

9th

**Annual Report
2002 - 2003**

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INANI SECURITIES LIMITED


INANI SECURITIES LIMITED
BOARD OF DIRECTORS

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

AUDITORS

M/S. G.D. UPADHYAY & CO.
Chartered Accountants
15-1-53, IInd 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.

TAMILNAD 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: inanis@hd2.dot.net.in



INANI SECURITIES LIMITED

NOTICE

Notice is hereby given that the 9th Annual General Meeting of the members of the company will be held on Friday, the 26th September 2003 at 9.30A.M. at Hyderabad Goods Transport Association Hall, Office No.1002, Raghava Ratna Towers, 10th Floor, 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 2003, 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 thereof.
2. To appoint a director in place of Sri Shrigopal Inani who retires by rotation and being eligible, offers himself for the re-appointment.
3. To appoint a director in place of Sri Vishnukanth Inani who retires by rotation and being eligible, offers himself for the re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

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

To consider and if thought fit to pass the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 309 and 314 of the Companies Act, 1956 Sri. Ramakanth Inani be and is hereby appointed as a Whole Time Director of the Company on a consolidated pay of Rs. 10,000/- per month with effect from 1st day of August 2003".

By Order of the Board

SHRIGOPAL INANI
CHAIRMAN

Place : Hyderabad
Date : 21.08.2003



INANI SECURITIES LIMITED

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 AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. 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.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Explanatory statement pursuant to Section 173 of the companies Act 1956 is Annexed.
5. The Register of Members and Share Transfer Books will remain closed from 23rd September, 2003 to 26th September, 2003 (both days inclusive).
6. Members holding shares in Demat are requested to intimate their respective Depository Holders relating to their change of 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 of the Act)

Item No. 5 :

Due to the increase in the activities and operations of the Company, the Board is of the view that it is advisable to appoint Sri. Ramakanth Inani as a Whole time Director to distribute the work and called the Remuneration Committee Meeting on 30th day of July 2003 for fixing the remuneration and the Committee has fixed a remuneration of Rs. 10,000/- per month subject to the approval of the members.

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

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

By Order of the Board

SHRIGOPAL INANI
CHAIRMAN

Place : Hyderabad

Date : 21.08.2003



INANI SECURITIES LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 9th Annual Report of your company together with the audited accounts of the company for the financial year ended 31st March, 2003

FINANCIAL RESULTS:

The following are the Financial Results of your company for the year ended 31st March, 2003.

	Year ended 31st March, 2003 (Rs. in lakhs)	Year ended 31st March, 2002 (Rs. in Lakhs)
Gross Income	80.99	69.59
Profit before depreciation & Tax	26.04	15.19
Depreciation	13.42	5.78
Profit Before Tax	12.62	9.41
Less: Prior year Adjustment	(0.37)	—
Profit after adjustment	12.25	9.41
Provision for Taxation		
- Current Tax	1.07	2.98
- Less Deferred Tax	(0.76)	6.66
Net Profit/(loss) for the year	11.94	(0.23)
Profit brought forward from the previous year	32.61	40.24
Profit available for appropriation	44.55	32.61
Proposed Dividend	—	—
Balance carried to Balance Sheet	44.55	32.61

REVIEW OF PERFORMANCE:

During the year under review, your Company made a gross income of Rs. 80.99 lakhs. After making provision for depreciation, your company made a profit for Rs. 12.62 lakhs as against Rs. 9.41 lakhs in the previous year.

DIVIDEND:

In the absence of adequate profits, Directors do not recommend any dividend for the year 2002-03.

DIRECTORS:

Sri Shrigopal Inani and Sri Vishnukanth Inani retires by rotation at the ensuing General meeting. Being eligible for the re-appointment, offered themselves 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. Presently he is the director of AP Mahesh Co-operative Urban Bank Ltd.

Sri Vishnukanth Inani is graduate in Commerce and a diploma holder in Portfolio Management from IIM, Ahmedabad.

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:

The tenure of present Auditors of your company M/s. G.D. Upadhyay & Co., Chartered Accountants comes to an end at the conclusion of the ensuing Annual General Meeting. Being eligible for the re-



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appointment 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 per annum and above 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 and Mumbai Stock Exchanges. Your Company is regular in payment of listing fees to these exchanges.

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.

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.

CORPORATE GOVERNANCE :

The corporate governance requirements prescribed under the listing agreements between the Company and the Stock Exchanges would required to be mandatorily complied by your Company not later than 31st March 2003. Your Company has already complied with the same.

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, 2003 and of the profit and loss of the 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.

By Order of the Board

Place : Hyderabad
Date : 21.08.2003

SHRIGOPAL INANI
CHAIRMAN



INANI SECURITIES LIMITED

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

- a) **Industry Structure and developments:** Your Company is a corporate member of the National Stock Exchange of India Limited in the Capital Market Segment and Future & Option Segment. The Company is also a member of HSE & OTCEI. The Company has secured license as a Corporate Agent from Insurance Regulatory and Development Authority (IRDA) for distribution of Insurance products of Life Insurance Corporation of India (LIC). The Company is expecting large returns in Futures & Options segment.
- b) **Opportunities and Threats:** The Company being a player in the financial market, the performance of the Company largely depends on national and global Capital market.
- c) **Outlook:** The year under review i.e the financial year 2002-03, has been yet another tough one, especially so for the financial market, not only for domestic but also for markets across the globe. The year proved to be bearish for the capital market. Increasing level of competition is also adding fuel to fire.

The Central Government has started the process of disinvestments in the financial 2001-02. In the initial stage of disinvestments it has faced hurdles. However, it has already completed the disinvestments in BALCO, IPCL, IBP and VSNL in previous financial year. The Government has also successfully completed the disinvestment in Maruti Udyog Limited in June, 2003. It is expected that the Government will shortly initiate the dis-investment process for many more PSUs. During the financial year 2002-03 there were large Public Offers by Canara Bank, Union Bank of India, I-Flex, Divis Laboratories etc. which fetched handsome returns to the investors. Further as the market regulator (SEBI) has decreased the lot size to Rs.1.00 lacs in F & O segment, the volumes are poised for big leap.

In view of all the above developments the Company is expecting substantial financial growth.

- d) **Risk and Concerns:** The Central Government has taken many initiatives and measures to develop the Indian Economic Scenario. While so much of positive is happening, there has never been dearth of bad news following in regularly. Disturbances, be it communal, political, financial or geographical keep happening at a frequency that is not too much for the comfort of any type of an investor. Global trends and exchange rate fluctuation also effect the inflows from FIIs, so also on the equity valuation.

The Company is exposed to stiff competition in its operation.

- e) **Internal Control system and their adequacy:** The Company has a proper and adequate system of internal control proportionate to its size and volume of business. The internal control system of the Company is designed to ensure that the financial and other records are reliable for preparing financial statements and other data for maintaining accountability of assets.
- f) **Discussion on Financial Performance with respect to Operational Performance:** The Financial Statements are prepared under the historical cost convention in accordance with Indian generally accepted accounting principles and the provisions of the Companies Act, 1956. All Income and Expenditure having a material bearing on the Financial Statements are recognised on accrual basis. The Management has taken utmost care for the integrity and the objectivity of these Financial Statements, as well as for various estimates and judgements used therein.
- g) **Material developments in Human Resources/ Industrial Relations front, including number of people involved:** The Company continues to maintain excellent relationship with the clients and the industry in which it is operating. Relationship with the staffs is quite cordial and also supporting for continuous human resource development. During the year under review there has not been any material change in human resource.



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Cautionary Statement: Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand /supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

CORPORATE GOVERNANCE

I. Philosophy:

The Corporate Governance Code is a professional system framed for ensuring compliance of statutes. It is a system framed to safeguard in the long term the interest of its members, creditors, customers and employees. The Corporate Governance Code has been made applicable to the Company since this year and the Company has been taking all steps to ensure high ethical standards in the business activity, while implementing the Corporate Governance Code. The Management places on record that the mandatory compliances are complied with and the various Committees are constituted in accordance with the provisions as suggested in Clause 49 of the Listing Agreement with the Stock Exchanges.

II. Board of Directors:

During the year under review 8 Board Meetings were held on 30th April, 2002, 30th July, 2002, 28th August, 2002, 30th September, 2002, 11th & 30th October, 2002, 31st December, 2002 and 30th January, 2003. The composition of the Board, attendance at 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 2002-03 Attendance at		As on date Committee Positions	
		BM	Last AGM	Member	Chairman
Shrigopal Inani	Non-Executive Chairman	5	Yes		1
Lakshmikanth Inani	Executive	8	Yes		2
Ramakanth Inani	Non-Executive	8	Yes		1
C. Shekhar Reddy	Non-Executive, Independent	4	No		Nil
Vishnukath Inani	Non-Executive	6	Yes		1
Ashok Kumar Kabra	Non-Executive, Independent	3	Yes		Nil
Omprakash Mundada	Non-Executive, Independent	4	Yes		Nil

As may be seen from the above, the Non-Executive Directors constitute one and half 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. The day to day operations of the Company are being overseen by Sri Lakshmikanth Inani, the Managing Director.



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Sri Shrigopal Inani and Sri Vishnukant Inani are liable to retire by rotation and being eligible, offer themselves for re-appointment. Information as required under Clause 49 (VI) of the Listing Agreement is mentioned in the Directors Report.

III. Audit Committee:

The Audit Committee of Directors Comprises of Sri Ashok Kumar Kabra (Chairman), Sri Ramakanth Inani & Sri Omprakash Mundada. The scope of the committee includes:-

- a) Overseeing 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 statutory auditors, fixing audit fees and approving payments for any other service.
- c) Reviewing with management 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 Stock Exchange and 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, statutory and internal auditors, and the adequacy of internal control system and recommending improvements to the management.

During the period under review, 2 Audit Committee meetings were held on 30th July, 2002 and 30th January, 2003. 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.

IV. MANAGERIAL REMUNERATION

- a) Remuneration Committee: The Remuneration Committee of the Company is empowered to review the remuneration of whole -time directors, retirement benefits to be paid to them. The Remuneration Committee comprises of Sri Ashok Kumar Kabra (Chairman), Shrigopal Inani & Sri Omprakash Mundada.

During the year under review one Remuneration Committee meeting was held on 30th January, 2003, wherein all the members of the Remuneration Committee were present.

- b) Remuneration Policy: The remuneration of the whole-time directors(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). 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.500/- per meeting of the Board is paid for attendance at the said Board to its members.



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- c) Remuneration to Directors: in respect of the financial year 2002-03, Rs. 1,44,000/- was paid as remuneration to the Managing Director.

Independent Directors:

Name	Sitting fees paid during FY 02-03
Sri C. Shekhar Reddy	2,000
Sri Ashok Kumar Kabra	1,500
Sri Omprakash Mundada	2,000

V. INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee of the Board is empowered to oversee the redressal of 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 comprises of Mr. C. Shekhar Reddy Sri Omprakash Mundada & Sri Vishnukanth Inani. During the year under review 2 Investors' Grievance Committee meetings were held on 30th July, 2002 & 30th January, 2003.

Mr. K. N. Prasad, who is the Compliance Officer can be contacted at:

G-15, Raghava Ratna Towers
5-8-352/14-15, Chirag Ali Lane
HYDERABAD- 500001.

Tel: (040) 23201279/55611520
Fax: (040) 23203747
E-mail: inanis@hd2.dot.net.in/inanis@eth.net

During the year under review only one complaint was received pertaining to issue of duplicate share certificates and the same is being processed.

VI. GENERAL BODY MEETINGS:

Location and time of General Meetings:

Year	Type	Date	Venue	Time
2001 - 2002	AGM	30 th September, 2002	401, Hyderabad Management Association Hall, 4 th Floor,	10.00 A.M
2000 - 2001	AGM	28 th September, 2001	Raghava Ratna Towers, Chirag Ali Lane,	10.00 A.M
1999 - 2000	AGM	30 th September, 2000	Hyderabad - 500 001.	10.30 A.M

VII. OTHER DISCLOSURES:

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with its promoter, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.

The Company has complied with various rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to the capital markets during the last three years.