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10th

Annual Report
2003 - 2004

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INANI SECURITIES LIMITED

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INANI SECURITIES LIMITED

BOARD OF DIRECTORS

SHRIGOPAL INANI	Chairman
LAKSHMIKANTH INANI	*Managing Director*
RAMAKANTH INANI	*Executive Director*
VISHNUKANTH INANI	*Whole Time Director*
C. SHEKHAR REDDY	*Director*
OMPRAKASH MUNDADA	*Director*
ASHOK KUMAR KABRA	*Director*

AUDITORS

M/s. G.D. UPADHYAY & CO.
Chartered Accountants
15-1-53, II Floor,
Opp. Goshamahal High School,
Siddiamber Bazar,
Hyderabad - 500 012.

DEMAT & PHYSICAL SHARE REGISTRARS :

Venture Capital & Corporatre Investments Limited
6-2-913/914, 3rd Floor,
Khairatabad,
Hyderabad - 500 004.
SEBI Regn. No. INR 00001203

BANKERS

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

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

REGISTERED OFFICE

G-15, Raghava Ratna Towers,
5-8-352/14 & 15,
Chirag Ali Lane,
Hyderabad - 500 001.
E-mail : hyd2_inanis@sancharnet.in

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 10th. ANNUAL GENERAL BODY MEETING OF M/s. INANI SECURITIES LTD WILL BE HELD ON WEDNESDAY, THE 29th. DAY OF SEPTEMBER ,2004 AT 10.30 A.M. AT RAJASTHANI GRADUATES ASSOCIATION HALL, SITUATED AT, 5-4-790/1, FIRST FLOOR, LANE OPP. TO G.PULLA REDDY SWEETS, ABIDS, HYDERABAD - 500 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1 To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date, statements and schedules annexed or attached thereto, together with the report of the Board of Directors and Auditors' thereon.

2. To appoint a Director in place of Sri C. Sekhar Reddy, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Director in place of Sri Ashok Kumar Kabra, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To appoint Sri. Vishnukanth Inani as Whole Time Director of the Company :

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 provions of Section 309 and 314 of the Companies Act, 1956 Sri. Vishnukanth Inani be and is hereby appointed as a Whole Time Director of the Company on a consolidated pay of Rs. 11,500/- per month, with effect from 1st day of August, 2004.

6. To delist the securities from the Madras Stock Exchange Limited :

To consider and if thought fit, to pass, with (or) without modification (s), the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Securities Contract (Regulation) Act, 1956 and Rules framed thereunder, Listing Agreement and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s) permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchange where the shares of the Company are listed and other appropriate authorities, institutions or regulations as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s) which may be agreed to by the Board of Director of the Company (hereinafter referred to as

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"the Board", which term shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from "The Madras Stock Exchange Limited" , Chennai where the equity shares of the Company are listed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting and take all necessary actions in this regard and to do all such acts, deeds, matters and things as may be necessary for the purpose of giving effect to the above resolution."

Place : Hyderabad

Date : 26-08-2004

By Order of the Board

Sd/-
SHRIGOPAL INANI
CHAIRMAN

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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. Instruments of Proxy/ Proxies in order to be effective, must be deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.

3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

4. The Explanatory statement setting out the material facts concerning Special Business in respect of item No. 5 & 6 is annexed hereto, pursuant to section 173(2) of the Companies Act 1956.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2004 to 29th September, 2004 (both days inclusive).

6. Members holding shares in physical form, may write to the Company's share transfer agents for any change in their address and bank mandates. Members holding shares in electronic form may intimate the same to their respective Depository participants to enable the Company to despatch the communications at their correct addresses.

7. Members who hold their shares in dematerialised form are requested to bring their client ID and DP numbers for easy identification of attendance at the meeting.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Act)

Item No. 5 :

Due to the increase in the activities and operations of the Company, the Board of the Company is of the view that it is advisable to appoint Sri. Vishnukanth Inani as a Whole time Director to share the work load and held the Remuneration Committee Meeting on 30th day of July, 2004 for fixing the remuneration and the Committee has fixed a remuneration of Rs. 11,500/- per month subject to the approval of the members.

Hence the above resolution is reccommended for the approval of the Members.

None of the Directors of the Company are concerned or interested in the above resolution except Sri. Ramakanth Inani, Sri. Lakshmikanth Inani and Sri. Vishnukanth Inani.

Item No. 6 :

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchange.

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Presently the Company 's Equity Shares are listed on the following Stock Echange :

1. The Hyderabad Stock Exchange Limited, Hyderabad

2. The Stock Exchange, Mumbai.

3. The Madras Stock Exchange Limited, Chennai.

With the extensive networking of the Stock Exchange Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the depth and liquidity of trading in the company's equity shares on The Madras Stock Exchange Limited, is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the company's equity shares only in dematerialised form by all investors. It is also observed that the listing fee paid to the Stock Exchange is disproportionately high compared to the extremely low trading volumes of the Company's Securities on those exchanges.

The Company has proposed this resolution, which will enable it to delist its equity shares at any time in future from "The Madras Stock Exchange Limited, Chennai".

The Company's equity shares will continue to be listed on the Hyderabad Stock Exchange Ltd., Hyderabad and The Stock Exchange, Mumbai, after the proposed delisting.

Previously in a EGM held on 30th September, 1999 the company passed a resolution to this effect. But the said Stock Exchange was prolonging the process of delisting. However in view of latest guidelines issued by SEBI, the process of delisting will be smooth.

Hence the above resolution is recommended for the approval of the Members.

None of the Directors of the Company are concerned or interested in the above resolution except to the extent of their shareholding.

Place : Hyderabad

Date : 26-08-2004

By Order of the Board

Sd/-
SHRIGOPAL INANI
CHAIRMAN

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DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 10th Annual Report of your company together with the audited accounts of the company for the financial year ended 31st March, 2004.

FINANCIAL RESULTS :

The following are the Financial Results of your company for the year ended 31st March, 2004.

	Year ended 31st March 2004 (Rs.in Lakhs)	Year ended 31st March, 2003 (Rs.in Lakhs)
Gross Income	252.22	80.99
Gross Profit	71.19	26.04
Depreciation	14.42	13.42
Profit Before Tax	56.77	12.62
Less: Prior year Adjustment	(0.06)	(0.37)
Profit after adjustment	56.71	12.25
Provision for Taxation		
- Current tax 11.92		1.07
- Less Deferred Tax (1.25)		(0.76)
	10.67	0.31
Net Profit/(loss) for the year	46.04	11.94
Profit brought forward from the previous year	44.55	32.61
Profit available for appropriation	90.59	44.55
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	90.59	44.55

REVIEW OF PERFORMANCE :

During the year under review, your Company made a gross income of Rs. 71.19 lacs. After making provision for Depreciation & Taxation your company made a Net Profit of Rs. 46.04 lacs as against Rs. 11.94 lacs in the previous year. Favourable stock market conditions due to pro-active policies persued by prevuios Government added to the financial performance of your company.

DIVIDEND :

To conserve resources for future expansions being undertaken by the Company, Directors do not recommend dividend for the year 2003-04.

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DIRECTORS :

Sri .C. Sekhar Reddy and Sri. Ashok Kumar Kabra retires by rotation at the ensuing Annual General meeting and being eligible for the re-appointment, offer themselves for the re-appointment.

Sri C. Sekhar Reddy : A civil Engineer, is the Chairman of Builders Forum, AP. He has been appointed as an Independent Director on the board of the Company, in terms of Corporate Governance prescribed for listed companies.

Sri Ashok Kumar Kabra : A Commerce Graudate is the Secretary of A.P. Automobile Dealers Association, Hyderabad. He has been appointed as an Independent Director on the board of the Company, in terms of Corporate Governance prescribed for listed companies.

FIXED DEPOSITS :

During the year under review, your company has not accepted any Fixed Deposits pursuant to section 58A of the Companies Act, 1956.

AUDITORS :

M/s. G.D. Upadhyay & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the company and are eligble for the re-appointment. The Company is in receipt of confirmation from M/s. G.D. Upadhyay & Co. that in the event of their re-appointment as statutory auditors of the Company at the ensuing Annual General Meeting, such re-appointment will be in accordance with the limits specified in sub-section (18) of section 224 of the companies Act, 1956. The Board of Directors propose to re-appoint them for another term and will hold office till the conclusion of the next Annual General Meeting.

PARTICULARS OF EMPLOYEES :

No employee of your company is in receipt of remuneration of Rs. 24 lakhs or more per annum and no employee is in receipt of remuneration of Rs. 2,00,000/- per month for any part of the financial year whose particulars are required to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees), Rules 1975 as amended.

LISTING :

Your Company's shares are presently listed on the Hyderabad, Madras and Mumbai Stock Exchanges.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

As your company is a Investment Company, particulars relating to Conservation of Energy. Technology Absorption do not apply to your company. There is no FOREX transactions during the year under review.

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CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and Corporate Governance Report are made a part of this Annual Report.

A Certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

In pursuance of the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors of your company hereby furnish the following responsibility statement with regard to Annual accounts, Accounting policies, maintenance of adequate accounting records etc.

i. that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any, therefrom :

ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 ended 31st March, 2004 and of the profit and loss of company for that period.

iii that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

iv. that the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS ·

The Board wishes to express its deep sense of gratitude 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 : 26-08-2004

By Order of the Board

Sd/-
SHRIGOPAL INANI
CHAIRMAN

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure and developments :

Being a corporate member of the National Stock Exchange of India Limited in the Capital Market Segment and Future & Option Segment,BSE,HSE and OTCEI the company is subject to the rules and regulations of respective Stock Exchange as well as SEBI. During the year the Company was granted membership in BSE also, in cash market segment. During thre last financial year SEBI introduced SEBI (Central Database of Market Participants) Regulations 2003. Under these regulations every intermediary, specified listed company and other categories of persons such as investors and investor associations is compulsorily required to obtain Unique Identification Number. However the dictat extended even to the related persons of the intermediaries has been withdrawn. The reason stated by SEBI for creating a database of Market Participant is to bring about transparency in the Stock Market.

Last year SEBI also allowed the members of Stock Exchanges to provide margin trading facility to their clients. This facility is subject to fulfillment of the conditions stipulated by SEBI from time to time.

Another welcoming development that took place last year was the permission granted under Securities Contract (Regulations) Rules 1957 to members of Stock Exchanges to take membership of the Commodity Exchange through subsidiary companies. The Company has invested in INANI COMMODITIES AND FINANCE LIMITED (formerly known as INANI CAP-FIN LTD.,) a group company, which has the membership of Multy Commodities Exchange of India Limited. This will create more business opportunities for the members of both Exchanges.

The company is expecting growth in the DP services. Recently the company has received registration from SEBI to act as Depository participant with CDSL. As the exchanges are planing to shift to settlement based on T+1 , in house DP will be a added advantage. Further, National Commodity and Derivatives Exchange of India has tied up with both NSDL and CDSL for dematerialization of Commodity Derivatives. Your company will be a beneficiary as a Depository Participant of CDSL.

The current year will witness lot of activity in the primary market with the news of both TCS and NTPC lining up to enter the stock markets. The Primary market division of your company will benefit from this, as it is expected that many companies will raise equity capital through IPO.

b) Opportunities and Threats :

The company being a player in financial market, the performance of the company largely depends on the national and global Capital markets.

c) Outlook :

The year under review i.e. the financial year 2003-04 has been better than previous year. Barring few occasional slips the stock market has been pretty bullish throughout the year with sizeable chunk of investments coming from Foreign Institutional Investors and Financial Institutions which is result of the Government's disinvestments agenda.

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