimha Rao**

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
19th	09.07.2009	10.00 A M	Hotel Fortune Murali Park Vijayawada	1
20th	07.07.2010	10.00 A M	D.No.54-15-3, Ring Road, Vijayawada	Nil
21st	07.07.2011	10.00 A M	D.No.54-15-3, Ring Road, Vijayawada	Nil

For the year ended 31st March, 2012 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.
- No personnel has been denied direct access to the Audit Committee.
- All the mandatory requirements with respect to Corporate Governance (Clause 49 of listing agreement) are complied with.

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 Andhra Bhoomi and Deccan Chronicle.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS :

a) INDUSTRY STRUCTURE AND DEVELOPMENT:

With the entry of Banking Companies into the Non-banking Sector and the

strict controls imposed by the Apex Bank, the NBFC sector is struggling for existence. The future of these Companies seems to be grim except for a few who have strong investor confidence and support. There shall be no development unless these Companies diversify to other fund/non-fund based activities.

b) **OPPORTUNITIES AND THREATS:**

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

c) **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 of 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 : 06th July, 2012 at 10.00 A.M.
D.No. 54-15-3, Ring Road
VIJAYAWADA - 8.

- ii) Financial Year : 2011-12
- iii) Date of Book Closure : 2nd July, 2012 to 06th July, 2012
(Both days inclusive)
- iv) Dividend Payment Date : Not Applicable
- v) Listing on Stock Exchanges : Bombay Stock Exchange Limited
- vi) Stock Code : SWRNASE
- vii) Market Price Data :

	Apr.	May	June	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
High	12.36	12.91	12.27	07.10	05.44	04.15	04.35	04.56	05.01	05.00	04.16	03.79
Low	11.00	11.17	07.11	04.48	03.96	04.15	04.35	04.56	04.56	04.17	03.28	03.44

- viii) Performance in comparison to Board based Indices : -----
- ix) Registrar & transfer Agents : M/s Aarthi Consultants Private Limited
1-2-285, Dornalguda,
Hyderabad - 29
- x) Share Transfer System : Transfers and dematerialisation are
handled by Transfer Agents
- xi) Distribution of Shareholding:

Slab of share holding	Share holders	Percentage	No.of shares	Percentage
0-500	408	63	112191	4
501-1000	120	18	101607	3
1001-2000	59	9	87999	3
2001-3000	21	3	53587	2
3001-4000	10	2	35700	1
4001-5000	9	1	40400	1
5001-10000	8	1	61161	2
10001 and above	17	3	2507355	84
TOTAL	652	100	3000000	100

- xii) Dematerialisation of Shares and liquiding : As on 31.03.2012 a total number of
1841550 shares have been dematerialised

- xiii) Outstanding GDRs/ADRs/
Warrants or any Convertible
Debentures : The Company has not issued any
GDRs/ADRs/Warrants or any
convertible Instruments.
- xiv) Plant Location : Not Applicable
- xv) Address for Correspondence : # 27-1-102, II Floor,
Governorpet,
VIJAYAWADA - 520 002.
Phone : 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, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

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 : 04.06.2012

for **SESHADRY & COMPANY**
Chartered Accountants
FRN: 004993S
(sd) **L. S. RAJENDRA**
Partner
M.No. 216211

AUDITORS' REPORT

To
The Members of
SWARNA SECURITIES LIMITED

1. We have audited the attached Balance Sheet of Swarna Securities Limited as at 31st March, 2012 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.
2. 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 test 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.
3. 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.
4. 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, 2012 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, 2012;
 - (ii) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date ; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: VIJAYAWADA
Date : 04.06.2012

for SESHADRY & COMPANY
Chartered Accountants
FRN: 004993S
(sd) **L.S. RAJENDRA**
Partner
M.No. 216211

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 its 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) According to the information and explanations given to us and as per the records of the company examined by us, the Company has neither taken or granted any loans, secured or unsecured from or 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
- (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, 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(I)(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 to its debenture holders.

- (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.
- (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 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 : 04.06.2012

for SESHADRY & COMPANY

Chartered Accountants

FRN: 004993S

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

Partner

M.No. 216211

BALANCE SHEET AS AT 31st MARCH, 2012

PARTICULARS	Note No	As at 31-03-2012	As at 31-03-2011
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	3,00,00,000	3,00,00,000
(b) Reserves & Surplus	2	-15,16,795	-15,72,676
2. NON - CURRENT LIABILITIES			
(a) Long-Term provisions	3	29,58,776	26,41,766
3. CURRENT LIABILITIES			
(a) Short -term borrowings	4	66,70,000	1,02,40,000
(b) Other current liabilities	5	4,07,468	6,99,345
(c) Short-term provisions	6	2,40,000	1,00,000
TOTAL		3,87,59,449	4,21,08,435
B. ASSETS			
1. NON - CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assests	7	88,21,145	88,81,449
(b) Deferred tax assets (net)	8	67,350	67,350
(c) Long -term loans and advances	9	35,67,193	26,67,193
1. CURRENT ASSETS			
(a) Current Investments	10	6,09,746	6,09,746
(b) Trade receivables	11	2,42,67,325	2,85,61,477
(c) Cash and cash equivalents	12	11,60,670	11,30,617
(d) Other current assets	13	266,020	1,90,603
		3,87,59,449	4,21,08,435

as Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
FRN : 004993S

(sd) **L. S. RAJENDRA**
Partner
M.No. 216211

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

(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 04.06.2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

S.L No.	PARTICULARS	NOTE NO.	FOR THE Y.E. 31/03/12	FOR THE Y.E. 31/03/11
1.	Revenue from oprations	14	2232344	2494038
2.	Other Income	15	23798	17957
3.	Total revenue (1+2)		2256142	2511995
4.	Expenses			
	Changes in inventory of shares in trade	16	0	0
	Employee benefits expense	17	186000	138000
	Finance costs	18	828423	1421608
	Depreciation and amortisation expense	7	60304	69617
	Administration and other expenses	19	171053	766948
	Provisions and write - Offs	20	763410	-362235
	Total Expenses		2009190	2033938
5.	Profit / (Loss) before tax (3-4)		246952	478057
6.	Tax Expense			
	a) Current tax expense for current year		170000	34812
	b) Current tax expense relating to prior year		21071	0
	c) Net current tax expense		191071	34812
	d) Deferred tax		0	0
7.	Profit / (Loss) for the year		55881	443245
8.	Earnings per equity share of Rs.10/- each			
	1) Basic		0.02	0.15
	2) Diluted		0.02	0.15

as Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
FRN : 004993S

(sd) **L. S. RAJENDRA**
Partner
M.No. 216211

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

(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 04.06.2012

NOTES TO FINANCIAL STATEMENTS

As at 31/3/12

As at 31/3/11

Note - 1 : Share Capital**Authorised**

36,00,000 Equity Shares of Rs. 10/-each	36,00,000	36,00,000
---	-----------	-----------

Issued, Subscribed & Paid - up

30,00,000 Equity Shares of Rs. 10/-each	30,00,000	30,00,000
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(The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding)

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

As at 31/03/12

As at 31/03/11

S.L No.	NAME OF THE SHARE HOLDER	No. of Shares held	%age of holding	No. of Shares held	%age of holding
1.	M. Muralikrishna	689900	23.00 %	649900	21.66 %
2.	Siva Credits (P) Ltd.	454200	15.14 %	454200	15.14 %
3.	APIDC Ltd.	250000	8.33 %	250000	8.33 %
4.	M.V.N.S. Sushma	215400	7.18 %	215400	7.18 %
5.	P. Kasturi	211400	7.05 %	211400	7.05 %

Note - 2 : Reserves and Surplus**A. General Reserve**

Balance as per last account	805000	805000
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B. Reserve Fund

Opening Balance	1778000	1682000
Add : Transferred during the year	49000	96000

Closing Balance	1827000	1778000
-----------------	----------------	----------------

C. Surplus

Opening Balance	-4155676	-4502921
Add / (Less) : Net profit/(Loss) for the year	55881	443245
Transfer to Reserve Fund	49000	96000

Closing balance	-4148795	-4155676
-----------------	-----------------	-----------------

Total	-1516795	-1572676
--------------	-----------------	-----------------

NOTES TO FINANCIAL STATEMENTS

	As at 31/3/12	As at 31/3/11
Note - 3 : : Long Term Provisions		
Provision for Non-Performing Assets on :		
Hire Purchase	766919	766919
Hypothecation Loans	904357	637347
Other Loans	1287500	1237500
	2958776	2641766
Note - 4 : : Short Term Borrowings		
Secured		
Secured Redeemable Debentures (Series - AD)	310000	
Secured Redeemable Debentures (Series - AE)	4935000	
Secured Redeemable Debentures (Series - AF)	1425000	
	6670000	10240000
(Secured by floating charge on stock on hire, lease receivables and other loans)		
Note - 5 : : Other Current Liabilities		
Sundry Creditors	70000	80184
Interest accrued on debentures	337468	619161
	407468	699345
Note - 6 : : Short Term Provisions		
Provision for Taxation	240000	100000
Note - 8 : : Deferred Tax Assets		
Balance as per last account	67350	67350
Note - 9 : : Long Term Loans & Advances		
Telephone Deposit	4000	4000
Other Advances	6700	16700
Electricity Deposit	16493	16493
Advance for Land	3540000	2630000
	3567193	2667193

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 : FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	Cost 31.03.10	Additions	Sale/ TFR	Total Cost	Rate %	Upto 31.03.10	For the Year	Sale/ TFR	Total 31.03.11	W.D.V. 31.03.10	W.D.V. 31.03.11
LAND	85,28,269	0	0	85,28,269	0.00%	0	0	0	0	85,28,269	85,28,269
BUILDING	2,98,141	0	0	2,98,141	5.00%	1,49,454	7,455	0	1,56,909	1,48,687	1,41,232
COMPUTERS	2,64,705	0	0	2,64,705	40.00%	2,29,040	14,305	0	2,43,345	35,665	21,360
FURNITURE & FITTINGS	6,09,590	0	0	6,09,590	18.10%	5,74,955	6,286	0	5,81,241	34,635	28,349
VEHICLES	8,11,942	0	0	8,11,942	25.89%	6,97,512	29,501	0	7,27,013	1,14,430	84,929
PLANT & MACHINERY	1,65,086	0	0	1,65,086	13.19%	1,45,323	2,757	0	1,48,080	19,763	17,006
OWN ASSETS	1,06,77,733	0	0	1,06,77,733		17,96,284	60,304	0	18,56,588	88,81,449	88,21,145

NOTES TO FINANCIAL STATEMENTS

As at 31/3/12 As at 31/3/11

	No.	Rs.	Rs.
Note - 10 : : Current Investments			
Equity shares			
H.D.F.C. Bank Ltd.	1200	12000	12000
Infobhn Technologies Ltd.,	200	1080	1080
Kinetic finance Limited	66	1	1
Natco Laboratories Ltd.m	80	1	1
Nicco Uco Alliance Credit Limited	100	1	1
Raghava Estates Ltd.,	1000	1	1
Siva Credits Pvt. Ltd.,	55000	550000	550000
Sri Vani Sugars Ltd.,	200	1	1
Tata Iron & Steel Company Ltd.,	23	2246	2246
The Andhra Sugars Ltd.,	500	10750	10750
The K.C.P. Ltd.	500	725	725
K.C.P. Sugar & Industries Corporation Ltd.,	500	800	800
Vantel Technologies Ltd.,	300	840	840
		578446	578446
Mutual Funds			
Tharus Star share Mutual Fund	400	1300	1300
PNB - Mutual Fund		30000	30000
		31300	31300
		609746	609746
Note - 11 : : Trade Receivables			
Stock on Hire as per Hire Purchase Agreements			
Doubtful		766919	766919
Hypothecation Loans - Doubtful		2182046	2246712
Other Loans - Standard		12871360	16322846
Sub-standard		5900000	6450000
Doubtful		2547000	2775000
		21318360	25547846
		24267325	28561477
Note - 12 : : Cash & Cash Equivalents			
Cash on hand		50328	301555
Cash at banks		1110342	829062
		1160670	28561477

NOTES TO FINANCIAL STATEMENTS

	As at 31/3/12	As at 31/3/11
Note - 13 : : Other Current Assets		
Income tax paid in advance	266020	190603
Note - 14 : : Revenue from Operations		
Hire Purchase Income	0	50956
Interest on Hypothecation Loans	0	31775
Interest on Others Loans	2232344	2411307
Sale of Shares	0	0
	-----	-----
	2232344	2494038
Note - 15 : : Other Income		
Dividends	23798	17957
Note - 16 : : Changes in Stock-in-trade		
Opening Stock	609746	609746
Add : Purchases	0	0
	-----	-----
	609746	609746
Less : Closing Stock	609746	609746
	-----	-----
Cost of Shares Sold	0	0
Note - 17 : : Employee Benefit Expenses		
Salaries	186000	138000
Note - 18 : : Finance Costs		
Interest on Debentures	828423	1405382
Interest on FDR Loan	0	16226
	-----	-----
	828423	1421608
	-----	-----

NOTES TO FINANCIAL STATEMENTS

	FOR THE Y.E. 31/03/12	FOR THE Y.E. 31/03/11
Note - 19 : : Administrative & Other Expenses		
Fees, Licences & Taxes	83970	540447
Postage, Telephones and Telegrams	1854	16694
Conveyance and Travelling	17684	17424
Printing and Stationery	4996	10838
Audit Fee - Satutory	20000	20000
Bank Charges	213	150
Legal Charges	6270	93513
Advertisement	24648	21891
Miscellaneous Expenditure	7444	10404
Rent Paid	0	24000
Repairs & Maintenance	3290	4787
Electricity Charges	0	6800
Insurance	684	0
	171053	766948
Note - 20 : : Provisions & Write Offs		
Provison / (Reversed) for NPAs	317010	-362235
Bad Debts written off	446400	0
	763410	- 362235

NOTE - 21**NOTES ON ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES:****1) INCOME RECOGNITION :**

- a) The Company recognises Hirepurchase Finance Charges, Interest on Hypothecation Loans on equal spread method and interest on loans on accrual 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 Chit Subscription is accounted for on due basis.

- 2) **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 and cost of installation as applicable.

- 3) **DEPRECIATION :** Depreciation is provided on Written Down Value Method at the rates specified in Schedule XIV to the Companies Act, 1956.

- 4) **INVESTMENTS :** Investments are stated at cost.

5) STOCK OF SHARES IN TRADE :

Stocks 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.

- 6) **CONTINGENT LIABILITIES :** There are no contingent liabilities.

- 7) 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 31:03.2012.

- 8) **MANAGERIAL REMUNERATION :** No Remuneration is paid to the Managing Director.

- 9) **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. 3.17 Lakhs was made during the year 2011-12.

- 10) **TRANSFER TO RESERVE FUND:** An amount of Rs.0.49 Lakhs is transferred to Reserve Fund in accordance with the provisions of Section 45(1)C of the RBI Act, 1934, for the current year.
- 11) The difference between the net profit as shown in the Profit & Loss Account and the net income as per the Income Tax Act, 1961 not being substantial, no deferred tax asset has been recognized for the year.
- 12) There was no expenditure on employees who are in receipt of remuneration in excess of the amounts prescribed under Sec. 217(2A) of the Companies Act, 1956.
- 13) There was no consumption of imported raw materials, components or spare parts during the year.
- 14) There was no expenditure in foreign currency during the year.
- 15) There were no earnings in foreign currency.
- 16) Previous Year's Figures are regrouped wherever necessary
- 17) Paises are rounded off to the nearest rupee.

NOTE 1 TO 20

as Per our Report of even date
For SESHADRY & COMPANY
Chartered Accountants
FRN : 004993S

(sd) **L. S. RAJENDRA**
Partner
M.No. 216211

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

(sd) **M. V. N. S. SUSHMA**
Director

Place: VIJAYAWADA
Date : 04.06.2012

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

PARTICULARS	AMOUNT OUTSTANDING	AMOUNT OVERDUE
LIABILITIES SIDE:		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
a) Debentures : Secured	70.07	0.00
Unsecured	0.00	0.00
(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	
g) Other Loans	0.00	0.000
* Please see Note 1 below		
2) 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 shortfall in the value in the value of security	0.00	0.00
c) Other Public Deposits	0.00	0.00
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
a) Secured		260.65
b) unsecured		0.00
4) 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		9.97
b) Repossessed Assets		0.00
(iii) Hypothecation loans counting towards EL/HP activities		
a) Loans where assets have been repossessed		
b) Loans other than (a) above		27.12

5) 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) Others (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) Others (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) Others (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) Others (please Specify)		0.00

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

Category	Amount of Provision		
	Secured	UnSecured	Total
1) 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
2) Other than related parties	213.09	0.00	213.09
Total	213.09	0.00	213.09

7. 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)
1. 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
2) Other than related parties	0.60	0.60
Total	6.10	6.10

8) Other Information

Particulars	Amount
i) Gross Non-Performance	
a) Related Parties	0.00
b) Other than related parties	113.96
ii) Net Non - Performing Assets	
a) Related Parties	0.00
b) Other than related parties	84.37
iii) Assets acquired in satisfaction of debt	0.00

CASH FLOW STATEMENT FOR THE YEAR 2011 - 12

	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and Extraordinary Items :		563962
Adjustment for :		
Depreciation	60304	
Lease Equalisation 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	-23798	

		36506

Operating Profit before working Capital Changes		600468
Adjustment for :		
Trade and other receivables	4294152	
Inventories	0	
Trade Payable	0	4294152

Cash Generated from operations		4894620
Interest Paid	0	
Direct Taxes paid / Refund	51071	

		51071

Cash Flow before Extraordinary Items		4843549
Extraordinary Items		0

Net Cash Flow from operating Activities		4843549
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchases of Fixed Assets	0	
Sale of Fixed Assets	0	
Hirepurchase Disbursements	0	
Acquisition of Companies	0	
Purchase of Shares	0	
Sales of Shares	0	
Interest received	0	
Dividend Received	23798	

Net cash used in investing Activities		23798

CASH FLOW STATEMENT FOR THE YEAR 2011 - 12

	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share capital	0	
Proceeds from long term borrowing	-3851693	
Repayment of finance / Lease liabilities	0	
Increase in other borrowings	0	
Dividend paid	0	
Public issue expenditure	0	

Net Cash used in Financing Activities		-3851693

Net Increase in cash and cash equivalents		1015654
Cash & Cash Equivalents as at 01/04/2011 (Opening Balance)		3975579
Cash & Cash Equivalents as at 31/03/2011 (Closing Balance)		4991233
	2011-12	2010-11
Cash on Hand	1160670	1130617
Deposits & other investments	0	0
Sundry Debtors	0	0
Loans & Advances	3900563	2925146
	-----	-----
Less : Current Liabilities	5061233	4055763
	70000	80184
	4991233	3975579
	-----	-----

SWARNA SECURITIES LIMITED

Regd. Office: II Floor, Swarnalok Complex, Vijayawada - 520 002

ATTENDANCE SLIP

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

I hereby record my presence at the 22nd Annual General Meeting held at Vijayawada, Andhra Pradesh 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.

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: II Floor, Swarnalok Complex, Governorpet, 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 22nd Annual General Meeting of the Company to 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.

Signed at this day of2012.

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

27-1-102, II Floor

Governorpet

VIJAYAWADA - 520 002.

Phone : 2575928