

**5<sup>th</sup>**  
**Annual Report**  
**1998-99**

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**INANI SECURITIES LIMITED**

## **INANI SECURITIES LIMITED**

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### **BOARD OF DIRECTORS**

SHRIGOPAL INANI	<i>Chairman</i>
LAKSHMIKANTH INANI	<i>Managing Director</i>
RAMAKANTH INANI	<i>Director</i>
C. SHEKHAR REDDY	<i>Director</i>
VISHNUKANTH INANI	<i>Director</i>

### **AUDITORS**

M/s. MKA ASSOCIATES  
Chartered Accountant  
412, 4th Floor, Sherza Estate,  
Mouzamzahi Market  
Hyderabad - 500 195.

### **BANKERS**

H.D.F.C. BANK LTD.  
Lakdi-ka-pool, Hyderabad - 500 004.  
CANARA BANK  
Narayanaguda, Hyderabad - 500 029.

TAMILNAD MERCANTILE BANK LTD  
Siddiamber Bazar, Hyderabad - 500 012.

### **REGISTERED OFFICE**

G-15, Raghava Ratna Towers,  
Chirag Ali Lane,  
Hyderabad - 500 001.  
E-mail : inanis@hd2.dot.net.in

## **INANI SECURITIES LIMITED**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 5th Annual General Meeting of the members of the Company will be held on 30th September, 1999 at 10.30 A.M. at Hyderabad Management Hall, 401, 4th Floor, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad 500 001, to transact the following business.

#### **ORDINARY BUSINESS:**

1. To receive, Consider and adopt the Balance Sheet as at 31st March, 1999, Profit & Loss Account for the year ended on that date, Statments and Schedules annexed or attached thereto, together with the reports of the Board of Directors' and Auditor's thereof.
2. To appoint a Director in place of Sri Vishnukanth Inani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri Srigopal Inani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fixing their remuneration.

#### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.  
"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Sri Lakshmikanth Inani who was appointed as an Additional Director in the Board Meeting held on 3rd October, 1998 be and is hereby appointed as the Director of the Company".
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.  
"RESOLVED THAT pursuant to the provisions contained under section 198, 309, 310 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII of the said act as amended, Sri Lakshmikanth Inani be and is hereby appointed as the Managing Director of the Company for a period of 5 years with effect from 3rd October 1998 on terms and conditions mentioned below.

#### **REMUNERATION :**

Basic pay : Rs. 12,000/- per month

In addition to the salary as stated above, Mr. Lakshmikanth Inani shall be entitled to the following perquisites under part A being restricted to an amount equal to the Annual salary.

#### **PART - A**

1. **Housing**  
Provision by the Company of furnished residential accommodation with all facilities and amenities including such services as gas, electricity, water etc. provided that:
  - i) The Company shall deduct 10% of the salary of Mr. Lakshmikanth Inani for providing such accommodation.
  - ii) The expenditure by the company on hiring unfurnished accommodation for Mr. Lakshmikanth Inani will be subject to the following ceiling of 50% of the salary, over and above 10% payable by Mr. Lakshmikanth Inani.
  - iii) If at any time the company does not have to hire any accommodation for him, Mr. Lakshmikanth Inani shall be entitled to a House Rent Allowance at the rate of 50% of his salary.
  - iv) The expenditure incurred by the company on gas, electricity, wate and furnishings will be valued as per the Income Tax Rules, 1992. This will however be subject to a ceiling of 10% of salary of Mr. Lakshmikanth Inani.
2. **Medical Reimbursement :**  
Expenses incurred for Mr. Lakshmikanth Inani and his family subject to a ceiling of one month's salary per year or three months salary in a period of three years.
3. **Leave :**  
With full pay and allowance and the right to accumulate in accordance with the rulers of the company.
4. **Leave Travel Concession :**  
For self and family once in a year incurred in accordance with the rules of the Company.
5. **Club Fees :**  
Fees of clubs, subject to a maximum of two clubs, admission and life membership fees not being allowed.

## **INANI SECURITIES LIMITED**

### **6. Personal Accident Insurance**

Premium not to exceed Rs. 6,000/- per annum.

#### **PART - B**

- i) Contribution by the Company to provident fund and pension fund of Mr. Lakshmikanth Inani with benefit of an amount not exceeding the aggregate 25% of his remuneration set out at (1) above, provided these are either singly or put together not taxable under the Income Tax Act, 1961.
- ii) Payment of Gratuity to Mr. Lakshmikanth Inani on his retirement or in the event of his earlier death to his estate for each completed year of service with the company, an amount equal to half of his monthly salary immediately prior to retirement or death subject to a ceiling of Rs. 1,00,000/

#### **PART - C**

The Company shall provide a car with driver and a telephone at the residence of Mr. Lakshmikanth Inani. Provision of car for use on the Company's Business and telephone at residence will not be considered as prerequisites. Personal and long distance calls on telephone and use of car for private purposes shall be billed by the Company to Mr. Lakshmikanth Inani.

- iii) That the Board of Directors hereby authorise to alter the terms and conditions of the said appointment or agreement so as to not exceed the limits specified in schedule XIII, of the Companies Act, 1956, or any amendments thereto or any Guidelines/Notification/s/ Press notes issued by the Government of India from time to time as may be agreed between the Board of Directors and Mr. Lakshmikanth Inani.

By Order of the Board

**LAKSHMIKANTH INANI**  
MANAGING DIRECTOR

Place : Hyderabad

Date : 20.08.99

### **NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The share holders are requested to intimate immediately any change in their address registered with the company.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain closed from 28th september 1999 and 29th september 1999.
5. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed along with this notice.

#### **Explanatory statement**

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

Item No. 5 :

Your Company has appointed Sri Lakshmikanth Inani as an Additional Director in the Board Meeting held on 3rd October 1998 taking into account his experience as a Member and Director of Hyderabad Stock Exchange. Your Company has received a notice from a member proposing him as the Director of the Company. Hence the aforesaid resolution is commended for your approval.

None of the Directors is interested in passing the aforesaid resolution.

Item No. 6 :

Sri Lakshmikanth Inani was appointed as the Managing Director in the Board Meeting held on 3rd October 1998 consequent to Resignation of Sri Vishnukanth Inani as the Managing Director of the Company. As the appointment of Sri Lakshmikanth Inani as the Managing Director is to be ratified by the members in the General Meeting pursuant to Schedule XIII of the Companies Act, 1956, the aforesaid resolution is commended for your approval.

None of the Directors is interested in passing the aforesaid resolution.

## INANI SECURITIES LIMITED

### DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting the 5th Annual Report of the Company together with the audited accounts of the company for the year ended 31st March, 1999.

### FINANCIAL RESULTS :

The following are the Financial Results of the Company for the year ended 31st March, 1999 :

	(Rs. in Lacs)	
	Year ended 31st March, 1999	Year ended 31st March, 1998
Gross Income	74.31	40.34
Gross Profit	15.63	7.05
Depreciation	2.60	1.82
Profit Before Tax	13.03	5.23
Provision for Taxation	2.50	0.78
Net Profit for the year	10.53	4.45
Less : Prior year Adjustment	0.54	1.52
Profit after adjustment	11.07	2.93
Profit brought forward from the previous year	4.51	1.57
Profit available for appropriation	15.58	4.51
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	15.58	4.51

### REVIEW OF PERFORMANCE :

During the year review, your company has achieved a gross income of Rs.74.31 lakhs as against Rs. 40.34 Lakhs in the previous year. After meeting the expenses, your company earned a net profit of Rs. 11.07Lakhs. Though the Stock Market showed unfavourable conditions till the middle of the year on account of adverse economic and political conditions, it has picked up and started showing encouraging trends during the last quarter of the financial year. Your company showed a remarkable growth compared to the previous year and continued to grow on account of sincere efforts made by the Directors of your company.

### DIVIDEND:

In view of absence of distributable profits for appropriating towards dividend, your directors express their inability to recommend dividend for the year ended 31st March 1999.

### FIXED DEPOSITS :

During the year under review, your company has not accepted any Fixed Deposits pursuant to Section 58A of the Companies Act, 1956 read with Companies ( Acceptance of Deposits) Rules, 1975.

### YEAR 2000 (Y2K) COMPLIANCE :

The Company is taking effective steps to be Y2k Compliant and the amount to be incurred is very nominal. The risk, if any, is controllable with contingency plan being developed and will not pose any problems for the Company's business process.

## **INANI SECURITIES LIMITED**

### **DIRECTORS :**

Sri Vishnukanth Inani, and Sri Narayan Inani resigned as the Managing Director and Director of your Company. However Sri Vishnukanth Inani will remain as a Director in the Board of your Company. Sri Lakshmikanth Inani was appointed as the Additional Director and Managing Director in the Board Meeting held on 3rd October, 1998. Sri Vishnukanth Inani and Sri Srigopal Inani retires by rotation in the ensuing Annual General Meeting. Being eligible, for the re-appointment, offers themselves for reappointment.

### **AUDITORS :**

The Tenure of present Auditors of your Company M/s MKA ASSOCIATES, Chartered Accountants, comes to an end at the conclusion of the ensuing Annual General Meeting. Being eligible for the reappointment, Board of Directors propose to purpose to re-appoint them for another terms will and will hold office till the conclusion of the next Annual General Meeting. Your Company has received a letter from the Auditors stating that their appointment if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

### **PARTICULARS OF EMPLOYEES :**

As required to be disclosure under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time, No employee of your company was in receipt of remuneration in excess of Rs. 6,00,000/- per annum or Rs. 50,000/- per month.

### **SUBSIDIARY:**

Information as required under section 212 of the Companies Act., 1956 relating to your company's subsidiary Inani Cap-Fin Limited are appended to this report.

### **PERSONNEL :**

Your Directors wish to place on record their sincere appreciation for the dedicated services rendered by the employees at all levels during the year.

### **DISCLOSURES :**

As your company is a Non- Banking Finance Company., information relating to conservation of energy and technology absorption as required under the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 do not apply - No FOREX transaction have taken place during the year under review.

### **ACKNOWLEDGEMENTS :**

Your Directors wish to place on record their appreciation for the support received from the Banker, Investors, Customers and Employees at all levels during the year under review.

Place : Hyderabad  
Date : 20.8.1999

**C H A I R M A N**

## **INANI SECURITIES LIMITED**

### **AUDITORS' REPORT**

To  
The Members of  
INANI SECURITIES LIMITED.

We have audited the attached Balance Sheet of **INANI SECURITIES LIMITED** as at 31-03-1999 and the Profit and Loss Account for the Year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditors Report) Order 1988 issued by the company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. Further to our Comments in Annexure referred to in Para-Graph 1 above, we state 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 appears from examination of such books.
  - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion the Profit and Loss Account and the Balance sheet Comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
  - e) In our Opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Schedules, Notes forming part of accounts and Accounting policies give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 1999 and:
    - ii) In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date.

for **MKA ASSOCIATES**  
Chartered Accountants

PLACE : Hyderabad.  
DATE : 20.08.1999

**MANOJ KUMAR AGARWAL**  
(Proprietor)

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**INANI SECURITIES LIMITED****ANNEXURE TO AUDITOR'S REPORT**

Paragraph 1 of our Report of even date on the accounts of INANI SECURITIES LIMITED, HYDERABAD.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Physical verification of Fixed assets has been carried out by Management during the year and it has been stated that no material discrepancies were noticed.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us, the Stock-in-trade/Investments has been physically verified by the Management at reasonable intervals.
4. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No discrepancies have been noticed on physical verification of stocks as compared to books/records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in earlier years.
7. In our opinion the terms and conditions on which Loans have been taken from the Parties, Listed in the Registers Maintained under Section 301 are not, Prima-facie, Prejudicial to the interest of the company.
8. The Company has not granted any Loans, Secured or Unsecured to Companies, firms or Others Parties listed in the Registers maintained under Section 301 of the Companies Act, 1956, or covered by the definition of companies under the Same Management as defined under Section 370(1-B) of the Companies Act, 1956.
9. Loans and Advances have been given to employees and other parties who are repaying the principal amount and interest, where applicable and as stipulated.
10. In our opinion, there is adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of Shares and other securities, Plant and Machinery, equipment and other assets.
11. In our opinion and according to the information and explanations given to us, no transactions of purchase and sale of Shares, Securities and Debentures made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 and aggregating to Rs.50,000 or more in respect of each party during the year have been made at prices which are reasonable having regard to the prices at which similar Shares, Securities and Debentures have been made with other parties.
12. According to the information and explanations given to us, the Company has not accepted any deposits from the public. In respect of Unsecured loans obtained from the Directors and their relatives the Provisions of Section 58A of the Companies Act, 1956 are not applicable.
13. The Company has introduced internal audit system which needs to be strengthened to be commensurate with the size and the nature of its business.
14. According to the information and explanations given to us, the Provident Fund Act and Employees State Insurance Acts are not applicable to the Company.
15. According to the information and explanation given to us there are undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty outstanding as at the date of 31st March, 1999 for a period of more than six months from the date they become payable.
16. According to the information and explanations given to us no personal expenses of the Employees or Directors than that those Payable under Contractual obligation or in accordance with generally accepted business practice have been written off to revenue account.
17. The Company is not a sick Industrial Company within the meaning of Section 3(1) (c) of the Sick Industrial Companies (Special Provisions) Act, 1985.
18. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of Security by way of Pledge of Shares, Debentures and other securities.
19. The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society do not apply to the Company.
20. The Company has maintained proper records of transaction and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The investments are held by the Company in its own name or held with valid transfer deeds.

**For MKA ASSOCIATES**  
Chartered Accountants.

Place: Hyderabad.  
Date : 20.08.1999.

**MANOJ KUMAR AGARWAL**  
(Proprietor)



**INANI SECURITIES LIMITED****BALANCE SHEET AS ON 31.3.1999.**

	SCHEDULE NO	AS AT 31.3.99 AMOUNT Rs.	AS AT 31.3.98 AMOUNT Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	47160674.00	42559924.00
Reserves & Surplus	2	1558102.23	450982.12
<b>LOAN FUNDS</b>			
Secured Loans	3	1163944.53	276277.98
Unsecured Loans	4	3301513.20	4378434.18
Total		<u>53184233.96</u>	<u>47665618.28</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Gross Block		3730704.93	3004592.92
Less: Depreciation		<u>587464.93</u>	<u>327112.81</u>
		3143240.00	2677480.11
<b>INVESTMENTS</b>	6	10836579.50	18680012.50
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>CURRENT ASSETS</b>			
Inventory	7	16981621.35	2937973.50
Sundry Debtors	8	10404799.73	8464115.01
Cash and Bank Balances	9	4000164.75	2374605.70
Loans and Advances	10	<u>12519990.19</u>	<u>13013957.00</u>
		43906576.02	26790651.21
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	11	<u>5565427.87</u>	<u>1472031.39</u>
<b>NET CURRENT ASSETS:</b>		38341148.14	25318619.82
<b>Miscellaneous Expenditure</b> (to the extent not written off adjusted)	12	863266.32	989505.85
		<u>53184233.96</u>	<u>47665618.28</u>

**NOTES ON ACCOUNTS****& ACCOUNTING POLICIES**

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As per our report of even date attached

for **MKA ASSOCIATES**  
Chartered Accountant

For and on behalf of the Board

**LAKSHMIKANTH INANI**  
Managing Director**MANOJ KUMAR AGARWAL**  
(Proprietor)**RAMAKANTH INANI**  
Director

PLACE : Hyderabad.

DATE : 20.08.1999

**INANI SECURITIES LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.1999**

	SCH NO.	AS AT 31.3.99 AMOUNT Rs.	AS AT 31.3.98 AMOUNT Rs.
<b>A. INCOME</b>			
Income from Stock Market Operations		5770203.94	2063509.86
Dividend Income		246654.24	300318.52
Other Income	13	1414012.03	1666595.22
<b>Total A:</b>		<u>7430870.21</u>	<u>4030423.60</u>
<b>B. EXPENDITURE</b>			
Operating Expenses	14	4622135.12	2302840.63
Depreciation		260352.12	181539.31
Financial Charges		494043.61	895829.59
Assets written off		825000.00	-
Preliminary & Public Issue Expenses written off		126240.25	126240.25
<b>Total B:</b>		<u>6127771.10</u>	<u>3506449.78</u>
<b>Profit For The Year (A-B)</b>		1303099.11	523973.82
Less: Provision for Income Tax		250000.00	78280.00
		1053099.11	445693.82
Prior year adjustment		(-) 10665.00	(-) 152535.00
Excess provision for Taxation written back		(+) 64686.00	0.00
Profit after Tax		1107120.11	293158.82
Balance Brought forward from Previous Year		450982.12	157823.30
Profit available for appropriations		1558102.23	450982.12
Proposed Dividend		—Nil—	—Nil—
Surplus Carried to Balance sheet		<u>1558102.23</u>	<u>450982.12</u>
		<u>1558102.23</u>	<u>450982.12</u>

NOTES ON ACCOUNTS &  
ACCOUNTING POLICIES  
OF THE ACCOUNTS

15

As per our report of even date attached

for **MKA ASSOCIATES**  
Chartered Accountant

For and on behalf of the Board

**LAKSHMIKANTH INANI**  
Managing Director**MANOJ KUMAR AGARWAL**  
(Proprietor)**RAMAKANTH INANI**  
DirectorPLACE : Hyderabad.  
DATE : 20.08.1999