

6th
Annual Report

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INANI SECURITIES LIMITED



BOARD OF DIRECTORS

SHRIGOPAL INANI	Chairman
LAKSHMIKANTH INANI	Managing Director
RAMAKANTH INANI	Director
C.SHEKHAR REDDY	Director
VISHNUKANTH INANI	Director

AUDITORS

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

BANKERS

H.D.F.C. Bank Limited
Lakdi-ka-pool, Hyderabad - 500 004.

GLOBAL TRUST BANK LIMITED
S.P. Road Branch
Secunderabad - 500 003.

CANARA BANK
Narayanaguda, Hyderabad - 500 029.

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

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REGISTERED OFFICE

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

SHARE TRANSFER AGENTS

Sunit Financial Services Pvt. Ltd.
3-6-290/20, Sadhana Building, 2nd Floor,
Hyderguda, Hyderabad - 500 029

**INANI SECURITIES LIMITED****NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 6th Annual General Meeting of the members of the Company will be held on 30th September, 2000 at 10.30 A.M. at Hyderabad Management Hall, 401, 4th Floor, Raghava Patna 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, 2000. Profit and Loss Account for the year ended on that date. Statements 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 C. Sekhar Reddy, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri Ramakanth Inani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fixing their remuneration.

By Order of the Board

LAKSHMIKANTH INANI
MANAGING DIRECTOR

Place : Hyderabad

Date : 25.08.2000

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 shareholders 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 27th September, 2000 and 29th September, 2000 (both days inclusive).



DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting the 6th Annual Report of your Company together with the audited accounts of the company for the year ended 31st March, 2000.

FINANCIAL RESULTS :

The following are the Financial Results of your Company for the year ended 31st March, 2000:

	Year ended 31st March, 2000 (Rs. in lakhs)	Year ended 31st March, 1999 (Rs. in Lakhs)
Gross Income	178.50	74.31
Gross Profit	42.01	15.63
Depreciation	3.93	2.60
Profit Before Tax	38.08	13.03
Provision for Taxation	20.19	2.50
Net Profit for the year	17.89	10.53
Less : Prior Adjustment	0.26	0.54
Profit after adjustment	17.63	11.07
Profit brought forward from the previous year	15.58	4.51
Profit available for appropriation	33.21	15.58
Proposed Dividend	—	Nil
Balance carried to Balance Sheet	33.21	15.58

REVIEW OF PERFORMANCE :

During the year under review the operation of your Company are satisfactory. During the year, your company has achieved a gross income of Rs.178.50 lakhs as against Rs.74.30 Lakhs in the previous year. After meeting the expenses, your company earned a net profit of Rs. 17.63 Lakhs. Favourable market conditions and boom in I.T. Industry enabled your Company to show better results in the current year. As your company is engaged in stock market and internet broking activities, the future for the same is bright. More foreign investment is expected in the I.T. industry on account of positive efforts made by both Union and State Governments. This enables boom to continue in I.T. Industry. In the given background, the stock market is expected to do well, accordingly, the performance of your Company shall also be better in the coming years.

DIVIDEND:

To consolidate the financial positions, no dividend has been recommended by your Directors for the year 1999-2000.

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 changeover to Y2K casued no problems in any systems or other areas of the Company's operations.

AUDITORS :

The Tenure of present Auditors of your Company M/s MKA ASSOCIATES, Chartered Accountants,


INANI SECURITIES LIMITED

comes to an end at the conclusion of the ensuing Annual General Meeting. Being eligible for the reappointment, Board of Directors propose to re-appoint them for another terms 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 disclosed 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.

DIRECTORS :

Sri Ramakanth Inani and Sri Sekhar Reddy, Directors of your Company retires by rotation at the ensuing Annual General Meeting . Being eligible for re-appointment, offered themselves for the re-appointment.

LISTING:

The Equity Shares of the Company are listed at The Hyderabad Stock Exchange Ltd and The Stock Exchange, Mumbai. The requisite Annual Listing Fees of both Exchanges are paid.

DEMATERIALISATION :

Consequent to directives issued by SEBI to compulsorily dematerialise securities of your Company with effect from 26.12.2000 , your company is in the process of entering into tripartite agreement with NSDL, CDSL and M/s. Venture Capital Ltd. (Registrars and Transfer Agents).

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 Stock Broking 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 sincere appreciation for the support received from the Bankers, SEBI, Stock Exchanges, Investors, Customers and Employees at all levels during the year under review.

Place : Hyderabad

Date : 25.8.2000

CHAIRMAN

**AUDITOR'S REPORT**

To
The Members of
INANI SECURITIES LIMITED

We have audited Balance Sheet of INANI SECURITIES LIMITED as at 31st March, 2000 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 matter's specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in Annexure referred to in Paragraph 1 above, 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 appear from examination of such books.
 - c) The Balance Sheet referred to in this report is in agreement with the books of account.
 - d) In our opinion the Profit and Loss Account and Balance Sheet Comply with the Accounting standards referred to in sub-section 3C 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 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, 2000.
 - 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

MANOJ KUMAR AGARWAL
(Proprietor)

Place : Hyderabad.
Date : 25.08.2000



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 of the Companies Act, 301 are not, Prima-facie, Prejudicial to the interest of the Company.
8. The Company has granted Unsecured Loans to Companies and other parties listed in the Registers maintained under Section 301 of the Companies Act, 1956 and the terms and conditions on which the loans were given are not 'prima facie' prejudicial to the interest of the Company.
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 of 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 58 A of the Companies Act, 1956 are not applicable.
13. The Company has introduced internal audit system and is commensurate with the size and the nature of its business.
14. According to the information and explanation 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 is no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at the date of 31st March, 2000 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 other than 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) (o) 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

MANOJ KUMAR AGARWAL
(Proprietor)

Place : Hyderabad.
Date : 25.08.2000


INANI SECURITIES LIMITED
BALANCESHEET AS AT 31ST MARCH, 2000

	SCH NO.	AS AT 31.03.2000 AMOUNT IN RS.	AS AT 31.03.1999 AMOUNT IN RS.
I. SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
Share Capital	1	47,160,674.00	47,160,674.00
Reserves and Surplus	2	3,321,904.43	1,558,102.23
LOAN FUNDS			
Secured Loans	3	299,933.10	1,163,944.53
Unsecured Loans	4	22,978,342.95	3,301,513.20
Total:		<u>73,760,854.48</u>	<u>53,184,233.96</u>
II. APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	5	5,153,677.18	3,730,704.93
LESS: Depreciation		<u>980,985.75</u>	<u>587,464.93</u>
Net Block		4,172,691.43	3,143,240.00
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	6	7,539,379.50	9,427,379.50
CURRENT ASSETS			
Inventory	7	15,352,349.03	16,981,621.35
Sundry Debtors	8	23,303,079.26	10,404,799.73
Cash and Bank Balances	9	8,563,862.58	4,000,164.75
Loans and Advances	10	<u>44,850,375.34</u>	<u>13,929,190.19</u>
		92,069,666.21	45,315,776.02
LESS : CURRENT LIABILITIES & PROVISIONS			
	11	<u>30,757,908.73</u>	<u>5,565,427.87</u>
NET CURRENT ASSETS:		61,311,757.48	39,750,348.15
Miscellaneous Expenditure (to the extent not written off adjusted)	12	737,026.07	863,266.32
		<u>73,760,854.48</u>	<u>153,699,383.74</u>
NOTES ON ACCOUNTS & ACCOUNTING POLICIES	16		

As per our report of even date attached.

For M.K.A. ASSOCIATES
Chartered Accountants

For and on Behalf of the Board

LAKSHMIKANTH INANI
Managing Director

MANOJ KUMAR AGARWAL
Proprietor

RAMAKANTH INANI
Director

Place : Hyderabad.
Date : 25-08-2000


INANI SECURITIES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

	SCH NO.	AS AT 31.03.2000 AMOUNT IN RS.	AS AT 31.03.1999 AMOUNT IN RS.
A. INCOME			
Income from Stock Market Operations	13	17,780,195.07	7,275,609.16
Other Income	14	70,151.40	155,261.05
TOTAL A:		17,850,346.47	7,430,870.21
B. EXPENDITURE			
Operating Expenses	15	10,023,285.74	4,622,135.12
Depreciation		393,521.75	260,352.12
Interest & Financial Charges		1,610,666.53	494,043.61
Assets Written off		—	625,000.00
Provision for Dimunation in Value of investment		1,888,000.00	—
Preliminary & Public Issue Expenses Written off		126,240.25	126,240.25
TOTAL B:		14,041,714.27	6,127,771.10
Profit for the year (A - B)		3,808,632.20	1,303,099.11
LESS: Provision for Income Tax		2,019,630.00	250,000.00
		1,789,002.20	1,053,099.11
Prior Year Adjustments (Expenditure)/Income		(60,300.00)	(10,665.00)
Excess Provision for Taxation Written back		35,100.00	64,686.00
Profit after Tax :		1,763,802.20	1,107,120.11
Balance Brought forward from Previous Year:		1,558,102.23	450,982.12
Profit available for Appropriations :		3,321,904.43	1,558,102.23
Proposed Dividend		—	—
Surplus Carried to Balance Sheet		3,321,904.43	1,558,102.23
		3,321,904.43	1,558,102.23
NOTES ON ACCOUNTS & ACCOUNTING POLICIES	16		

As per our report of even date attached.

For M.K.A. ASSOCIATES
Chartered Accountants

For and on Behalf of the Board

LAKSHMIKANTH INANI
Managing Director

MANOJ KUMAR AGARWAL
Proprietor

RAMAKANTH INANI
Director

Place : Hyderabad.
Date : 25-08-2000