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BOSS SECURITIES LIMITED

BOSS

**2ND
ANNUAL REPORT
1996-97**

BOARD OF DIRECTORS

SHRI M. SRINIVAS PRASAD	MANAGING DIRECTOR
SHRI Y.V. BHANUNARAYAN RAO	DIRECTOR
SHRI B. SHANKAR	DIRECTOR
SHRI S.V. HANUMANTHA RAO	DIRECTOR
SMT. M. SUNITHA	DIRECTOR

AUDITORS

M/s. K. P. & ASSOCIATES
Chartered Accountants
108, Maruthi Complex
Rajbhawan Road,
Somajiguda,
Hyderabad - 500 482.

BANKERS

STATE BANK OF HYDERABAD
ANDHRA BANK
CITI BANK

REGISTERED OFFICE

34/A/1, JOURNALIST'S COLONY
ROAD NO. 3, BANJARA HILLS,
HYDERABAD - 500 034.

NOTICE

Notice is hereby given that the second Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 31st day of December 1997 at F.N.C. Center A-31, Road No. 5, Film Nagar, Hyderabad - 500 034 at 10.45 A.M. to transact the following business as :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 1997, together with the reports of directors and auditors thereon.
2. To appoint a director in the place of Shri. M Srinivas Prasad, who being eligible offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary Resolution.

"Resolved that pursuant to section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri. S.V.Hanumantha Rao be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modifications the following resolution as Special Resolution.

Resolved that pursuant to section 17 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1996, the Main objects clause (III A) of Memorandum of Association of the Company be and is hereby altered by addition of the following objects as main objects after the existing sub-clause 5.

- 5A. To design, develop, use, implement, lease, purchase, sell, import, export, distribute, maintain and support various kinds of software for any information processing application.
- 5B. To design, develop, assemble, manufacture, use, install, purchase, sell, value add and resell, import, export, distribute, maintain and support computers, microprocessors, communication equipment and any other electronic, mechanical, electro-mechanical, optical, electro-magnetic equipment and any combination of these for information processing applications.
- 5C. To design, develop and produce teaching aids, export, systems, engineering work stations, process control and real time systems and to provide any kind of information management services including data entry, software package development, conducting feasibility studies, performing bench mark tests, selling computer time, executing turnkey projecting personnel and rendering advice on any information processing aspects.

BOSS SECURITIES LIMITED

- 5D. To establish and maintain data processing/computer center and to offer consultancy and data processing and other services that are normally offered by data processing/computer centers to industrial, business and other types of customers and to impart training on Electronic Data processing, Computer Software and Hardware, to customers and others.

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary, including moving any application to the Registrar of Companies, Andhra Pradesh, for change of name if necessary, in order to give effect to the above resolution."

For and on behalf of the Board
for BOSS SECURITIES LIMITED

Sd/-
M. SRINIVAS PRASAD
MANAGING DIRECTOR

Place : Hyderabad
Date : 29-11-97

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company.
2. The proxy in order to be effective must be lodged at the registered office of the Company atleast 48 hours before the meeting.
3. Explanatory Statement as required under section 173 (2) of the Companies Act, 1956 is annexed.
4. Members are requested to notify immediately any change in their address to the Registered Office quoting their registered Folio numbers.

EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956)

ITEM NO. 4 :

Shri. S.V. Hanumantha Rao was appointed as Additional Director of the Company during the year and he ceases to be a Director at the Annual General Meeting in terms of section 260 of the Companies Act, 1956. The Company received a notice from a member along with a deposit of Rs. 500/- proposing the candidature of Shri. S.V. Hanumantha Rao to the office of the Director. Hence the resolution is being placed before the members and the Directors commend the resolution for approval.

Except Shri S.V. Hanumantha Rao, none of the Directors is interested in the resolution.

ITEM NO. 5 :

The Company is embarking upon plans to diversify into other profitable areas and it is perceived that keeping in view the resources available with the Company, Computer and software industry is one such area, where the Company could diversify into. Besides, the sluggish market conditions in the financial sector are also driving the Company to diversify into the greener areas. Hence the resolution is being placed before the members for their approval.

None of the Directors is concerned or interested in the resolution.

DIRECTORS REPORT

To the Share Holders,

Your Directors have pleasure in presenting their Second Annual Report of the Company together with the Audited Accounts of the Company for the year ended 31st March, 1997

OPERATIONS

The Commercial operations of the company commenced partially, due to non receipt of allotment money by the company.

PROJECTION V / S PERFORMANCE

Particulars	Projections 31.03.97 (Rs. in Lakhs)	Actuals 31.03.97 (Rs. in Lakhs)
Total Income	3,25,00,000	3,15,000
Profit after Tax	1,27,00,000	25,800
E.P.S. (Rs.)	2.12	_____

DIRECTORS

Mr. S.V. Hanumantha Rao and Mrs. M. Sunitha were appointed on 31.03.97 as additional directors during the year and notice has been received from a member proposing S.V. Hamumantha Rao Candidature are as a director of the company.

PARTICULARS OF EMPLOYMENT

There are no employees of the company drawing a salary of Rs. 25,000 per month or Rs. 3,00,000 per annum and hence particulars of employees as required to be furnished under section 217 (2A) of the Companies Act, 1956 are not applicable.

BOSS SECURITIES LIMITED

AUDITORS

M/s. K.P. & Associates, Chartered Accountants, Hyderabad, the Statutory auditors of the Company hold office until the conclusion of the second annual General Meeting of the Company and your direction recommended them for re-appointment. The appointment, if made would be within the limits prescribed under section 224 (1-B) of the Companies Act, 1956.

AUDITOR'S QUALIFICATION

Your Directors invite your notice to the Auditor's qualification regarding loans and advances. The Directors are of the opinion that these advances are fully recoverable and considered good and these are short term advances. The Company shall henceforth make judicious and profitable investments.

ACKNOWLEDGMENTS

Your Directors thank the investors, banks and customers for the faith and trust reposed in them. Your Directors place on record their appreciation for the valuable contribution made by the employees during the year.

For and on behalf of the Board
for BOSS SECURITIES LIMITED

M. SRINIVAS PRASAD
MANAGING DIRECTOR

S.V.HANUMANTHA RAO
DIRECTOR

Place : Hyderabad
Date : 29-11-97

AUDITORS REPORT

To

The Shareholders

Boss Securities Limited

We have examined the attached Balance Sheet of **BOSS SECURITIES LIMITED** as at **31st MARCH 1997** and the Profit and Loss Account for the year ended 31st March 1997 and report that :

1. 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.
2. In our opinion, proper books of account as required by Law have been kept by the Company so far as it appears from our examination of these books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. According to the explanations offered to us regular Books of Accounts maintained upto 25.03.97 have been seized by the Income - Tax Department. Therefore photo copies obtained from the Income - Tax Department have been produced before us on which reliance was placed for conducting the Audit.

And we report that Loans and Advnaces Include Advances to others amounting to Rs. 3,56,47,000 shown as unsecured and considered good. However, in the absence of confirmations and Terms and Conditions for repayment not yet been stipulated by the Company and the same being outstanding, it needs a detailed review about its recoverability or otherwise.

Subject to the above.

5. In our opinion and to the best of our information and according to the explanations furnished to us the accounts read in conjunction with the notes thereon give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st Marct, 1997
 - ii) In the case of Profit and Loss Account of the profit of the Company for the year ended on that date.
6. As required by the Manufacturing and other companies (Auditors Report) order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate we report hereunder on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

**ANNEXURE REFERRED TO IN PARAGRAPH 6 OF THE AUDITOR'S REPORT
ON THE ACCOUNTS FOR THE YEAR ENDED 31-03.1997.**

1. The Company is maintaining adequate records showing full particulars, including quantitative details and situation of all the tangible Fixed Assets. We have been informed that the Fixed Assets of the Company are being physically verified by the management at reasonable intervals, and no discrepancies were noticed on verification.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has not taken any loans secured or unsecured from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. The Company has granted loans to Companies listed in the register maintained under Section 301 of the Companies Act, 1956 out of which one Company viz., Boss Industries Limited is a Company under the same management as defined by Section 370 (1B) of the Companies Act, 1956. The Terms and Conditions of repayment and interest are not yet fixed by the Company.
5. In our opinion and according to the information and explanations given to us the Company has a reasonable internal control procedure, commensurate with the size of the Company and nature of its business, for the purchase of Equipment and other assets which in our opinion further needs to be strengthened and streamlined.
6. According to the information and explanations given to us, there are no transactions of purchase of goods and services, made in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.
7. The Company has not accepted deposits from the public during the year.
8. The Company did not have an internal audit system during the year.
9. As explained to us the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Provisions of Employees State Insurance Act are not applicable to this year.
10. In our opinion and according to the explanations given to us, no personal expenses have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
11. The Company is not a sick industrial Companies (Special Provisions) Act, 1985
12. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income - Tax, Wealth Tax, Sales Tax, Customs duty and Excise Duty which are outstanding for a period of more than six months from the date they became payable.

BOSS SECURITIES LIMITED

13. In our opinion the service activities of the Company do not involve consumption of materials, allocation of man-hours for ascertainment of cost of individual jobs, consumption of stores, and hence the requirement of reporting under Clause 4 (B) (ii), 4 (B) (iii) and 4 (B) (iv) does not arise.
14. The Company has not granted any loans and advances on the basis of security, by way of pledge of shares, debentures and other securities.
15. We are informed that the provisions of special statute applicable to Chit Fund, Nidhi Mutual Benefit Society are not applicable to the Company.
16. In our opinion Clauses (iii), (iv), (vi), (xi), (xii), (xiv), (xv), (xvi), (xvii) of paragraph 4 (AO) and Clauses (iii) and (iv) of paragraph 4 (D) of the order are not applicable to the Company.

For M/s. K.P. & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Hyderabad
Date : 29-11-97

P. S. RANGANATH
PARTNER

BOSS SECURITIES LIMITED**BALANCE SHEET AS AT 31st MARCH 1997**

	Schedule	As At 31-03-1997 Rs.		As At 31-03-96 Rs.	
SOURCES OF FUNDS					
SHARE HOLDERS FUNDS					
Share Capital	1		55,447,000		54,168,000
Reserves			22,800		
LOAN FUNDS					
Secured Loans			---		---
Unsecured Loans	2				14,884,406
			55,469,800		69,052,406
APPLICATION OF FUNDS					
Fixed Assets :	3				
GROSS BLOCK		187,650		172,650	
Less : Depreciation		23,542		11,634	
NET BLOCK		-----	164,108	-----	161,016
Incidental Expenses Before	4		467,189		467,189
Commercial Operations					
Investments	5		16,646,375		15,646,375
Current Assets, Loans,	6				
Advances					
Cash and Bank Balances		420,798		1,556,281	
Loans and Advances		36,186,500		49,937,000	
		36,607,298		51,493,281	
Less : Current Liabilities	7	151,255		350,180	
and Provisions					
Net Current Assets			36,456,043		51,143,101
Miscellaneous Expenditure	8		1,736,085		1,634,725
(To the Extent not written					
off or Adujsted)					
TOTAL			55,469,800		69,052,406
Significant Account Policies	9				
and Notes Forming Part of					
Accounts					

As per our report of even date

For K.P. & Associates
Chartered AccountantsFor and on behalf of the Board
for BOSS SECURITIES LIMITEDSd/-
P.S. RANGANATH
PartnerSd/-
M. SRINIVAS PRASAD
Managing DirectorSd/-
S.V. HANUMANTHA RAO
Director

Place : Hyderabad

Date : 29-11-97

BOSS SECURITIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING 31-03-97**

INCOME :

Income from Operations	315,000
Interest Received	7,045
	<u>322,045</u>

Expenditure :

Salaries & Wages	25,000	
Printing & Stationery	480	
Travelling Expenses	15,122	
Listing Fees	82,500	
Bank Charges	1,798	
Postage	21,887	
Office & Miscellaneous Expenditure	106,000	
Computer Maintenance	21,550	
Audit Fee	10,000	
	<u>284,337</u>	

Profit Before Depreciation	37,708
Less Depreciation	11,908

Profit Before Tax	25,800
Provision for Taxation	3,000

Profit after Tax	<u>22,800</u>
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BOSS SECURITIES LIMITED

SCHEDULES	As At 31-03-97 Rs.	As At 31-03-96 Rs.
SCHEDULE 1		
Share Capital		
Authorised : 62,50,000 Equity Shares of Rs. 10/- each	60,500,000	60,500,000
Issued and Subscribed : 60,00,100 Equity Shares of Rs. 10/- each Fully Called up	60,001,000	60,001,000
Less : Allotment Money Due	4,554,000	5,833,000
	55,447,000	54,168,000
SCHEDULE 2		
Unsecured Loans		
M/s. Sathya Kamal Agros Ltd.	---	6,300,000
M/s. Boss Industries Limited	---	8,058,906
M.S. Prasad	---	525,500
	---	14,884,406

SCHEDULE 3
FIXED ASSETS

	Gross Block			Depreciation			Net Block	
	As on 01-04-96 Rs.	Additions Rs.	Total As on 31-03-97 Rs.	As on 31-03-96 Rs.	For the Year Rs.	TOTAL	As on 31-03-97 Rs.	As on 31-03-96 Rs.
Fax Machine	24,000	---	24,000	1,679	1,577	3,274	20,726	22,303
Office Equipment	71,300	15,000	86,300	5,041	5,745	10,786	75,514	66,259
Furniture & Fixtures	77,350	---	77,350	4,896	4,586	9,482	67,868	72,454
Total	172,650	15,000	187,650	11,634	11,908	23,542	164,108	161,016

SCHEDULE 4

	31-03-97 Amount Rs.	31-03-96 Amount Rs.
Incidental Expenditure During Construction		
Salaries	-----	60,000
Bank Charges	-----	15,893
Postage & Courier Charges	-----	1,850
Rent	-----	6,000
Telephone & Fax Machine Expenditure	-----	2,250
Courier Charges	-----	1,304
Miscellaneous Expenditure	-----	5,000
Depreciation	-----	11,634
Professional Charges	-----	2,500
Auditors Remuneration		
Certification & Consultancy	-----	5,000
Statutory Audit	-----	5,000
Traveling, Conveyance & Press Conferencing	-----	325,000
Business Promotion Expenditure	-----	23,650
Commission	-----	59,000
	-----	524,081
LESS : Bank Interest on Deposits	-----	56,892
	-----	467,189

SCHEDULE 5**INVESTMENTS**

	As on 31-03-97	As on 31-03-96
Sathya Kamal Agros Limited	4,146,375	3,146,375
Boss Industries	12,500,000	12,500,000
Total	16,646,375	15,646,375

SCHEDULE 6

Current Assets and Loans & Advances

a) Current Assets		
Cash and Bank Balances	202,433	19,750
Cash on Hand		
Balances with Schedule Banks on Current Accounts		
State Bank of Hyderabad	167,745	942,622
Andhra Bank	4,145	4,145
Bank of India - Public Issue	---	35,000
City Union Bank	---	508,289
City Bank	46,475	46,475
	<u>420,798</u>	<u>1,556,281</u>
b) Loans & Advances		
(Unsecured, Considered Good, Advances Recoverable in Cash or in kind or for Value to be Received)		
1. Deposit with Hyderabad Stock Exchange	150,000	150,000
2. Lease Deposit	---	9,950,000
3. Loans to Others	35,647,000	33,000,000
4. I. C. D.	---	5,000,000
5. M/s. T.P.D. Capital Management (P) Ltd.	---	1,000,000
6. Advances to Others	---	837,000
7. M/s. Boss Industries Limited	300,000	---
8. M.S. Prasad	86,500	---
9. Advance Tax	3,000	---
	<u>36,186,500</u>	<u>49,937,000</u>

SCHEDULE 7

Current Liabilities & Provisions

Liabilities for Expenses and others	148,255	350,180
Provision for Taxation	3,000	---
	<u>151,255</u>	<u>350,180</u>

SCHEDULE 8

Miscellaneous Expenses

(To the Extent not Written off or Adjusted)

Preliminary Expenses	230,520		230,520
Public Issue Expenses			
a) Brokerage	326,375	101,360	225,015
b) Issue and Merchant Banking Exp.	75,000	---	75,000
c) Fees to Registrar's to the Issue	40,000	---	40,000
d) Advertising & Publicity	244,940	---	244,940
e) Listing Fee	37,500	---	37,500
f) Auditor's Fee for Public Issue	5,000	---	5,000
g) Stamp Duty	15,000	---	15,000
h) Printing & Stationery	315,000	---	315,000
i) Incentive - Public Issue	4,00,000	---	4,00,000
j) Filling Fee - (R.O.C.)	46,750	---	46,750
	<u>1,736,085</u>	<u>101,360</u>	<u>1,104,190</u>

SCHEDULE -9

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

a Accounting Methodology

The Company adopts accrual system of accounting under Historical Costs convention.

b Fixed Assets

All Fixed Assets are valued at historical cost of acquisition, including incidental charges.

c. Depreciation

In case of all Assets, depreciation is charged on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

d. Investments.

Investments made in share comprises of 12,50,000 Equity shares in M/s. Boss Industries Limited which is a company under the same management as defined by section 370 (IB) of the Companies Act, 1956 and 4,11,300 Equity shares in M/s. Sathya Kamal Agros Limited which is a company listed in the register maintained under section 301 of the Companies Act, 1956. The investments of the Company are valued at cost inclusive of expenses incidental to acquisition where applicable. Provision for any permanent diminution, if any, in the value of investments is made to recognise a decline, other than temporary, for each investment individually.

II NOTES TO ACCOUNTS

1. Expenses incurred during pre-incorporation period are amortised over a period of ten years.
2. Contingent Liabilities not provided for - NIL
3. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) - NIL.
4. Particulars of remuneration to Managing Director are as under :

Salary Basic	- NIL
Other Perks - HRA	- NIL
5. CIF value of import in respect of Capital Goods - NIL
6. Expenditure / Earnings in Foreign Currency - NIL

BOSS SECURITIES LIMITED

7. No. Provision for payment of Gratuity is made in the accounts, as this being the first year of operation no liability towards the same arises.
8. Net Incidental expenses incurred prior to commencement of operations to the tune of Rs. 4,67,189 Lakhs have been treated as Deferred Revenue Expenditure for being written off over a period of ten years.
9. 1,05,300 Shares purchased of M/s. Sathya Kamal Agros Limited are held with transfer deeds pending transfer in the name of the Company.
10. Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956
11. Figures of the previous year have been regrouped wherever necessary.

a. Registration Details

Registration No.	:	19867
State Code No.	:	01
Balance Sheet date	:	31-03-1997.

b. Capital raised during the year

Public Issue	:	NIL
Rights Issue	:	N/A
Bonus Issue	:	N/A
Private Placement	:	NIL
(Firm Allotment to the promoters And their Associates in Public Issues)		

**c. Position of Mobilisation
and deployment of funds**

Total Liabilities	:	Rs. 555 Lakhs (Rounded off)
Total Assets	:	Rs. 555 Lakhs (Rounded off)

Source of Funds

Paid-up Capital (including Share Application Money)	:	Rs. 554 Lakhs (Rounded off)
Reserve & Surplus	:	0.25 Lakhs
Secured Loans	:	Nil
Unsecured Loans	:	Nil

Application of Funds

Net Fixed Assets (including preoperative expenditure)	:	Rs. 6.31 Lakhs (Rounded off)
Investments	:	Rs. 166.46 Lakhs (Rounded off)
Net Current Assets	:	Rs. 364.59 Lakhs (Rounded off)
Miscellaneous Expenditure	:	Rs. 17.36 Lakhs (Rounded off)
Accumulated Losses	:	Nil

Schedule to the Balance Sheet**d. Performance of the Company**

Turnover	:	3,22,045
Total Expenditure	:	2,96,245
Profit before Tax	:	25,800
Profit after Tax	:	22,800
Earning per share in Rs.	:	----
Dividend Rate %	:	----

**e. Generic Name of Principal
Product of Company**

Item Code No.	:	----
Product Description	:	Investment and Loan

12. Figures have been rounded off to the nearest rupees.

13. Schedule 1 - 9 form an integral part of Accounts.

BOSS SECURITIES LIMITED

Regd. Office : 34/A/1, Journalist's Colony, Road No. 3, Banjara Hills,
HYDERABAD - 500 034. (A.P.)

ATTENDANCE SLIP

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at F.N.C.Center,
A-31, Road No. 5, Film Nagar, Hyderabad -33 at 10-45 A.M. on Wednesday the 31st December 1997.

Name of the Attending Member.....

(In block letters)

Member's Folio Number.....

Name of proxy (In block letters, to be filled

in if proxy attends instead of the Member)

No. of Shares held

Signature of the attending Member/Proxy.....

NOTES :

1. If you intend to appoint a proxy, please complete the proxy Form and deposit it at the Company's Registered Office, atleast 48 hours before the meeting.
2. Shareholder /Proxy holder wishing to attend the meeting must bring the the Attendance Slip to the meeting and hand it over at the entrance duly signed.

BOSS SECURITIES LIMITED

Regd. Office : 34/A/1, Journalist's Colony, Road No. 3, Banjara Hills,
HYDERABAD - 500 034. (A.P.)

PROXY FORM

I/We.....

of.....being a

member of Boss Industries Limited holding.....Ordinary

Share(s) hereby appoint.....

of.....or failing him/her

.....of.....as my/our

Proxy to vote me/us on my/our behalf at the Second Annual General of the Company to be held on

Wednesday the 31st december 1997 and at any adjournment there of.

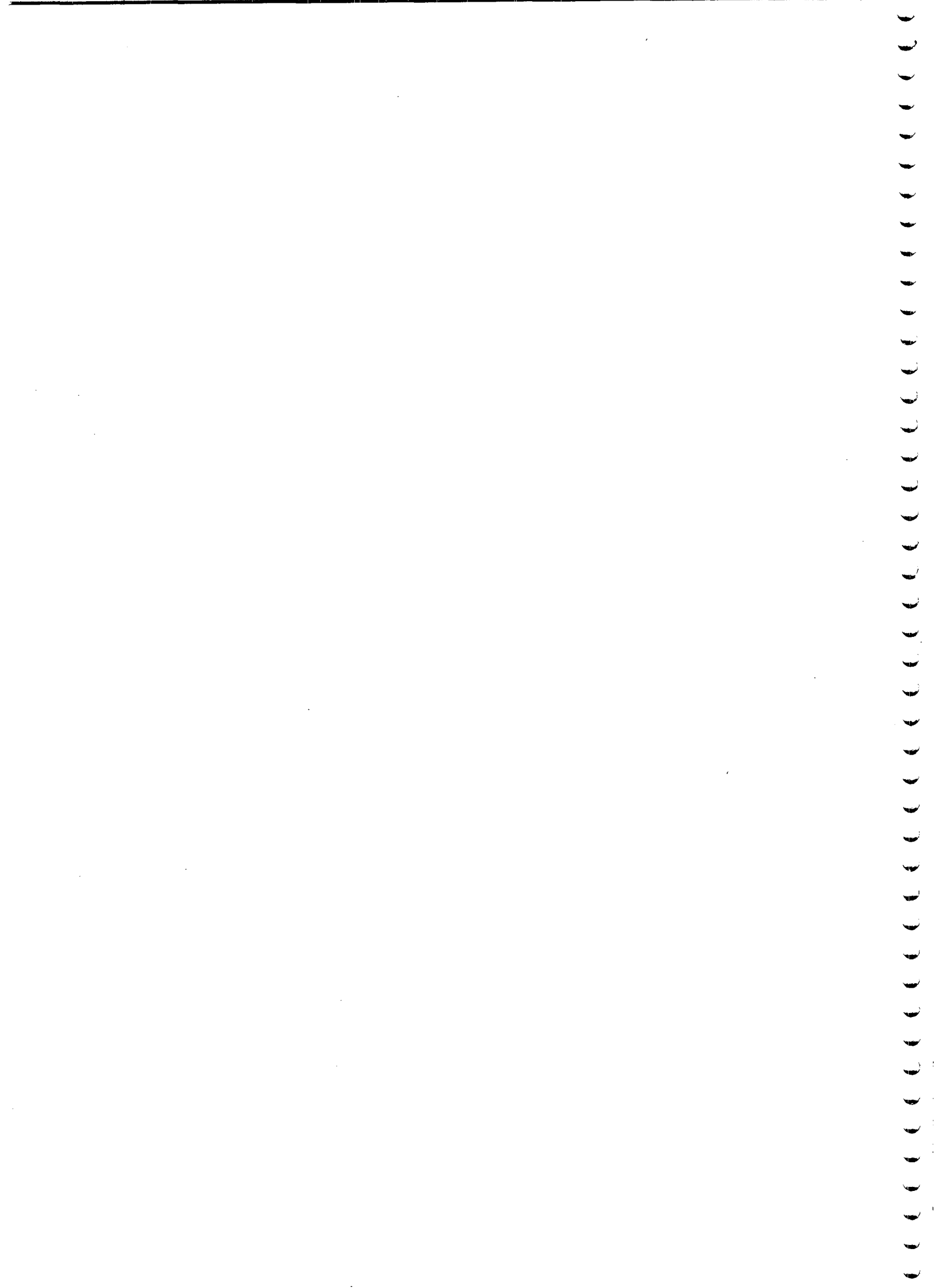
As witness my/our hand (s) this.....dayof.....1997.

Signed by the said..... Affox 1/-

Folio No..... Rev. Stamp

Affix 1/-
Rev.
Stamp

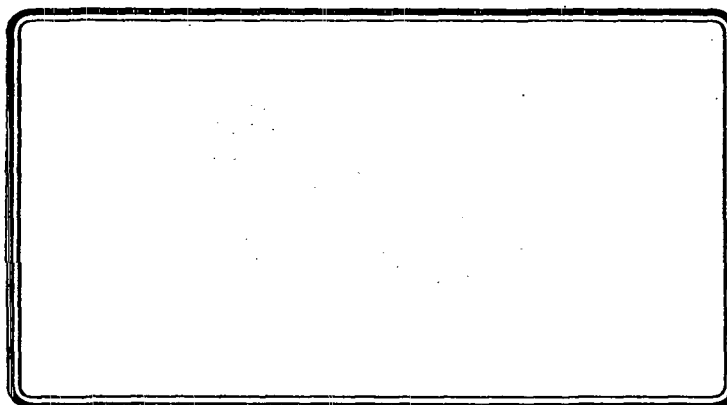
NOTE : The proxy in order to be effective must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.





BOOK - POST

To



IF UNDELIVERED PLEASE RETURN TO

**BOSS SECURITIES LIMITED
34/A1, JOURNALIST'S COLONY,
ROAD NO. 3, BANJARA HILLS,
HYDERABAD - 500 034.**