

CIL Securities Limited



ANNUAL REPORT

2000 - 2001

BOARD OF DIRECTORS

Shri R.K.Maheshwari, Chairman & Managing Director
Shri K.K.Maheshwari, Joint Managing Director
Shri M.P.Murthy
Shri S.N.Kanchal
Smt Pramila Maheshwari
Shri S.M.Agarwal
Shri V.B.Purnaiah
Shri R.N.Joshi

AUDITORS

M/s Ramkishore Jhavar & Associates,
Chartered Accountants
14-6-196, Nagar Khana,
Begumbazar, Hyderabad – 500 012

SOLICITORS

K.Balakrishna & Associates
No. 1-1-336/10,
Chikkadpally,
Hyderabad – 500 020

PRINCIPAL BANKER

Canara Bank

REGISTERED OFFICE

214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.
Corporate Site: www.cilsecurities.com
Email address: advisors@cilsecurities.com

CORPORATE OFFICE

130-132, Room No. 20,
II Floor, Great Western Building,
Opp. Lions Gate, Fort,
Mumbai - 400 023.
Email address: cils@bom5.vsnl.net.in.

**REGISTRARS & SHARE
TRANSFERS**

208, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.
Email address: advisors@cilsecurities.com

Notice

Notice is hereby given that the Twelfth Annual General Meeting of the Members of CIL Securities Limited will be held on Saturday the 29th day of September, 2001 at HMA Conference Hall, # 401, IV Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500001 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 2001 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 declare dividend on the Equity Shares for the year ended 31st March, 2001.
3. To appoint Director in place of Sri S.N.Kanchal who retires by rotation and being eligible, offers himself for reappointment;
4. To appoint Director in place of Smt Pramila Maheshwari who retires by rotation and being eligible, offers herself for reappointment;
5. 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.

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 working day during business hours at Registered Office of the Company at 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500001, 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 Wednesday the 19th day of September, 2001 to Saturday, the 29th day of September, 2001 (Both days inclusive).
3. 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.
4. 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.
5. Shareholders are requested to intimate the change of address if any, by quoting the Folio Number.

Registered Office: **By Order of the Board of Directors**
 214, Raghava Ratna Towers, **for CIL Securities Limited**
 Chirag Ali Lane,
 Hyderabad - 500 001

Place: Hyderabad
 Date: June 30, 2001

R.K.Maheshwari
Managing Director

DIRECTORS' REPORT**To the Members**

Your Directors are pleased to present their Annual Report on the business and operations together with Audited Financial Accounts for the financial year April 1, 2000 to 31st March, 2001.

FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year Ended 31-03-2001	Year Ended 31-03-2000
Total Revenue	669.57	578.33
Profit Before Interest, Depreciation and Tax	283.60	232.55
Profit Before Depreciation and Tax	280.76	228.32
Less: Depreciation	28.02	17.39
Profit Before Tax	252.74	210.93
Less: Provision for Tax	67.96	58.33
Profit After Taxes	184.78	152.60
Add: Balance brought forward from last year	58.54	41.94
Profit available for Appropriation	243.32	194.54
Appropriations:		
Proposed Equity Dividend	50.00	50.00
Tax on Dividend	5.10	11.00
Transfer to General Reserve	56.00	75.00
Balance Carried Forward to Balance Sheet	132.22	58.54
Total Appropriations	243.32	194.54

RESULTS OF OPERATIONS**2.1 Revenues**

Your Company has completed yet another successful year of operations as a focussed financial services provider. Total Revenues for the year ended March 31, 2001 grew by 16 % to Rs.669.57 Lacs over the previous reporting year of Rs.578.33 Lacs.

2.2 Profits

Profit before taxes for the fiscal year 2000-01 grew by 20 % to Rs.252.74 Lacs as compared to the previous reporting year. The Profit after Tax for the fiscal year was Rs.184.78 Lacs as against Rs. 152.60 Lacs of the previous fiscal year.

2.3 Dividend

The Board of Directors is pleased to recommend the payment of a dividend of Rs.1.00 per Equity Share of Rs.10/- each (10%). The dividend will absorb a sum of Rs.55.10 Lacs including tax on dividend.

CURRENT OUTLOOK

3.1 During the year under review, the Indian Capital Market has witnessed many ups and downs with the rise and fall of Information

Technology, Communications and Entertainment (ICE) Sector, dotcom burst, financial scams and overall global slowdown. These factors created volatility in the capital market thereby creating confusion and fear in the mind of general investors. As such, though the year started with a good beginning and despite positive support received by the capital market in the Finance Budget the momentum could not be maintained. The Regulatory Authorities in a move to curb volatility and with a view to control the situation have introduced Index Based Futures & Options Trading Mechanism which has brought Indian Capital Market on par with other International Markets. In view of the new Trading Mechanism the public and stock broking community may take some time to acquaint with the system and it is expected that the capital market will get momentum and expect fair days are ahead.

3.2 Your Company has established a strong foundation with a range of Capital Market related services being offered, strong management team and a value based organisation culture. The company has already made applications for obtaining the membership of the NSEIL for Derivatives Segment and to NSDL for starting Depository Participant Services. The Company has further established its presence by opening Trading Stations at Amritsar, Bhadrachalam, Machilipatna and Vizianagaram during the fiscal year 2000-01 and few more trading stations are being contemplated in the near future. Your Company is positioned for long-term success and is continuing to invest in developing infrastructure, technology and people with cautious optimism.

3.3 In the matter of Turnover Fee payable by Stock Brokers to SEBI, the quantum of liability still uncertain in view of different legal opinions.

4. 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.N.Kanchal and Smt Pramila Maheshwari retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

5. SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the Audited statements of Accounts along with the Report of the Board of Directors relating to the Company's Subsidiaries, M/s CIL Financial Services Limited and M/s CIL Industries Limited and the respective Auditors' Report thereon for the year ended 31st March, 2001 are annexed hereto.

A Statement as required under section 212(3) of the Companies Act, 1956 in respect of subsidiaries of your Company is annexed hereto.

6. STATUTORY AUDITORS

M/s. Ramkishore Jhawar & Associates, Statutory Auditors of the Com-

pany 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.

7. LISTING ARRANGEMENTS

The Company's shares are listed in the following Stock Exchanges:

1. The Madras Stock Exchange, Chennai
2. The Stock Exchange, Mumbai and
3. The Hyderabad Stock Exchange Limited, Hyderabad.

The Company has paid up to date annual listing fees of all the above mentioned Stock Exchanges.

8. PUBLIC DEPOSITS

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

9. INSURANCE

Adequate Insurance cover has been taken for properties of the Company including Buildings, Computers, Office Equipments, Vehicles, etc.

STATUTORY INFORMATION

- A) Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, Information under section 217(1)(E) of the Companies Act, 1956.**

The company uses electric energy for its equipments such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken for economic consumption and to conserve the same. Technologically updated UPS Systems have also been installed for service support.

During the year under review, the Company does not have any Foreign Exchange earnings or outgo.

- B) Particulars of Employees**

A Statement providing particulars of the employees remuneration in accordance with section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is attached with this Report vide Annexure - A.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable

accounting standards have been followed along with proper explanation relating to material departures;

- (ii) appropriate Accounting Policies have been selected and applied consistently, and have 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 as at March 31, 2001 and of the profit of the 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 the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis.

12. CORPORATE GOVERNANCE

Pursuant to the provisions of revised Listing Agreement with Stock Exchanges, it would now be necessary for your company to publish its tenets of the Corporate Governance. The said provisions are applicable to your company only from March, 2003 but however, in the interest of Corporate transparency, your company has already initiated and taken steps to put the system in place. Your Company would comply with all mandatory requirements in respect of Corporate Governance, well ahead in time.

13. DEPOSITORY SYSTEM

The Company's shares are available for trading in depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

As on June 30, 2001, a total of 4248295 shares of the Company, which forms 85 % of the share capital of the company, stand dematerialised. SEBI has directed that all companies, whose shares are being traded compulsorily in dematerialised form by all investors, should provide for transfer and dematerialisation of securities simultaneously. The company has already implemented this facility for the benefit of the shareholders.

14. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and acknowledge with gratitude the continued support and co-operation extended by the investors, clients, business associates and bankers and look forward for their continued support. Your Directors also place on record its appreciation for the services rendered by the employees at all levels.

For and on behalf of the Board
CIL SECURITIES LIMITED

Place: Hyderabad
Date : June 30, 2001

R.K.Maheshwari
Managing Director

ANNEXURE "A" TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2001

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) rules, 1975 and forming part of the report of the Board of Directors. Particulars of persons employed who were in receipt of remuneration at the rate of which in aggregate was not less than Rs. 12,00,000 per year where employed throughout the Financial Year 2000-2001, or Rs. 1,00,000 per month, where employed for part of the year.

Sl. No.	Name	Age	Designation / Nature of Duties	Remuneration received (Rs.)	Qualification	Date of Commencement of Employment	Experience (Years)	Last Employment Held Name of Company	Held Designation
1.	R.K.MAHESHWARI	68	CHAIRMAN & MANAGING DIRECTOR	13,75,013	B.A., B.COM	01-04-1996	48	BHARAT BERG LIMITED	EXECUTIVE DIRECTOR
2.	K.K.MAHESHWARI	39	JOINT MANAGING DIRECTOR	13,75,013	B.COM	01-04-1998	18	K.K.ENTERPRISES	PROPRIETOR

NOTES:

1. Remuneration includes salary, House Rent Allowance, Reimbursement of Medical Expenses, Computed value of perquisites, Leave Travel Concession, Membership Fees to Clubs as may be applicable.
2. The Employment is contractual in nature and is Governed by the provisions of Section 269 read with schedule XIII of the Companies Act, 1956.
3. Sri. R.K. Maheshwari, Chairman & Managing Director, Sri K.K. Maheshwari, Joint Managing Director and Smt. Pramila Maheshwari, Directors of the Company are related to each other.
4. Sri K.K. Maheshwari is one of the promoter Director of the Company.

**For and on behalf of the Board
For CIL Securities**

Place : Hyderabad
Date : June 30, 2001

**(R.K.Maheshwari)
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, 2001 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 and regulatory authorities 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) The Profit and Loss account and the Balance sheet dealt with by this report comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in sub section (3C) of Section 211 of the Act, to the extent applicable.

- f) Based on representations made by all the Directors of the Company and the information and explanations as made available, Directors of the Company do not prima facie have any disqualifications as referred to in clause (g) of sub-section (1) to section 274 of the Act.
- g) 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, 2001.
 - b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

for **RAMKISHORE JHAWAR & ASSOCIATES**
Chartered Accountants

Place : Hyderabad
Date : June 30, 2001

RAMKISHORE JHAWAR
Proprietor

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. According to the information and explanations given to us, the transactions for purchase of goods and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods and services or the price at which such transactions for similar goods, and services have been made with other parties.
08. The Company has not accepted any deposits from the public during the year.
09. The company has no formal Internal Audit System.
10. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities. However, we are given to understand that the provisions of ESI Act, is not applicable to the Company.
11. According to the information and explanations given to us no disputed amounts payable in respect of Income Tax, are outstanding as on 31st March, 2001 for a period more than six months from the date they become payable.
12. 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.
13. 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.
14. 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 : June 30, 2001

RAMKISHORE JHAWAR
Proprietor

BALANCE SHEET AS AT 31st MARCH, 2001

PARTICULARS	SCHEDULE	AS AT 31.03.2001 RS.	AS AT 31.03.2000 RS.
SOURCES OF FUNDS :			
Shareholders Funds:			
Share Capital	A	50000000	50000000
Reserves & Surplus	B	26350204	13381796
		76350204	63381796
Loan Funds	C	0	733098
Total :		76350204	64114894
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	D	23061103	18509838
Less: Depreciation		8987141	6628804
		14073962	11881034
Investments	E	35249474	28990277
Current Assets Loans & Advances	F	84980848	72230763
Less: Current Liabilities & Provisions	G	58988636	50280627
Net Current Assets		25992212	21950136
Misc. Expenses	H	1034556	1293447
Total :		76350204	64114894
Notes forming part of the Accounts	M		

Accounting Policies and Schedules
A 'to' M form an integral part
of the Accounts.

Vide our report of even dated

For & on behalf of the Board of Directors

for Ram Kishore Jhawar & Associates
Chartered Accountants

R.K. Maheshwari
K.K. Maheshwari

Chairman & Managing Director
Jt. Managing Director

Ram Kishore Jhawar
Proprietor

M.P. Murthy
S.N. Kanchal

Director
Director

Place : Hyderabad
Date : June 30, 2001

Smt. Pramila Maheshwari
V.B. Purnaiah

Director
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2001

PARTICULARS	SCHEDULE	AS AT 31.03.2001 RS.	AS AT 31.03.2000 RS.
INCOME :			
Securities Dealings & Broking		52908965	48008910
Investment Banking		6368152	6698184
Interest		1459976	615541
Merchant Banking/Consultancy Fee		1864000	1651937
Registrar & Share Transfer Fee		1928028	51350
Demat / Depository Fee		2033675	759963
Other Income	I	394221	46628
		66957017	57832513
EXPENDITURE			
Employees Emoluments	J	5674760	2526178
Administrative and Other Expenses	K	32922143	32051099
Interest	L	283745	423480
Depreciation	D	2801559	1738860
		41682207	36739617
Profit before Tax		25274810	21092896
Less: Provision for Taxation		6796402	5832943
Profit after Tax		18478408	15259953
Add : Balance from Previous Year		5853796	4193843
Available for Appropriation		24332204	19453796
Less :Proposed Dividend		5000000	5000000
Tax on Distributed Profits		510000	1100000
Transfer to General Reserve		5600000	7500000
Balance Carried Balance Sheet		13222204	5853796
		24332204	19453796

Notes forming part of the Accounts
Accounting Policies and Schedules
A 'to' M form an integral part
of the Accounts.

M

Vide our report of even dated

For & on behalf of the Board of Directors

for Ram Kishore Jhavar & Associates
Chartered Accountants

R.K. Maheshwari
K.K. Maheshwari

Chairman & Managing Director
Jt. Managing Director

Ram Kishore Jhavar
Proprietor

M.P. Murthy
S.N. Kanchal

Director
Director

Place : Hyderabad

Smt. Pramila Maheshwari

Director

Date : June 30, 2001

V.B. Purnaiah

Director