

11th

**Annual Report
2004 - 2005**

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INANI SECURITIES LIMITED



INANI SECURITIES LIMITED

BOARD OF DIRECTORS

Shri SHRIGOPAL INANI	<i>Chairman</i>
Shri LAKSHMIKANTH INANI	<i>Managing Director</i>
Shri RAMAKANTH INANI	<i>Whole Time Director</i>
Shri VISHNUKANTH INANI	<i>Whole Time Director</i>
Shri C. SHEKHAR REDDY	<i>Director</i>
Shri OMPRAKASH MUNDADA	<i>Director</i>
Shri ASHOK KUMAR KABRA	<i>Director</i>
Shri SURESH J. KABRA (w.e.f. 29-08-2005)	<i>Additional Director</i>
Shri AMIT SURANA (w.e.f. 29-08-2005)	<i>Additional Director</i>
Shri ANAND CHANDAK (w.e.f. 29-08-2005)	<i>Additional Director</i>

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 & Corporate 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
Website : www.inanisec.in



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 11TH. ANNUAL GENERAL BODY MEETING OF INANI SECURITIES LTD WILL BE HELD ON THURSDAY, THE 29TH. DAY OF SEPTEMBER ,2005 AT 4.15 P.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 Audited Balance Sheet as at 31st March, 2005 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 Auditor's thereon.
2. To appoint a Director in place of Sri. Shrigopal Inani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To re-appoint Sri. Lakshmikanth Inani, as Managing Director of the Company :

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 provision contained under section 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956 read with schddule XIII of the said act as amended and subject to the approval of Members of the Company, Sri Lakshmikanth Inani be and is hereby re-appointed as the Managing Director of the Company for a further period of 5 years with effect from 1st April, 2005 on a consolidated pay of Rs. 25,000/- per month, exclusive of official car and telephone.

5. To increase the remuneration payable to Sri. Ramakanth Inani, Whole Time Director of the Company :

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

RESOLVED THAT as per the recommendations of the remuneration committee and pursuant to the provisions of Section 309 and Schedule XIII and other Sections of the Companies Act 1956, the remuneration of Sri. Ramakanth Inani, Whole Time Director of the Company be increased from existing Rs. 10,000/- to Rs. 22,500/- Per month, with effect from 1st August, 2005.

6. To increase the remuneration payable to Sri. Vishnukanth Inani, Whole Time Director of the Company :

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

RESOLVED THAT as per the recommendations of the remuneration committee and pursuant to the provisions of Section 309 and Schedule XIII and other Sections of the Companies Act 1956, the remuneration of Sri. Vishnukanth Inani, Executive Director of the Company be increased from existing Rs. 11,500/- to Rs. 20,000/- Per month, with effect from 1st August, 2005.



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7. To appoint Sri. Suresh J. Kabra, an additional director as Independent Director of the Company :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Suresh J. Kabra be and is hereby appointed as Director of the Company liable to retire by rotation.

8. To appoint Sri. Amit Surana, an additional director as Independent Director of the Company:

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Amit Surana be and is hereby appointed as Director of the Company liable to retire by rotation.

9. To appoint Sri. Anand Chandak, an additional director as Independent Director of the Company :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Sri Anand Chandak be and is hereby appointed as Director of the Company liable to retire by rotation.

10. Borrowing in excess of the paid-up Capital :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company be and are hereby authorized and shall be deemed to have always been so authorized to raise or borrow from time to time at its discretion either from the Company's bankers or from elsewhere on such terms and conditions as to repayment, interest or other wise as it thinks fit such sums as may be necessary for the purposes of the Company up to a limit of Rs. 25.00 Crores (Rupees Twenty five Crores only) over and above the aggregate of the paid up capital and free reserves of the Company outstanding at any one time and that such borrowing shall be exclusive of temporary loans obtained or to be obtained by the Company from the Company's bankers in the ordinary course of business.

11. Mortgaging and/or charging of the Assets of the Company :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions if any of the Companies Act 1956 consent be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company where so ever situate present and future and whole of the undertaking of the Company with power to takeover the management of the business and the concern of the Company in certain events in favour of lender(s) to secure an amount not exceeding Rs. 25.00 Crores (Rupees Twenty five Crores Only) together with interest, costs, charges, expenses and all other moneys payable by the Company to the lender(s).

12. To delist the securities from "The Hyderabad Stock Exchange Limited" :

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



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"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 "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 Hyderabad Stock Exchange Limited", Hyderabad 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 : 29-08-2005

By Order of the Board

Sd/-

SHRIGOPAL INANI
CHAIRMAN



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. 4 to 12 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, 2005 to 29th September, 2005 (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 DPID numbers for easy identification of attendance at the meeting.

EXPLANATORY STATEMENT

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

Item No. 4

Sri Lakshmikanth Inani was re-appointed as the Managing Director of the company in the Board Meeting held on 30th April, 2005. The Board has received the recommendation from the remuneration committee and decided to fix the remuneration at Rs. 25,000/- per month. The board is of the view that the knowledge and vast experience of Sri Lakshmikanth Inani will be of immense benefit to the company and therefore the board recommends for his re-appointment.

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 resolutions except Sri. Ramakanth Inani, Sri. Lakshmikanth Inani and Sri. Vishnukanth Inani.

Item No. 5 & 6 :

Due to the increase in the activities and operations of the Company, as evident from the continued rise of interest and volumes in capital markets, the Board of the Company is of the view that it is advisable to increase the remuneration payable to Sri. Ramakanth Inani, Director in view of increase in the work load. Accordingly the Remuneration Committee in its Meeting, held for fixing the remuneration, on 29th day of August 2005, fixed a remuneration of Rs. 22,500/- per month subject to the approval of the members.

Due to the increase in the activities and operations of the Company, as set out above and keeping in view his unstinted efforts and wide contribution which resulted in increase in the company's overall performance and financial results, the Board of the Company is of the view that it is advisable to increase the remuneration payable to Sri. Vishnukanth Inani, Director in view of increase in the work load. Accordingly the Remuneration Committee in its Meeting, held for fixing the remuneration, on 29th day of August 2005, fixed a remuneration of Rs. 20,000/- per month subject to the approval of the members.

Hence the above resolutions are recommended for the approval of the Members.



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

Item No. 7, 8 & 9 :

Sri. Suresh J. Kabra, is a Commerce Graduate and he is a Former Regional Manager of National Insurance Company Limited has a rich experience in Insurance and Finance. His experience will be helpful to the Business of the Company, and was appointed as Additional Director and holds such office upto the date of this Annual General Meeting, and in respect of whom Company has received a notice in writing from a member, proposing Sri. Suresh J. Kabra's candidature for the office of Director, is proposed to be appointed as Independent Director of the Company liable to retire by rotation.

Sri. Amit Surana, is MBA and his experience will be helpful to the Business of the Company. He was appointed as Additional Director and holds such office upto the date of this Annual General Meeting, and in respect of whom Company has received a notice in writing from a member, proposing Sri. Amit Surana's candidature for the office of Director, is proposed to be appointed as Independent Director of the Company liable to retire by rotation

Sri. Anand Chandak, is MBA (Finance) from Pune University, in the year 1996 subsequently Joined as training in Softmarket Division of M/s. Deepak Nitrites Limited, presently acting as Distributor for Nokia Cell Phone and Idea Sim Cards and experience will be helpful to the Business of the Company. He was appointed as Additional Director and holds such office upto the date of this Annual General Meeting, and in respect of whom Company has received a notice in writing from a member, proposing Sri. Anand Chandak's candidature for the office of Director, is proposed to be appointed as Independent Director of the Company liable to retire by rotation

Item No. 10 :

SEBI had, vide Circular No.SMD/Policy/Cir-6 dated 7/5/97, clarified, inter alia, that borrowing and lending of funds by a trading member in connection with or incidental to or consequential upon the securities business would not be disqualified under rule/s 8(1)(f) & 8(3)(f) of Securities Contract (Regulations) Rules, 1957. In continuation of the said circular, SEBI vide circular no. SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004 and SEBI/MRD/SE/SU/Cir-16/04 dated March 31, 2004 decided to allow the member-brokers to provide margin trading facility to their clients, in the cash segment, subject to the conditions mentioned in this Circular. Among several conditions imposed, It has been stipulated that for the purpose of providing the margin trading facility, a broker may use his own funds or borrow from scheduled commercial banks and/or NBFCs regulated by RBI. A broker shall not be permitted to borrow funds from any other source. At any point of time, the total indebtedness of a broker for the purpose of margin trading shall not exceed 5 times of his net worth.

In order to increase business through branch expansion etc and to provide margin funding facility to clients and to meet the increased long term funds/ bank guarantee(s) requirements and for financing the present and future working capital requirements of the Company, the Board of Directors request the members to accord their consent to the proposed fresh borrowings and borrow monies up to a maximum limit of Rs. 25.00 Crores (Rupees Twenty five Crores only).

Under Section 293 (1)(d) of the Companies Act, 1956 consent of the Members is necessary to enable the Board of Directors to borrow moneys, which will exceed the aggregate of the paid up capital of the Company and its free reserves. The Board accordingly commends the resolution for approval of the members as an ordinary resolution.

Item No. 11 :

In view of and the increased long term fund requirements of the Company, it is felt that it may be necessary to pass an enabling resolution to mortgage and /or charge the properties/securities of the Company in favour the Banks and Financial Institutions, etc., for securing the requisite finance up to a maximum of Rs.



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25.00 Crores (Rupees Twenty five Crores only).

Since mortgaging and/or charging of the assets, properties and/or undertakings of the Company may be regarded as disposal thereof, consent of the members of the Company is necessary under Section 293 (1) (a) of the Company Act, 1956, The Board accordingly commends the resolution for the approval of the members as an ordinary resolution.

Item No. 12 :

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.

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

1. The Hyderabad Stock Exchange Limited, Hyderabad
2. Bombay Stock Exchange Limited, Mumbai.

With the extensive networking of the Bombay Stock Exchange Limited (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 Hyderabad 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 Hyderabad Stock Exchange Limited, Hyderabad".

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

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

By Order of the Board

Date : 29-08-2005

Sd/-
SHRIGOPAL INANI
CHAIRMAN



INANI SECURITIES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 11th Annual Report of your company together with the audited accounts of the company for the financial year ended 31st March, 2005

FINANCIAL RESULTS :

The following are the Financial Results of your company for the year ended 31st March, 2005.

	Year ended 31st March 2005 (Rs.in Lakhs)	Year ended 31st March, 2004 (Rs.in Lakhs)
Gross Income	207.43	252.22
Gross Profit	97.54	71.19
Depreciation	26.10	14.42
Profit Before Tax	41.44	56.77
Less : Prior year Adjustment	(0.44)	(0.06)
Profit after adjustment	70.99	56.71
Provision for Taxation-current tax		
- Less Current Tax	18.89	11.92
- Less Deferred Tax	1.34	(1.25)
Net Profit/(loss) for the year	50.76	46.04
Profit brought forward from the previous year	90.59	44.55
Profit available for appropriation	141.35	90.59
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	141.35	90.59

REVIEW OF PERFORMANCE :

During the year under review, your company achieved a gross income of Rs. 207.43 lacs. After appropriating depreciation etc., the gross profit before taxation comes to Rs. 97.54 lacs. The markets have been bullish throughout the year and your Directors expect that the trend may continue in the current year as well due to the strong buying interest from FIIs & FIs. India will continue to viewed, as preferred investment destination by the foreign investors and money will flow into equity in both primary and secondary markets. The membership card of the Bombay Stock Exchange Limited (BSE) was activated only in August 2004, however full impact of the said membership on the revenues of the company will reflect only in next financial year.



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DIVIDEND :

Shareholders would be served by ploughing the surpluses back into the Company for expansion/diversification making the Company stronger and immune to any setback in any its operation. Your Directors do not recommend any dividend for the year 2004-05.

DIRECTORS :

Sri Shrigopal Inani retires by the rotation at the ensuing Annual General Meeting being eligible for the re-appointment, offered himself for the re-appointment.

Sri Shrigopal Inani is a Commerce Graduate from Osmania University, having varied experience in fields of Textiles and Finance. He is associated with many Social and Trade Associations. As a director of A.P. Mahesh Co-operative Urban Bank Ltd., he has rich experience in field of Banking and Finance. Presently he is a Managing Committee Member of Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI).

At the Board Meeting held on 29th August, 2005 Sri Ashok Kumar Kabra, Sri Omprakash Mundada and Sri C. Shekhar Reddy have resigned from the office as Independent Director(s) on account of there Pre-occupation. The Board while accepting their resignations expressed its appreciation for the services rendered by them as Director(s) of the Company.

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, Auditors of the company retire at the conclusion of the ensuing Annual General Meeting of the company and are eligible 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 The Hyderabad Stock Exchange Ltd. (HSE) and Bombay Stock Exchange Ltd. (BSE)

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