

**13<sup>th</sup>**

**Annual Report  
2006 - 07**

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**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<sup>nd</sup> Floor,  
Opp. Goshamahal High School,  
Siddiamber Bazar,  
Hyderabad - 500 012.

#### DEMAT & PHYSICAL SHARE REGISTRARS :

Venture Capital & Corporate Investments Limited  
MIG - 167, Bharat Nagar Colony  
Hyderabad - 500 018.  
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](mailto:info@inanisec.in)

### CORPORATE OFFICE

No. 4, Gayatri Chambers, I<sup>st</sup> Floor,  
25/27, V.B. Gandhi Marg,  
Fort, Mumbai.  
E-mail : [bby@inanisec.in](mailto:bby@inanisec.in)

Visit us at : [www.inanisec.in](http://www.inanisec.in)



## NOTICE

NOTICE IS HEREBY GIVEN THAT THE 13<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF **INANI SECURITIES LTD** WILL BE HELD ON **SATURDAY, THE 29<sup>TH</sup> DAY OF SEPTEMBER, 2007** AT 4.00 P.M. AT RAJASTHANI GRADUATES ASSOCIATION HALL, SITUATED AT, 5-4-790/1, FIRST FLOOR, SNATAK BHAVAN, 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 2007 and the Profit & 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. Anand Rameshchandra Chandak, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint Mr. Ramesh Athasniya as an Independent Director in the place of Mr. Amit Surana, who retires by rotation and expressed his inability to continue owing to other pre occupations and to pass the following as an ordinary resolution :  
 "RESOLVED THAT pursuant to the provisions of section 256, 257 and any other applicable provisions of the Companies Act, 1956 and in pursuance of clause 113 of Articles of Association of the Company, Mr. Ramesh Athasniya be and is hereby appointed as an independent Director of the Company subject to retirement by rotation, in the place of Mr. Amit Surana, who expressed his inability to continue, if reappointed."
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. Mr. Amit Surana, the director liable to retire by rotation in the ensuing Annual General Meeting has expressed his inability to continue as Director if reappointed owing to other pre occupations. The Company has received a notice along with the consent and requisite fees, proposing the candidature of Mr. Ramesh Athasniya, a practicing Chartered Accountant as an Independent Director subject to retirement by rotation
3. 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.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **26th September, 2007 to 29th September, 2007** (both days inclusive).
6. 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.
7. Members who hold their shares in dematerialised form are requested to bring their client ID and DP numbers for easy identification while attending the meeting.
8. Pursuant to the directions/notifications Issued by SEBI and depositories, the demat account holders can operate their accounts w.e.f 1st January , 2007 only if they had already provided PAN number either at the time of opening of the account or subsequently, otherwise their demat accounts are liable to be freezed by the depositories, as per the directives of SEBI. In case they have not furnished the PAN number to the DP's, such demat account holders are requested to contact there DP's with a photo copy of PAN card.

Place : Hyderabad

Date : 28-08-2007

By Order of the Board

Sd/-

**SHRIGOPAL INANI**  
CHAIRMAN



## INANI SECURITIES LIMITED

### DETAILS AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

#### ITEM 2:

Mr. Anand Rameshchandra Chandak, who is a MBA Finance from Pune University and has vast experience in the field of Accounts and Finance.

#### ITEM 3

Mr. Ramesh Athasniya, aged about 36 Years is a Practicing Chartered Accountant having more than 10 years of experience in the field of accounts & finance. He is not a Director in any other Company.

### DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual Report of your company on the business operations together with the audited financial accounts for the financial year ended 31<sup>st</sup> March, 2007

### FINANCIAL RESULTS:

The following are the Financial Results of your company for the year ended 31<sup>st</sup> March, 2007.

Particulars	Year ended 31st March 2007 (Rs.in Lakhs)	Year ended 31st March, 2006 (Rs.in Lakhs)
Total Revenue	358.44	301.99
Profit before Intrest, Depreciation&Tax	239.46	167.28
Profit before Depreciation & Tax	208.58	132.50
Profit Before Tax & Expectional Item	181.14	106.16
Less: Prior year Adjustment & Expectional Items	(2.65)	(1.25)
Net Profit Before taxation	178.49	104.91
Provision for Tax		
- Current tax	39.69	37.01
- Deferred Tax	(3.47)	(3.09)
- Fringe Benefit Tax	1.27	1.18
Net Profit	141.00	69.80
Add: Balance brought forward from the last year	211.15	141.35
Profit available for appropriation	352.15	211.15
Proposed Dividend	Nil	Nil
Balance carried to Balance Sheet	352.15	211.15

### REVIEW OF PERFORMANCE:

During the year under review the Net Profit after Tax of your company increased to Rs.141.00 lacs from Rs.69.80 lacs in the previous year. Bullish stock market conditions added to the financial performance of your company and overall growth of the company 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 its operation. Your Directors do not recommend any dividend for the year 2006-07.

**DIRECTORS:**

Mr. Amit Surana, Director retires by rotation at the ensuing Annual General meeting and has expressed his inability to continue as Director due to other pre-occupations. The Board places on record their deep sense of appreciation and gratefully acknowledges the valuable services rendered by him during his tenure in the Company.

The resolution for appointment of Mr. Ramesh Athasniya as an Independent Director in the place of Mr. Amit Surana is being put for your approval in the ensuing Annual General Meeting. The Board is of the view that his knowledge and vast experience in the field of Accounts & Finance will be of immense benefit to the company.

**STATUTORY AUDITORS:**

M/s. G.D. Upadhyay & Co., Chartered Accountants 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 proposes to re-appoint them for another term and will hold office till the conclusion of the next Annual General Meeting.

**LISTING ARRANGEMENT:**

Your Company's shares are listed on

- 1) The Hyderabad Stock Exchange Ltd, (H S E)
- 2) Bombay Stock Exchange Ltd., (B S E)

The listing fees for the year 2007-08 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 engaged in the business of Stock broking, particulars relating to conservation of energy, technology absorption do not apply to the company. There are no FOREX transactions during the year under review.

**B. PARTICULARS OF EMPLOYEES :**

The directors wish to place on record their appreciation for the dedication and efforts of all the employees. The company does not have any employee in the category as specified under 217 (2A) of the Companies Act., 1956.

**CORPORATE GOVERNANCE :**

Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements



## INANI SECURITIES LIMITED

with the Stock Exchanges forms part of this Annual Report. Certificate of the auditors of the Company regarding compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is attached to the report as Annexure.

### DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2007, 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, 2007 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.

Place : Hyderabad

By Order of the Board

Date : 28-08-2007

Sd/-  
SHRIGOPAL INANI  
CHAIRMAN



## CORPORATE GOVERNANCE REPORT

### I. CORPORATE PHILOSOPHY:

The Company's philosophy on 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.

Your Company is committed for adoption of best governance practices, their adherence in true spirit and conduct its affairs in a manner, which is transparent, clear and evident to those having dealings with or having a stake in the company. Company lays strong emphasis on business ethics in all its dealings. In line with the vision and long term business objectives, all major corporate decisions are taken by the company's professional Board in conjunction with a competent management team, keeping in view the best interest of all its stakeholders.

### 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 Company presently has seven Directors, including two (2) Whole-Time Directors.

During the year under review Six Board Meetings were held on 29<sup>th</sup> April, 2006, 31<sup>st</sup> July, 2006, 19<sup>th</sup> August, 2006, 31<sup>st</sup> October, 2006, 31<sup>st</sup> January, 2007 and 5<sup>th</sup> March, 2007. 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 2006-07 Attendance at BM Last AGM		No of Committee Positions Member Chairman		No of Directorships in Other Companies
Mr. Shrigopal Inani	Non-Executive Chairman	5	Yes	1	-	1
Mr. Lakshmikanth Inani	Executive	6	Yes	-	-	2
Mr. Ramakanth Inani	Executive	6	Yes	1	-	1
Mr. Vishnukath Inani	Executive	4	No	1	-	1
Mr. Suresh Janakiram Kabra	Non-Executive Independent	3	Yes	1	1	1
Mr. Anand Rameshchandra Chandak	Non-Executive Independent	5	No	2	1	-
Mr. Amit Surana	Non-Executive Independent	3	Yes	-	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 for 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 comprised of as under :-

Name	Category	No. of Meetings Attended
Mr. Suresh Janakiram Kabra	Chairman	5
Mr. Ramakanth Inani	Member	5
Mr. Anand Rameshchandra Chandak.	Member	5

The scope of the committee includes:-

- review with the management the quarterly, half yearly and annual financial statements before submission to the Board; focusing primarily on
- review with the management the performance of Statutory Auditors, Internal Auditors and the adequacy of Internal control system
- Review the company's accounting policies
- Any changes in accounting policies and practices:
  - reviewing
  - The going concern assumption;
  - Compliance with accounting standards
  - Compliance with Stock Exchanges and legal requirements concerning financial statements;
  - Any related party transactions i.e. transactions of the company of material nature





with promoters or the management or their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large;

- reviewing the adequacy of the internal audit function, discussion with the internal auditors any significant findings and followup thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with the external auditors before the audit commence, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- reviewing the company's financial and risk management policies;

During the period under review, five Audit Committee meetings were held on 29th April 2006, 31st July, 2006, 19th August 2006, 31st October 2006 and 31st January 2007. 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 personal 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 comprised of

Name	Category	No. of Meetings Held	No. of Meetings Attended
Mr. Anand Rameshchandra Chandak	Chairman	1	1
Mr. Shrigopal Inani	Member	1	1
Mr. Suresh Janakiram Kabra	Member	1	1

During the year under review one meeting of remuneration Committee was held on 31st July, 2006.

- 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



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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.2500/- per meeting of the Board is paid for attendance at the said Board to its members. No Sitting Fees shall be paid for attending the Committee Meetings.

- c) **Remuneration to Directors** : In respect of the financial year 2006-07 a sum of Rs.8,10,000/-, was paid as remuneration to the Managing Director and Whole time directors.

### INDEPENDENT DIRECTORS :

Name	Sitting fees paid during FY 06-07 Amount in Rupees
Mr. Shrigopal Inani	Rs. 12,500/-
Mr. Suresh Janakiram Kabra	Rs. 7,500/-
Mr. Amit Surana	Rs. 7,500/-
Mr. Anand Rameshchandra Chandak	Rs. 12,500/-

### 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. During the Year 2006-07 Investors' Grievance Committee Comprised of

Name of Director	Category	No. of Meeting Attended
Mr. Amit Surana	Chairman	2
Mr. Anand Rameshchandra Chandak	Member	2
Mr. Vishnukanth Inani	Member	2

During the year under review two meetings of Investors' Grievance Committee were held on 29<sup>th</sup> April, 2006 & 31<sup>st</sup> January 2007.

### IX. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Vijay Kumar Pathak, Officer Secratarial Department.

### X. GENERAL BODY MEETINGS :

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