

12th

**Annual Report
2005 - 06**

Report  Junction.com



INANI SECURITIES LIMITED


INANI SECURITIES LIMITED
BOARD OF DIRECTORS

| | |
|---------------------------------|----------------------------|
| Mr. SHRIGOPAL INANI | <i>Chairman</i> |
| Mr. LAKSHMIKANTH INANI | <i>Managing Director</i> |
| Mr. RAMAKANTH INANI | <i>Whole Time Director</i> |
| Mr. VISHNUKANTH INANI | <i>Whole Time Director</i> |
| Mr. SURESH JANAKIRAM KABRA | <i>Director</i> |
| Mr. AMIT SURANA | <i>Director</i> |
| Mr. ANAND RAMESHCHANDRA CHANDAK | <i>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

PRINCIPAL BANKERS

HDFC Bank Limited
Lakdi-ka-pool,
Hyderabad - 500 004.

LEGAL ADVISOR :

Mr. Shyamsunder Lahoti, Advocate
15-9-49, Maharajgunj,
Hyderabad - 500 012.

**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 : info@inanisec.in

CORPORATE OFFICE

No. 4, Gayatri Chambers, 1st Floor,
25/27, V.B. Gandhi Marg,
Fort, Mumbai.
E-mail : bby@inanisec.in

Visit us at : www.inanisec.in



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 12th ANNUAL GENERAL MEETING OF THE MEMBERS OF **INANI SECURITIES LTD** WILL BE HELD ON **SATURDAY THE 23rd DAY OF SEPTEMBER, 2006** AT 11.00 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 Audited Balance Sheet of the Company as at 31st March 2006 and the Profit and Loss Account for the year ended as 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 Mr. Suresh Janakiram Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Amit Surana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

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 Register of Members and Share Transfer Books of the Company will remain closed from **21st September, 2006 to 23rd September, 2006** (both days inclusive).
5. The 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.
6. 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.
7. Pursuant to the directions/notifications Issued by SEBI and depositories, the demat account holders can operate their accounts w.e.f. 1st October, 2006 only if they had already provided PAN number either at the time of opening of the account or subsequently. In case they have not furnished the PAN number to the DP's, such demat account holders are requested to contact their DP's with a photo copy of PAN card well before 30th September, 2006.

Place : Hyderabad

By Order of the Board

Date : 19-08-2006

Sd/-
S:IRIGOPAL INANI
 CHAIRMAN



INANI SECURITIES LIMITED

DETAILS AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

ITEM 2

Mr. Suresh Janakiram Kabra is a Commerce Graduate having more than three decades of experience in the field of Insurance and Finance.

ITEM 3

Mr. Amit Surana is a B. Com, M.B.A. he has a experience of more than 5 years in the area of Management and Finance.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 12th Annual Report of your company on the business operations together with the audited financial accounts for the financial year ended 31st March, 2006

FINANCIAL RESULTS :

The following are the Financial Results of your company for the year ended 31st March, 2006.

| Particulars | Year ended 31st March 2006 (Rs.in Lakhs) | Year ended 31st March, 2005 (Rs.in Lakhs) |
|---|--|---|
| Total Revenue | 301.99 | 206.11 |
| Profit before Interest, Depreciation & Tax | 167.28 | 121.09 |
| Profit before Depreciation & Tax | 132.50 | 97.53 |
| Profit Before Tax & Expectional Items | 106.16 | 71.43 |
| Less : Prior year Adjustment & Expectional Items | (1.25) | (0.44) |
| Net Profit Before Taxation | 104.91 | 70.99 |
| Provision for Tax | | |
| - Less Current Tax | 37.01 | 18.89 |
| - Less Deferred Tax | (3.09) | 1.34 |
| - Less Fringe Benefit Tax | 1.18 | - |
| Net Profit | 69.80 | 50.76 |
| Add : Balance brought forward from the last year | 141.35 | 90.59 |
| Profit available for appropriation | 211.15 | 141.35 |
| Proposed Dividend | Nil | Nil |
| Balance carried to Balance Sheet | 211.15 | 141.35 |

REVIEW OF PERFORMANCE :

During the year under review the profit before tax increased to Rs. 104.91 lacs from Rs. 70.99 lacs in previous year. The Net Profit after Tax of your company increase to Rs. 69.80 lacs from Rs. 50.76 lakhs in the previous year. Bullish stock market conditions added to the financial performance of your company and overall growth of the company



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was satisfactory.

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 of its operation. Your Directors do not recommend any dividend for the year 2005-06.

DIRECTORS :

In accordance with the provisions of section 255 of the Company Act, 1956 and articles 113 of the Articles Association of the Company Mr. Suresh Janakiram Kabra and Mr. Amit Surana, Director(s) retires by rotation at the ensuing Annual General meeting and being eligible, offer themselves for the re-appointment.

STATUTORY AUDITORS :

M/s. G.D. Upadhyay & Co., Chartered Accountants, Statutory Auditors of the Company hold office till 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, such re-appointment will be within the prescribed limits specified u/s. 224(1B) 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

LISTING ARRANGEMENTS :

Your Company's shares are listed on

1. The Hyderabad Stock Exchange Ltd (HSE)
2. Bombay Stock Exchange Ltd (BSE).

The listing fees for the year 2006-07 have been paid.

PUBLIC DEPOSITS :

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

STATUTORY INFORMATION :

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

As your company is a Finance 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.

B. PARTICULARS OF EMPLOYEES :

No employee of your company is in receipt of remuneration exceeding Rs. 24.00 lakhs p.a.



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or part thereof pursuant to Section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees), Rules 1975 as amended.

CORPORATE GOVERNANCE :

Clause 49 of the Listing Agreement dealing with the Corporate Governance has become applicable to your Company from the financial year 2002-03. A separate section on Management Discussion, Analysis Report and Corporate Governance practice followed by the company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Persuant to provisions of Section 217(2AA) of the Companies Act, 1956 the Directors of your company confirm that :

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any, therefrom:
- ii. appropriate Accounting policies have been selected and applied them consistently. The judgements and estimates made 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, 2006 and of the profit of company for the said period.
- iii. proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of this Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities: and
- iv. the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS :

The Board of Directors wish to place on record its appreciation and acknowledge with gratitude the continued support and co-operation extended by the bankers, clients, shareholders, business associates, government authorities and Stock Exchanges from time to time. Your Directors also acknowledge with thanks the complete co-operation and dedicated efforts put in by employees across all levels in the organization and place on record its appreciation for the services rendered by the employees at all levels.

Place : Hyderabad

By Order of the Board

Date : 19-08-2006

Sd/-
SHRIGOPAL INANI
CHAIRMAN

**CORPORATE GOVERNANCE REPORT :****I. CORPORATE PHILOSOPHY:**

- The company's philosophy on Corporate Governance envisages commitment of the company towards the attainment of highest level of transparency; providing value added services to the clients; and to be competitive and technologically updated in the field of operations.

II. BOARD OF DIRECTORS :

The routine affairs of the Company are managed by the Managing Director and assisted by the Whole Time Director(s) of the Company. The Board approves, reviews and oversees the functions of the management to ensure that the long-term objective of maximizing profits and enhancing stakeholders' value is achieved.

The Company presently has seven Directors, including Whole-Time Directors. The brief profile of your company's Board of Directors is as under :

During the year under review five Board Meetings were held on 30th April, 2005, 30th July, 2005, 29th August, 2005, 29th October, 2005 and 31st January, 2006 and the composition of the Board and attendance of the Directors at the Board Meetings held during the financial year under review and the last Annual General Meeting (AGM), number of Directorships and memberships/ chairmanships in public companies (including the Company) are given below :

| Name of the Director | Category | Financial Year 2005-06 Attendance at BM Last AGM | | As on date Committee Positions Member Chairman | | As on date Committee Positions in Other Companies Member Chairman | |
|------------------------------------|-------------------------------|--|-----|--|---|--|---|
| | | | | | | | |
| Mr. Shrigopal Inani | Non-Executive Chairman | 5 | Yes | 1 | - | - | - |
| Mr. Lakshmikanth Inani | Executive | 5 | Yes | - | - | - | - |
| Mr. Ramakanth Inani | Executive | 5 | Yes | 1 | - | - | - |
| Mr. C.Shekhar Reddy | Non-Executive, Independent | 2 | No | - | - | - | - |
| Mr. Vishnukath Inani | Executive | 4 | Yes | 1 | - | - | - |
| Mr. Ashok Kumar Kabra | Non-Executive, Independent | 2 | Yes | - | - | - | - |
| Mr. Omprakash Mundada | Non-Executive, Independent | 2 | Yes | - | - | - | - |
| Mr. Suresh Janakiram Kabra | Non-Executive Independent | 2 | Yes | 1 | 1 | - | - |
| Mr. Anand Rameshchandra Chandak | Non-Executive Independent | 2 | Yes | 1 | 1 | - | - |
| Mr. Amit Surana | Non-Executive Independent | 2 | Yes | 1 | 1 | - | - |



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As may be seen from the above, the Non-Executive Directors constitute 50% of the total number of Directors. The Company has Non-Executive Chairman and one third of the total strength of the Board comprises of independent Directors.

III. BOARD PROCEDURE

A detailed Agenda is sent to each Director at least a week in advance of the Board and Committee meetings. A detailed functional report is also placed at every Board Meeting. The Board reviews :

- Strategic and Business plans
- Annual operating and capital expenditure plans
- Investment and exposure limits
- The information on financial obligation and disciplinary action.
- Compliance with statutory/regulatory or Listing requirements and review of major legal issues.
- The unaudited quarterly / half yearly / annual results and audited annual accounts of the Company of consideration and adoption.
- Transactions pertaining to purchase and sale of assets, which are undertaken other than in the normal course of business.
- Major accounting provisions and write-offs.
- Minutes of meeting of the Audit and other committees of the Board
- Share transfers, Dematerialisation and Investor Grievances.

IV. AUDIT COMMITTEE :

The Audit Committee of Directors Consists of Mr. Suresh Janakiram Kabra (Chairman), Mr. Ramakanth Inani and Mr. Anand Rameshchandra Chandak. The scope of the committee includes:-

- a) Reviewing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment /removal of external auditors, fixing audit fees and approving payments for any other service.
- c) Reviewing the periodic financial statements before submission to the board , focussing primarily on :
 - any changes in accounting policies and practices
 - significant adjustments arising out of audit.
 - compliance with Accounting Standards.
 - Compliance with legal requirements concerning financial statements.
 - any related party transactions i.e. transactions of the Company of material nature, with promoters, or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large.
- d) Reviewing with the management, reports furnished by internal and external auditors, and the adequacy of internal control system and recommending improvements to the management.

During the period under review, four Audit Committee meetings were held on 30th April 2005, 30th July, 2005, 29th October, 2005 and 31st January, 2006. All the members of the Audit Committee were present at all the meetings. In these meetings, inter alia, the committee considered the audit reports covering operational, financial and other business risk related areas. The Audit Committee meetings were held at the registered office of the Company.



V. CODE OF CONDUCT

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), the Board has approved the 'Code of Conduct for Prevention of Insider Trading' and authorized the Audit Committee to implement and monitor the various requirements as set out in the Code.

VI. WHISTLE BLOWER POLICY

Pursuant to clause 49 of the listing agreement, the Company has put in place the 'Whistle Blower Policy' duly approved by the Board. Further, it is hereby affirmed that the Company has not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and that the Company has provided protection to "Whistle Blower Policy" from unfair termination and other unfair or prejudicial employment practices.

VII. MANAGERIAL REMUNERATION :

a) REMUNERATION COMMITTEE : The Remuneration Committee of the Company is empowered to review, assess and recommend the appointment of Whole time Directors, to periodically review the remuneration package of Whole Time Directors and recommend suitable revision to the Board. The Remuneration Committee consists of Mr. Anand Rameshchandra Chandak (Chairman), Mr. Shrigopal Inani and Mr. Suresh Janakiram Kabra. During the year under review one remuneration Committee meeting was held on 30th July, 2005.

b) REMUNERATION POLICY : The remuneration of the whole-time Directors(s)/ appointee(s) is decided by the Remuneration Committee based on criteria such as industry benchmark, the Company's performance vis-a-vis the industry, performance/track record of the whole time Director(s) appointee(s). The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive, remuneration and commission (variable component) to its whole time directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from 1st April, annually. A sitting fee of Rs.1000/- per meeting of the Board is paid for attendance at the said Board to its members.

c) REMUNERATION TO DIRECTORS : In respect of the financial year 2005-06, a sum of Rs. 7,26,000/- was paid as remuneration to the Managing Director and Whole time directors.

INDEPENDENT DIRECTORS :

| Name | Sitting fees paid during FY 05-06 Amount in Rupees |
|---------------------------------|---|
| Mr. Shrigopal Inani | Rs. 5,000/- |
| Mr. C.Shekhar Reddy | Rs. 2,000/- |
| Mr. Ashok Kumar Kabra | Rs. 2,000/- |
| Mr. Omprakash Mundada | Rs. 2,000/- |
| Mr. Suresh Janakiram Kabra | Rs. 2,000/- |
| Mr. Amit Surana | Rs. 2,000/- |
| Mr. Anand Rameshchandra Chandak | Rs. 2,000/- |

VIII. INVESTORS' GRIEVANCES COMMITTEE :

The Investors' Grievance Committee of the Board is empowered to address/attend to/redress the investor's complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates, transmission (with and without legal representation) of shares. Its scope also includes delegation of powers to the executives of the Company share transfer agents to process share transfers and other investor allied matters. The Investors' Grievance Committee consisting of Mr. Amit Surana



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(Chairman), Mr. Anand Rameshchandra Chandak and Mr. Vishnukanth Inani. During the year under review two Investors' Grievance Committee meetings were held on 30th April, 2005 and 31st January 2006.

IX. NAME AND DESIGNATION OF COMPLIANCE OFFICER :

Mr. Vijay Kumar Pathak - Officer Secrerterial Department.

X. GENERAL BODY MEETINGS :

Location and time of General Meetings held in last 3 years :

| Year | Type | Date | Venue | Time |
|-------------|------|----------------------------------|---|-----------|
| 2004 - 2005 | AGM | 29 th September, 2005 | Rajasthan Graduates Association Hall, 5-4-790/1, First Floor, Lane Opp to G. Pulla Reddy Sweets, Hyderabad - 500 001. | 4.15 P.M. |
| 2003 - 2004 | AGM | 29 th September, 2004 | 401, Hyderabad Management Association Hall, 4th Floor, R.R. Towers, Chirag Ali Lane, Hyderabad - 500 001. | 10.30 A.M |
| 2002 - 2003 | AGM | 26 th September, 2003 | 401, Hyderabad Management Association Hall, 4th Floor, R.R. Towers, Chirag Ali Lane, Hyderabad - 500 001. | 9.30 A.M |

XI. CEO/CFO CERTIFICATION

Mr. Lakshmikanth Inani, Managing Director, appointed in terms of the Companies Act, 1956 is heading the finance functions, certify to the Board that :

- i) He has reviewed the financial statements and the cash flow statements for the year ended 31st March, 2006, and to the best of the knowledge and belief state that.
 - a) These statements do not contain any materially untrue statement or any material fact has been omitted or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- ii) To the best of his knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's Code of Conduct.
- iii) He accepts the responsibility for establishing and maintaining internal controls, evaluating the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- iv) He indicates to the Auditors and Audit Committee that there is:
 - a) No significant change in internal control Processes during the year,
 - b) No significant change in Account Policies; and
 - c) No instance of fraud have taken place.

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement relating to Corporate Governance with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year 2005-06.

Date : 19-08-2006

For INANI SECURITIES LIMITED
LAKSHMIKANTH INANI
Managing Director