



CIL Securities Ltd

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10th ANNUAL REPORT

1998 - 99 **CERTIFIED TRUE COPY**
For CIL SECURITIES LTD.


President

Board of Directors**Chairman & Managing Director**

Shri R.K.Maheshwari

Wholetime Director

Shri K.K.Maheshwari

Directors

Shri M.P.Murthy
Smt. Pramila Maheshwari
Shri S.M.Agarwal
Shri V.B.Purnaiah
Shri R.N.Joshi
Shri S.N. Kanchal

Auditors

Messrs. Ramkishore Jhawar
and Associates,
Chartered Accountants
14-6-196, Nagar Khana,
Begum Bazar, Hyderabad.

Solicitor

Shri K.K.Waghray
'Kushal',
H.No.6-3-1186/A/4/A
Behind Hotel Blue Moon,
Begumpet, Hyderabad.

Bankers

Canara Bank
ANZ Grindlays Bank
Global Trust Bank Ltd

Registered Office

214,Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.

Corporate Office

130-132, Room No. 20,
II Floor, Great Western Building,
Opp. Lions Gate, Fort,
Mumbai - 400 023.

CIL SECURITIES LIMITED**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Members of CIL Securities Limited will be held on Saturday the 25th day of September, 1999 at Surana Udyog Auditorium, The Federation of A.P.Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 at 11.00 A.M. to transact with or without modifications, as may be permissible, the following business as :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended as on that date, together with the Board of Directors and Auditors' Report thereon.
- 2) To appoint Director in place of Sri S.M.Agarwal who retires by rotation and being eligible, offers himself for reappointment.
- 3) To appoint Director in place of Sri Ram Nivas Joshi who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

SPECIAL RESOLUTION :

"Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Article of Association of the Company be and are hereby altered as follows :

- (i) The following Article No. 12A be inserted after the existing Article No. 12 in the Articles of Association of the Company

Buy-back of Shares :

12A. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy back such of the Company's own Shares or Securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted under the law.

- (ii) The following Article No. 18A be inserted after the existing Article No. 18 in the Articles of Association of the Company.

Dematerialisation of Securities :

18A. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Securities and to offer Securities in a dematerialised form pursuant to the Depositories Act, 1996.

2. For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name(s) is/are recorded as such with a Depository.

'SEBI' means the Securities and Exchange Board of India.

'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a Certificate of registration to act as a Depository under the Securities and Exchange Board of India Act, 1992 and

'Security' means such security as may be specified by SEBI from time to time.

3. Every person subscribing to security offered by the Company shall have the option to receive security certificates or to hold the security in a dematerialised form with a depository. Such a person who is the beneficial owner of the security can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act and Rules, if any, prescribed thereunder and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

4. All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- 5 (a) Notwithstanding anything to the contrary

CIL SECURITIES LIMITED

contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting the transfer of ownership of security on behalf of the beneficial owner.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
6. Notwithstanding anything contained in the Act of these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
7. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
8. Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a dematerialised form with a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.
9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issued by the Company shall apply to securities held with a depository.
10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security Holders for the purpose of these Articles.
11. Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996, relating to dematerialisation of securities, (including any modification or re-enactment thereof and Rules/

Regulations made thereunder) shall prevail and apply accordingly.

- (iii) The following Article No.54A be inserted after the existing Article No.54 in Articles of Association of the Company:

54A. Nomination :

1. Every holder of Shares of the Company may, at any time, nominate, in the prescribed manner, a person to whom his Shares of the Company shall vest in the event of his/her death.
2. Where the Shares the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Shares of the Company shall vest in the event of death of all the joint holders.
3. Where a nomination is made in the prescribed manner to confer on any person the right to vest the Shares of the Company, the nominee shall, on the death of the shareholder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares of the Company, all the joint holders, in relation to such Shares of the Company to the exclusion of all other person, unless the nomination is varied or cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the Shares, to make the nomination to appoint in the prescribed manner any person to become entitled to Shares of the Company, in the event of his/her death, during the minority.

- (iv) The following Article No.54B be inserted after the existing Article No.54 in the Articles of Association of the Company.

54B. Transmission of Securities :

- (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :
 - (a) to register himself/herself as holder of the Share
 - (b) to make such transfer of the Share as the deceased Shareholder could have made.
- (2) If the nominee elects to be registered as holder of the share himself/herself, he/she shall deliver or send to the Company a Notice in writing signed by him/her

CIL SECURITIES LIMITED

stating that he/she so elects and such Notice shall be accompanied with the death certificate of the deceased shareholder.

- (3) A nominee shall be entitled to the same dividends and other advantages to which he/she would be entitled, if he/she were the registered holder of the share. Provided that he/she shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give Notice requiring the nominee to elect either to be registered himself/ herself or to transfer the share and if the Notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the Notice have been complied with.

Registered Office : By Order of the Board
214, Raghava Ratna Towers, for CIL SECURITIES LIMITED
Chirag Ali Lane
Hyderabad - 500 001.

Place : Hyderabad R.K.MAHESHWARI
Date : May 31, 1999. MANAGING DIRECTOR

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 the Proxy need not be a Member. Proxy Form, in order to be effective, can be deposited on any day during business hours at Registered Office of the Company at 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001, but not less than 48 hours before the commencement of the Meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1999 to 25th September, 1999 (Both days inclusive).
- 3) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item No.5 set out above is annexed hereto.
- 4) The Members desirous of any information on the accounts are requested to write to the Company atleast a week before the Meeting so as to enable the

Management to keep the information ready and replies will be provided only at the Meeting.

- 5) The Members attending the Meeting are requested to bring the enclosed Attendance Slip and deliver the same at the entrance of the Meeting Hall. Admission at the Annual General Meeting venue will be allowed only on producing the attendance slip duly signed.
- 6) Duplicate attendance slips shall not be issued at the Annual General Meeting venue. However the same shall be issued at the Registered Office of the Company upto two days preceding the day of the Annual General Meeting.
- 7) Shareholders are requested to intimate the change of address if any, by quoting the Folio Number.
- 8) Shareholders are requested to bring their copy of the Annual Report at the Meeting.

EXPLANATORY STATEMENT AS REQUIRED U/S 173 OF THE COMPANIES ACT 1956

As required by Section 173 of the Companies Act 1956 the explanatory statement sets out all material facts convening the Special Business referred to in Item No.5 of the accompanying Notice dated 31st May, 1999.

Item No.5 :

It is proposed to insert the new Article No.12A after Article No.12 as set out in the resolution at Item No.5(ii) enabling the Company to purchase any of its own Shares or Securities as proposed in the resolution. As per Section 77A & 77B of the Companies Act 1956 as amended by the Companies (Amendment) Act, 1999 the Company is now permitted to buy back its own Shares. Article No.12A is being inserted to have enabling provisions in the Articles of Association for buy back of Shares or Securities by the Company. Therefore the Board of Directors recommend the resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

- (ii) On introduction of the Depository Act, 1996 the depository system, some of the provisions of the act relating to the issue holding the transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of the Company.

CIL SECURITIES LIMITED

Hence to take necessary action in the matter it is necessary to amend the Article of Association. Article No.18A is being inserted to have enabling provisions in the Article of Association for joining the depository system by the Company as and when necessary. Therefore the Board of Directors recommend the resolution for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

(iii & iv) Section 109A & 109B have been newly introduced in the Companies Act, 1956 vide the Company (Amendment) Act, 1999. Pursuant to the aforesaid provision it is proposed to amend the Company's Articles of the Association in order that the Articles of Association would be in conformity with the relevant provision of the Companies Act, 1956. In the said Section the holder of the shares have been given an option to nominate the person to whom the rights to the holders of the shares will vest in the event of his/her death. It would be beneficial for the shareholder if such a nomination clause is included in the Articles of the Association of the Company. It has therefore become necessary to alter the Articles of Association of the Company as proposed in the resolution set out at Item No.5(iii) & (iv).

None of the Directors of the Company is concerned or interested in the resolution.

A copy of the existing Memorandum & Articles of Association of the Company is available for inspection by the members at the Registered Office of the Company.

Registered Office : By Order of the Board
214, Raghava Ratna Towers, for CIL SECURITIES LIMITED
Chirag Ali Lane
Hyderabad - 500 001.

Place : Hyderabad R.K.MAHESHWARI
Date : May 31, 1999. MANAGING DIRECTOR

DIRECTORS' REPORT

To the Members of CIL Securities Limited,

Your Directors presents the Tenth Annual Report of the Company together with Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

PARTICULARS	(Rs. in Lacs)	
	YEAR ENDED 31.03.1999	YEAR ENDED 31.03.1998
Operating Income	197.04	170.07
Profit Before Depreciation & Tax	30.37	19.10
Depreciation	14.84	14.26
Provision for Tax	2.42	0.32
Profit After Tax	13.11	4.52
Balance of Profit & Loss A/c b/f from previous year	28.82	24.30
Profit available for appropriations	41.93	28.82
Surplus carried to Balance Sheet	41.93	28.82

During the year 1998-99 the company recorded an aggregate income of Rs.197.04 lacs as against the operational income of 170.07 lacs for the year 1997-98. Consequently the profit before tax for the year 1998-99 is Rs.15.53 lacs against Rs.4.84 lacs of the previous year.

CURRENT OUTLOOK :

The sluggishness in the Capital Market which was witnessed during the previous years is now changing for the better. The Agricultural production has increased considerably and better signs of revival in the demand for the commodity sector is also expected. For the Current Year, rainfall is also expected to be normal. Collectivity these all favourable factors will not only bring activity in the Capital Market but will also boost confidence of the market.

Secondary market is now witnessing some activity but primary market is yet to pick up and is likely that it may take some time to become more active as a result Merchant Banking Division has not been able to perform as expected.

CIL SECURITIES LIMITED

In order to enhance broking activities, Company has opened its new Trading Work Station at Tanuku (AP), and is planning to open some more working stations during the year.

DIVERSIFICATION :

With the increase in the trading volumes of Shares & Securities in the Demat Form, your company envisaged a good opportunity in providing Depository Participant Service to the constituent. Your Company has already applied with Central Depository Services Limited, Mumbai for acting as Depository Participant. Your Directors are reasonably hopeful to have good opportunity with aggressive marketing strategies and customer oriented service team to develop good rapport in the field.

DIVIDENDS :

In view of marginal profits and considering requirements of funds for widening the network and to strengthen the financial position of the Company your Directors with regret express their inability to recommend any dividend for the year. Your Directors are hopeful to achieve better financial results during the current year.

DIRECTORS :

In accordance with the provisions of Section 255 of the Companies Act, 1956 and Article 100 of the Articles of Association of the Company, Sri S.M. Agarwal and Sri Ram Nivas Joshi retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Sri Ramesh Bhuraria has resigned from the Office of Director of the Company with effect from the close of 10th November, 1998 owing to his pre-occupations. Your Directors place on record its appreciation for valuable services rendered by Sri Ramesh Bhuraria during his tenure as Director.

SUBSIDIARY COMPANIES :

The Annual Reports together with the Audited Accounts of M/s CIL Financial Services Limited and M/s CIL Industries Limited, for the year ended 31st March, 1999 are annexed hereto.

A Statement as required under section 212(3) of the Companies Act, 1956 in respect of "CIL Financial Services Limited" and "CIL Industries Limited", subsidiaries of your Company are annexed hereto.

AUDITORS :

M/s. Ramkishore Jhavar & Associates, Auditors of the Company hold Office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956. Accordingly, the said Auditors can be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Notes to the Accounts referred to in the Auditors Report are self explanatory and, therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

Y2K COMPLIANCE :

The Company has taken due steps to assure/secure Y2k Compliance of the Data Processing Systems and Applications. Replacement/Upgradation of a few systems for Y2K compliance as necessary is expected to be completed by September, 1999. The estimated cost of Y2K Compliance is not expected to be significant.

LISTING ARRANGEMENTS :

Company's Securities are listed with Madras Stock Exchange, Mumbai Stock Exchange and Hyderabad Stock Exchange. Annual Listing Fee to the Stock Exchanges have been paid upto date.

PUBLIC DEPOSITS :

During the year under review the Company has not accepted any public deposits.

PARTICULARS OF EMPLOYEES :

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, none of the employees of the Company have been paid remuneration exceeding Rs.6.00 lac per annum or part thereof.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, INFORMATION UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 :

Your Company has no activity relating to conservation of energy and technology absorption. During the year under review, the Company does not have any Foreign Exchange earnings or outgo.

CIL SECURITIES LIMITED**PROJECTIONS Vs. PERFORMANCE :**

As per Clause 43 of the Listing Agreement entered into with the Stock Exchanges a comparison of the projections furnished in the prospectus dated 24th March, 1995 in connection with the Public issue of equity shares for Rs.3.00 Crores versus the performance for the current period are as under :

(Rs. in Lacs)		
Particulars	Projections for 1998-99	Performance for 1998-99
Total Income	446.00	197.04
Profit After Tax	211.41	13.11

The Company could not achieve the projected targets mainly due to continued recession in both Primary and Secondary Markets and heavy squeeze in the margins on broking operations.

ACKNOWLEDGEMENTS :

Your Directors place on record their appreciation for continued support from the bankers and shareholders of the company. They also place on record their appreciation for the services rendered by the employees at all level.

for and on behalf of the Board

PLACE : HYDERABAD

R. K. MAHESHWARI

DATE : MAY 31, 1999

MANAGING DIRECTOR

AUDIT REPORT

To,
The Members of
CIL Securities Limited,

We have audited the attached Balance Sheet of M/s CIL Securities Limited as at 31st March, 1999 and Profit and Loss Account for the year ended as on that date and Report that :

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the Audit.
- b) In our opinion proper books of Account, as required by law have been kept by the company so far as it appears from the examination of such books.
- c) The Balance Sheet dealt with by this report is in agreement with the books of account.
- d) As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order wherever applicable.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with and subject to the notes thereon, given the information required by the Companies Act, 1956, in the manner so required and give a true and fair view -
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended as on that date.

for RAMKISHORE JHAWAR & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD

RAMKISHORE JHAWAR

DATE : MAY 31, 1999

PROPRIETOR

CIL SECURITIES LIMITED**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph (d) of our Report of even date.

01. The Company has maintained Proper records showing full particulars including quantitative details of Fixed Assets. All the Fixed Assets have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable. To best of our knowledge, no material discrepancies have been noticed on verification.
02. None of the Fixed Assets have been revalued during the year.
03. The Company has not taken any loans, secured or unsecured, from the Companies, Firms or Other Parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and or from the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
04. The Company has given advances, secured or unsecured, to the Companies, Firms or Other Parties listed in the Register maintained under Section 301 and / or to the Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956, the terms and conditions of which prima facie are not prejudicial to the interest of the Company.
05. The parties and employees to whom loans and advances in the nature of loans, and interest wherever applicable given by the Company, are repaying the principle as stipulated and in our opinion, the terms and conditions of which prima facie are not prejudicial to the interest of the Company.
06. In our opinion and according to the information given to us, there are adequate Internal Control procedures commensurate with the size of the Company and nature of its business with regard to purchase of equipment and other assets.
07. The Company has not accepted any deposits from the public during the year.
08. The company has no formal Internal Audit System.
09. According to the informations and explanations given to us, the Provisions of the Employees State Insurance Act and the Provident Fund Act are not applicable to this Company.
10. According to the information and explanations given to us, no disputed amounts payable in respect of Income Tax, are outstanding as on 31st March, 1999 for a period more than six months from the date they become payable.
11. According to the information and explanations given to us, and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
12. The Company has maintained adequate records to show full particulars of the transactions and contracts entered into in respect of dealings and trading in shares, securities and other investments and the same are held by the Company in its own name excepting those which are in the process of transfer.
13. Item No. 4A (iii) (iv) (v) (vi) (xi) (xii) (xiv) (xvi) (xx) and 4D (ii) (iii) are not applicable.

for RAMKISHORE JHAWAR & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD
DATE : MAY 31, 1999

RAMKISHORE JHAWAR
PROPRIETOR