

# **CIL Securities Limited**



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**ANNUAL REPORT**

**2002-03**

**BOARD OF DIRECTORS**

Shri R.K.Maheshwari, Chairman & Managing Director  
Shri K.K.Maheshwari, Joint Managing Director  
Shri Piyush Modi, Executive Director  
Shri M.P.Murthy  
Shri S.N.Kanchal  
Smt Pramila Maheshwari  
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](http://www.cilsecurities.com)  
Email address: [advisors@cilsecurities.com](mailto: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](mailto:cils@bom5.vsnl.net.in).

**REGISTRARS & SHARE  
TRANSFERS**

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

**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of CIL Securities Limited will be held on **Tuesday the 30<sup>th</sup> day of September, 2003** at Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6-841, Red Hills, Hyderabad – 500 004 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31<sup>st</sup> March, 2003 and the Profit & Loss account for the year ended as on that date, along with the report of Directors, Corporate Governance and Auditors thereon.
2. To appoint a Director in place of Sri M.P Murthy, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri V.B Purnaiah, 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**

“RESOLVED THAT Sri Piyush Modi, who has been appointed as an Additional Director w.e.f 31<sup>st</sup> January 2003 and as Executive Director w.e.f 1<sup>st</sup> April 2003 at the Board meeting held on 31<sup>st</sup> January 2003 and who in terms of Section 260 of the Companies Act 1956 read with Article 92 of Articles of Association of the Company holds such office up to this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his

candidature for the office of Director along with requisite deposit be and is hereby appointed as a Director of the Company”

RESOLVED FURTHER THAT subject to the provisions of section 198,269,309,310,316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approval as may be required, the company hereby accords its approval for the appointment of Sri Piyush Modi as the Executive Director of the Company for a period of Five years retrospectively from 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2008 on the terms and conditions including the remuneration and perquisites as set out in the agreement dated 31<sup>st</sup> January 2003 entered in to between the Company and Sri Piyush Modi (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions in the said agreement as the Board of Directors may consider necessary within the over all limits as specified in Schedule XIII of the Companies Act , 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations framed there under.”

6. To consider, and if thought fit to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

“RESOLVED THAT subject to the provisions of section 198,269,309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act,1956 and subject to such other approval as may be required, the company hereby accords its approval for the re-appointment of Sri Krishna Kumar Maheshwari as the Joint Managing Director of the Company for a further period of Five years retrospectively from 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2008 on the terms and conditions including the remuneration and perquisites as set out in the agreement dated 31<sup>st</sup> January 2003 entered in to between the Company and Sri Krishna Kumar Maheshwari (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions in the said agreement as the Board of Directors may consider necessary within the over all limits as specified in Schedule XIII of the Companies Act , 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations framed there under.”

7. To consider, and if thought fit to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

"RESOLVED THAT the Equity Shares of the Company be delisted from The Hyderabad Stock Exchange Limited in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modification(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary for compliance with such conditions and modifications as may be necessary for this purpose.

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting and to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose to delegate the authority and the duty vested in it by virtue hereof to the Managing Director or the Joint Managing Director or any other person whom the Managing Director / Joint Managing Director may consider suitable to do the various acts, deeds and things required to be done in this behalf."

**NOTES:**

- 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 valid should be deposited at the Registered Office of the Company, atleast forty-eight hours before the Annual General Meeting.

- The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 24<sup>th</sup> September 2003 to Tuesday, 30<sup>th</sup> September 2003** (both days inclusive).
- Members are requested to keep the Company immediately informed of any change in their respective mailing addresses.
- The Members desirous of any information on the accounts are requested to write to the company at least 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.
- 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 Annual General Meeting.

By Order of the Board of Directors  
CIL SECURITIES LIMITED

**R.K.MAHESHWARI**  
**CHAIRMAN & MANAGING DIRECTOR**

**Registered Office:**

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

Place: Hyderabad

Date: 30<sup>th</sup> June, 2003

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

**ITEM 2**

Sri M.P. Murthy is a B.A., M.Sc., M.S (Eng). He is a Management Consultant having more than four decades of experience in all the areas of Management. He retired as Managing Director of Union Carbide, Ceylone. He is also a recipient of Shiromani Award 1993, International Business Excellence Award 1993 and Vikas Jyothi Award 1993. He is Chairman of Vybra Automet Ltd. and also Managing Director of Satavahana Industrial & Management Consultants (P) Ltd.

He is also holding directorship in the following companies

- 1) Sri Rayalaseema Alkalies & Allied Chemicals Ltd.
- 2) Reliance Cellulose Products Ltd.
- 3) Novopan Industries Ltd.

**ITEM 3**

Sri V.B. Purnaiah is a B.A, M.B.A. He has experience of more than three decades as Chief Executive in Andhra Sugars Ltd. He is a Director in Nova Finance & Leasing Ltd.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND DETAILS AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**ITEM 5**

Sri Piyush Modi has been appointed as an Additional Director w.e.f 31<sup>st</sup> January 2003 and as Executive Director w.e.f 1<sup>st</sup> April 2003 at the Board meeting held on 31<sup>st</sup> January 2003 and who in terms of Section 260 of the Companies Act, 1956 read with Article 92 of Articles of Association of the Company holds such office up to this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director along with requisite deposit.

Sri Piyush Modi is a Commerce Graduate. He is having an experience of more than eight years as a Stock Broker of Uttar Pradesh Stock Exchange Association Limited, Kanpur and about five Years as Managing Director of M/s Piyush Stock Broking Service Private Limited, a member of Uttar Pradesh Stock Exchange Association Limited, Kanpur. He is also holding Directorship in M/s Piyush Crefinvest Private Limited and M/s Jhansi Plastics Private Limited.

Considering Sri Piyush Modi's enrich experience of the Capital Market, his appointment is in the best interest of Company.

The terms of the agreement are as follows:-

1. Consolidated Salary @ Rs.35,000/- (Rupees Thirty Five Thousand only) per month or such higher amount as may be approved by the Board from time to time.
2. Perquisites: Perquisites will be allowed in addition to salary restricted to an amount equal to the annual salary.

Unless the context otherwise requires, the perquisites are classified into 3 Categories "A", "B" & "C" as follows:-

CATEGORY - A :

This will comprise House Rent Allowance, Leave Travel Concession, Medical Reimbursement, Fees on Clubs and Personal Accident Insurance. These may be provided for as under:

- 1) Housing :

The Company shall provide rent free unfurnished residential accommodation to the Executive Director or House Rent Allowance upto a maximum of 50% of the salary in lieu thereof.

- 2) Medical and/or Hospitalisation Expenses: Expenses incurred for the self and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- 3) Leave Travel Concession: Leave Travel Concession for self and family, once in a year incurred subject to a ceiling of one month's salary.

- 4) Club Fees: Fees of Club subject to maximum of two Clubs. This will not include admission and life membership fee.
- 5) Personal Accident Insurance: Premium not to exceed Rs.10,000/- per annum.

**CATEGORY - B :**

- 1) Contribution to Provident Fund, Super Annuation Fund, or Annuity Fund as and when applicable will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- 2) Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

**CATEGORY - C :**

1. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee concerned."
2. The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
3. The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the Company.
4. The above remuneration payable to Sri Piyush Modi is subject to the condition that the total remuneration including all the perquisites as mentioned in 'A', 'B' & 'C' above shall not exceed 10% of the net profits collectively payable to all the Managing Directors / Whole-time Directors as calculated in accordance with Section 198 and 309 of the Companies Act, 1956 or any amendment thereto or any other provisions as may be applicable.

5. In the event of absence or inadequacy of profits in any financial year, Sri Piyush Modi will be paid the above salary as minimum remuneration and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.
6. The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) or any amendments made thereto from time to time and acceptance of the appointee.

None of the Directors except Sri Piyush Modi is concerned or interested in the resolution

**ITEM 6**

Sri K.K Maheshwari a promoter director earlier appointed as Whole-Time director at the Board meeting held on 23<sup>rd</sup> March, 1998 for a period of five years w.e.f. 1<sup>st</sup> April 1998 and the same was approved at the 9<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September 1998. Considering his value based contribution for overall growth of the Company, he subsequently elevated as Joint Managing Director at the Board meeting held on 17<sup>th</sup> June, 2000. Members at the 11<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September 2000 approved the same. His tenure as Joint Managing Director has expired on 31<sup>st</sup> March 2003. Subsequently the Board at its meeting held on 31<sup>st</sup> January 2003 has re-appointed Sri K.K Maheshwari as Joint Managing Director w.e.f 01<sup>st</sup> April 2003 for a further period of five years.

Sri K.K Maheshwari is a Commerce graduate and is associated with the Company since inception. He is having rich and vast experience in the line of investments, broking activities and other related financial arena for more than 15 years. He is a Promoter Director of the Company and has been associated with the Company's development and diversification Plans. Also he has gained rich experience in the segment of Merchant

Banking, Registrars & Share Transfer Agents, Depository Services and other diversified financial activities/ services.

He is also holding Directorship in the following companies

- |                                |                          |
|--------------------------------|--------------------------|
| 1) CIL Financial Services Ltd. | 4) CIL Finstock (P) Ltd. |
| 2) CIL Industries Ltd.         | 5) CIL Agritech (P) LTD  |
| 3) Canara Securities Ltd.      | 6) Hiflex Hoses (P) Ltd. |

In view of Sri K.K Maheswari's vast experience in Capital Market, his re-appointment is in the best interest of the Company.

The terms of the renewed agreement are as follows:-

- Salary @ Rs.40,000/- (Fourty Thousand only) per month or such higher amount as may be approved by the Board from time to time.
- Commission: Commission will be allowed to Sri K.K.Maheshwari in addition to salary and perquisites, the amount of which, based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956. The Amount of Commission for each financial year or part thereof will be decided by the Board from time to time in its absolute discretion, but shall not exceed an amount equal to 5% of the Net Profits of the Company computed in accordance with the laws, policies, rules, regulations or guidelines in force. Commission may be payable pro-rata on a monthly basis at the discretion of the Board of Directors.
- Perquisites: Perquisites will be allowed in addition to salary and commission restricted to an amount equal to the annual salary.

Unless the context otherwise requires, the perquisites are classified into 3 Categories "A", "B" & "C" as follows:-

#### CATEGORY - A :

This will comprise House Rent Allowance, Leave Travel Concession, Medical Reimbursement, Fees on Clubs and Personal Accident Insurance. These may be provided for as under:

- Housing : The Company shall provide rent free unfurnished residential accommodation to the Joint Managing Director or House Rent Allowance upto a maximum of 50% of the salary in lieu thereof.

- Medical and/or Hospitalisation Expenses: Expenses incurred for the self and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- Leave Travel Concession: Leave Travel Concession for self and family, once in a year incurred subject to a ceiling of one month's salary.
- Club Fees: Fees of Club subject to maximum of two Clubs. This will not include admission and life membership fee.
- Personal Accident Insurance: Premium not to exceed Rs.10,000/- per annum.

#### CATEGORY - B :

- Contribution to Provident Fund, Super Annuation Fund, or Annuity Fund as and when applicable will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

#### CATEGORY - C :

- Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee concerned."
- The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
- The appointee shall be eligible for Housing, Education and Medical Loan and other Loans or facilities as applicable in accordance with the rules of the Company.
- The above remuneration payable to Sri K.K. Maheshwari is subject to the condition that the total remuneration including all the perquisites as mentioned in 'A', 'B' & 'C' above shall not exceed 10% of the net profits collectively

payable to all the Managing Directors / Whole-time Directors as calculated in accordance with Section 198 and 309 of the Companies Act, 1956 or any amendment thereto or any other provisions as may be applicable.

5. In the event of absence or inadequacy of profits in any financial year, Sri K.K. Maheshwari will be paid the above salary as minimum remuneration and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.
6. The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) or any amendments made thereto from time to time and acceptance of the appointee.

Sri K.K Maheshwari , Sri R.K Maheshwari and Smt Pramila Maheswari are deemed to be concerned or interested in the resolution

**ITEM 7**

Presently the equity shares of the company are listed on The Stock Exchange, Mumbai and The Hyderabad Stock Exchange Limited, Hyderabad. Consequent to the SEBI (Delisting of Securities) Guidelines, 2003 company's securities need not be listed on the Regional Stock Exchange i.e Hyderabad Stock Exchange if it listed on either National Stock Exchange or The Stock Exchange, Mumbai. Company wish to continue its listing arrangement with The Stock Exchange, Mumbai with a view to provide continue access to the shareholders/investors. However considering negligible volume of the trading at Hyderabad Stock Exchange over a period of time as well as to minimise overheads it is being considered to delist from the said stock exchange. In view of the SEBI (Delisting of Securities) Guidelines, 2003 company has no intention to give an exit option to the shareholders of Hyderabad Stock Exchange region.

None of the Directors are concerned or interested in the resolution.

**DIRECTORS' REPORT**

To the Members

Your Directors present herewith Annual Report on the business and operations together with Audited Financial Accounts for the financial year 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003.

**1. FINANCIAL RESULTS**

(Rs. in Lacs)

Particulars	Year ended 31-03-2003	Year ended 31-03-2002
Total Revenue	245.31	227.34
Profit / Loss before Interest, Depreciation and Tax	4.07	(1.07)
Profit / Loss before Depreciation and Tax	3.89	(1.19)
Depreciation	21.82	26.37
Profit / Loss before Tax	(17.92)	(27.56)
Add/Less: Provision for Tax	60.58	0.05
Profit / Loss after Tax	42.65	(27.61)
Add: Balance brought forward from the last year	104.61	132.22
Profit available for Appropriation	<b>147.27</b>	<b>104.61</b>
<b>Appropriations:</b>		
Proposed Equity Dividend	0.00	0.00
Tax on Dividend	0.00	0.00
Transfer to General Reserves	0.00	0.00
Balance carried forward to Balance Sheet	147.27	104.61
<b>Total Appropriations</b>	<b>147.27</b>	<b>104.61</b>

During the year 2002-03 the Company recorded an aggregate income of Rs 245.31 Lacs as against the income of Rs. 227.34 Lacs for the previous year. Loss before tax for the year 2002-03 is Rs. 17.92 Lacs against Loss of Rs. 27.56 Lacs of the previous year.

Registration Fees payable to SEBI has been provided during the year amount to Rs. 50.23 Lacs based on clarifications received by the Company.

**2. DIVIDEND**

Your Directors with regret express their inability to recommend any dividend for the year in view of inadequacy of profits.

**3. MARKET OUTLOOK**

The year under review i.e the financial year 2002-03 has been yet another tough one, especially for the Financial market, not only for domestic but also across the globe. The year proved



to be bearish for the capital market. Increasing level of competition is also adding fuel to the fire.

The Central Government has started the process of disinvestments in the financial year 2001-02. In the initial stage of disinvestments it has faced lots of hurdles. Still by crossing barriers it has already completed the disinvestments in BALCO, IPCL, IBP and VSNL in previous financial year. During the month of June, 2003 the Government has successfully completed the dis-investment in Maruti Udyog Limited. It is also expected that the disinvestment process will continue for many Public Sector Undertakings, Financial Institutions and Banks such as HPCL, BPCL, RCF, NFC etc. During the Financial Year 2002-03 there were large Public Offers by Canara Bank, I-Flex, Divi's Laboratory etc., and the trend is continuing in the financial year 2003-04.

In view of all the above developments the company is expecting lots of activity with substantial financial growth.

#### 4. DIRECTORS

In accordance with the provisions of Section 255 of Companies Act, 1956 and the Article 100 of the Article of Association of the Company, Sri M.P Murthy and Sri V.B Purnaiah retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

Sri S.M Agarwal resigned as a Director of the Company with effect from 31<sup>st</sup> January 2003. The Board place on record the valuable services rendered by Sri S.M Agarwal during his tenure as Director of the Company.

Sri Piyush Modi has been appointed as additional director at the Board Meeting held on 31<sup>st</sup> January 2003 to hold the office up to the date of this Annual General Meeting and has been also appointed as Executive Director with effect from 01<sup>st</sup> April 2003 at the same Board Meeting. A notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director along with requisite deposit. The resolution and relevant explanatory statement required for approving the appointment of Sri Piyush Modi as Executive Director is set in the notice calling the AGM.

#### 5. SUBSIDIARY COMPANIES

The company with a view to have diversified financial, Industrial and other Trading activities, the company formed two separate subsidiaries in financial year 1996-97 i.e., CIL Financial Services Limited and CIL Industries Limited. In order to further promote both companies freely in their respective fields the

Board considered and decided appropriately to hive off the controlling stake from these subsidiaries. Accordingly the Board at its Meeting held on 31<sup>st</sup> July, 2002 decided to offload its holding from these companies. Subsequent to the offloading, the Company's investment in these companies, i.e., CIL Financial Services Limited and CIL Industries Limited, is reduced to 48.67% and 47.93% respectively.

#### 6. STATUTORY AUDITORS

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

#### 7. LISTING ARRANGEMENTS

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

1. The Stock Exchange, Mumbai and
2. The Hyderabad Stock Exchange Limited, Hyderabad.

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

The company's shares were also listed on The Madras Stock Exchange, Chennai. The Board after considering the reduced volumes of trading in Company's Equity shares which do not justify the considerable expenses by way of listing fee and other expenses which the company was incurring, the Board at its meeting held on 17<sup>th</sup> June, 2000 decided to delist the shares of the company from the said stock exchange. In addition to the said resolution the members also at their Annual General Meeting held on 23<sup>rd</sup> September, 2000 passed a special resolution approving the said de-listing process.

During the year the company after complying with the requirements of Stock Exchange and guidelines of SEBI, got itself delisted from The Madras Stock Exchange, Chennai w.e.f. 27<sup>th</sup> January, 2003.

#### 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 Equipment's, Vehicles, etc.

**10. 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. However company has incurred travelling expenses on foreign visits as detailed in notes to the account at point No. 11

**B) Particulars of Employees**

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975, none of the employees of the Company have been paid remuneration exceeding Rs.24.00 Lacs per annum or part thereof.

**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, 2003 and of the loss 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**

Clause 49 of Listing Agreement dealing with Corporate Governance, has become applicable to your Company from the financial year 2002-03. A separate section on Management Discussion and 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.

**13. DEPOSITORY SYSTEM**

SEBI has directed that all companies, whose shares are being traded compulsorily in dematerialised form by all investors, should provide for facility of transfer cum demat. Your company has already implemented this facility for the benefit of the shareholders.

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 21, 2003 a total of 4370094 shares of the Company, which forms 87.40 % of the share capital of the company, stands dematerialised.

**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**

**(R.K.MAHESHWARI)**  
CHAIRMAN CUM MANAGING DIRECTOR

PLACE: HYDERABAD

DATE: 30<sup>TH</sup> JUNE, 2003