

# **CIL Securities Limited**



Report  junction.com

**ANNUAL REPORT**

**2003-04**

**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.Kanchhal  
Smt Pramila Maheshwari  
Shri V.B.Purnaiah  
Shri R.N.Joshi

**AUDITORS**

M/s Ramkishore Jhawar & 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)

## CIL SECURITIES LIMITED

**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the members of CIL Securities Limited will be held on **Saturday the 25<sup>th</sup> day of September, 2004** at H.M.A conference hall, 401, IV Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001 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, 2004 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 declare dividends on the equity shares of the company.
3. To appoint a Director in place of Smt Pramila Maheshwari, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Sri S.N. Kanchhal, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint retiring auditors M/s Ramkishore Jhavar & Associates, who being eligible have offered themselves for reappointment, as Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting 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 AND THE PROXY NEED NOT BE A MEMBER.**
2. Proxy form in order to be valid should be deposited at the Registered Office of the Company, at least forty-eight hours before the Annual General Meeting.
3. The Register of Members and share Transfer Books of the Company will remain close from 19<sup>th</sup>

**September 2004 to 25<sup>th</sup> September 2004** (both days inclusive).

4. Members are requested to keep the Company immediately informed of any change in their respective mailing addresses.
5. 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.
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 Annual General Meeting.

**By Order of the Board of Directors**  
**R.K.MAHESHWARI**  
**CHAIRMAN & MANAGING DIRECTOR**

**Registered Office:**

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

Place: Hyderabad

Date: 29<sup>th</sup> June, 2004

**DETAILS AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT****ITEM 3**

Smt. Pramila Maheshwari has graduated in Commerce and is well versed with Stock Exchange Guidelines and has hands on experience in Stock trading for over 10 years. She is also the chairperson of Share Transfers/Investors' Grievance committee.

**ITEM 4**

Sri S.N. Kanchhal is a B.Sc(Agr) and is Associated with Cement Industry for 9 years and Sugar Industry for 20 years in top management Cadre. He is also a member of Audit and Remuneration committees.

**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, 2003 to 31<sup>st</sup> March, 2004.

**1. FINANCIAL RESULTS**

Particulars	(Rs. in Lacs)	
	Year ended 31-03-2004	Year ended 31-03-2003
Total Revenue	502.90	245.31
Profit before Interest, Depreciation and Tax	185.85	4.07
Profit before Depreciation and Tax	180.43	3.89
Depreciation	19.53	21.82
Profit / Loss before Tax	160.90	(17.92)
Add/Less: Provision for Tax	(32.20)	60.58
Profit / Loss after Tax	128.70	42.65
Add: Balance brought forward from the last year	147.27	104.61
Profit available for Appropriation	276.00	147.27
Appropriations:		
Proposed Equity Dividend	50.00	0.00
Tax on Dividend	6.40	0.00
Transfer to General Reserves	12.00	0.00
Balance carried forward to Balance Sheet	207.60	147.27
Total Appropriations	276.00	147.27

**2. DIVIDEND**

Your Directors are pleased to recommend 10% final dividend on the paid-up equity capital of Rs.5 Crores.

**3. MARKET OUTLOOK**

Last year has been good for the economy as almost all sectors reported healthy growth rates. The year has been good for the agriculture too owing to normal Monsoon, which resulted in a pickup in rural demand of goods. These positive developments rubbed off on stock markets as well and we saw the market crossing all time high. Also the disinvestment of PSU contributed heavily to the appreciation of PSU stocks.

In view of the present economic indicators and the performance of the economy over the last year we expect the growth to continue this year as well. Since your company

performance is largely dependent on stock market dynamics we hope that markets will continue to be bullish. Your directors also expect the retail investors to continue to view the stock market as a preferred investment avenue.

Your company will be very alert to all future market developments and will strive to maximize the gains by responding to the changes in a timely and proactive manner to achieve the twin objectives of investors' gain and your company's growth.

**4. DIRECTORS**

In accordance with the provisions of Section 255 of The Companies Act, 1956 and Article 100 of the Article of Association of the Company, Smt Pramila Maheshwari and Sri S.N. Kanchhal retire by rotation at the ensuing annual General Meeting and being eligible offer themselves for reappointment.

**5. STATUTORY AUDITORS**

M/s. Ramkishore Jhavar & 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.

**6. LISTING ARRANGEMENTS**

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

**The Stock Exchange, Mumbai**

The Company has paid up to date annual listing fee of the Stock Exchange.

The company's shares were also listed on The Hyderabad Stock Exchange Ltd, Hyderabad. The Board after considering the reduced volumes of trading in Company's Equity shares which do not justify considerable expenses by way of listing fee and other expenses which the company was incurring, the Board at its meeting held on 30<sup>th</sup> June, 2003 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 30<sup>th</sup> September 2003 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 Hyderabad Stock Exchange Ltd, Hyderabad w.e.f, 31<sup>st</sup> March 2004.

## 7. PUBLIC DEPOSITS

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

## 8. INSURANCE

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

## 9. 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 is not required to furnish information in Form A under the head 'Conservation of Energy' under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

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

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.

## 10. 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, 2004 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.

## 11. 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.

## 12. 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 26<sup>th</sup>, 2004 a total of 44,80,480 shares of the Company, which forms 89.61% of the share capital of the company, stands dematerialised.

## 13. 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 their 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: 29<sup>TH</sup> JUNE, 2004

**NOTE ON CORPORATE GOVERNANCE AS REQUIRED UNDER CLAUSE 49 OF LISTING AGREEMENT****1. Corporate Philosophy**

The company philosophy on Corporate Governance envisages commitment of the company towards the attainment of highest level of transparency, providing value added services to the clients, to be more competitive and technologically updated in the field of company's operations.

**2. Board of Directors**

The routine affairs of the Company are managed by the Chairman and Managing Director and assisted by the Joint Managing Director and Executive Director of the Company. The Board approves, reviews and oversees the action and results of the management to ensure that the long-term objective of maximizing profits and enhancing stakeholders' value is met with.

The Company presently has eight Directors, including whole time Director. The brief profile of your Company's Board of Directors is as under :

Director	Brief Resume	Category	Number of other Directorships held as at March 31,2004 *	Committee/s position as at March 31,2004	
				Member	Chairman **
Sri R.K Maheshwari (Chairman & Managing Director)	He has graduated in Commerce and Arts and is providing guidance and base for developmental activities. He is actively associated in the day to day activities relating to managing the issues, registrars, Merchant bankers and Stock Broking activities. Has experience in all facets on management being associated with corporate bodies at senior levels, with experience and exposure of over four decades	Executive	2	1	0
Sri K.K Maheswari (Joint Managing Director)	He has graduated in Commerce and has experience in the line of investments activity for past 15 years. He is the Promoter Director of the Company and has been associated with Company's development and diversification Plans. He has gained experience in Merchant Banking, Registrars & Share Transfer Agents, Stock Broking Activity and other Diversified Financial activities.	Executive	2	0	0

Smt Pramila Maheshwari	She has graduated in Commerce and is well versed with Stock Exchange Guidelines and has hands on experience in Stock trading for over 10 years.	Non Executive	2	0	1
Sri Piyush Modi	He has graduated in Commerce and is having more than 8 years of experience in capital market.	Executive	0	0	0
Sri M.P. Murthy	He 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.	Non Executive Independent	4	3	3
Sri S.N. Kanchhal	He is a B.Sc(Agr) and is Associated with Cement Industry for 9 years and Sugar Industry for 20 years in top management Cadre.	Non Executive Independent	4	2	0
Sri Ram Nivas Joshi	He is a commerce graduate and has more than three decades of experience in Insurance Industry sector. He has held important position in the Insurance Cos.	Non Executive Independent	0	0	0
Sri V.B.Purnaiah	He is a B.A,M.B.A and has experience of more than three decades being associated in the top management cadre.	Non Executive Independent	1	0	2

\* Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act 1956.

\*\* Represents Membership of the Audit Committee, Compensation Committee and Shareholders'/Investor Grievance Committee of CIL Securities Limited and other Companies.

### Board Procedure

A detailed Agenda is sent to each Director at least a week in advance of Board and Committee meetings. A detailed functional report is also placed at every Board Meeting. The Board also reviews:

- ✱ Strategic Plans and Business plans
- ✱ Annual operating and capital expenditure plans
- ✱ Investment and exposure limits
- ✱ The information on recruitment and remuneration of senior officers just below the board level
- ✱ Show cause, demand, prosecution notices and penalty notices which are materially important
- ✱ Any material point for financial obligation and discipline to and by the company

- ✱ 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
- ✱ Delegation of powers to the management
- ✱ Transaction pertaining to sale or purchase of material nature of Investments, subsidiaries, assets, which is not in normal course of business.
- ✱ Major accounting provisions and write-offs
- ✱ Corporate restructuring
- ✱ Minutes of meeting of the Audit and other committees of the Board
- ✱ Share transfers, Dematerialisation and Investor Grievances

#### ATTENDANCE OF THE DIRECTORS AT THE MEETINGS OF THE BOARD AND THE LAST AGM

5 board meetings were held during the period 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2004 on the following dates 3<sup>rd</sup> May 2003, 30<sup>th</sup> June 2003, 31<sup>st</sup> July 2003, 30<sup>th</sup> October 2003, and 31<sup>st</sup> January 2004.

The Fourteenth Annual General meeting was held on 30<sup>th</sup> September 2003. The attendance of the Directors at these meetings is as under

Director	No. of Board Meetings Attended	Attendance at the last AGM
Sri R.K Maheswari	5	Yes
Sri K.K Maheswari	5	Yes
Smt Pramila Maheswari	5	Yes
Sri Piyush Modi*	3	No
Sri M.P Murthy	4	Yes
Sri S.N Kanchhal	2	No
Sri Ram Nivas Joshi	-	No
Sri V.B Purnaiah	5	Yes

\* Appointed as Executive Director on 1<sup>st</sup> April 2003

#### Audit Committee

The role and powers of the Audit committee are as per the guideline of clause 49 set out in Listing Agreement with the Stock Exchange. The committee also acts as a link between the statutory and internal auditors and the Board of Directors. The Committee meets the statutory auditors periodically and reviews the half-yearly financial statements, Annual financial statements, Auditors Report thereon and discusses their findings and suggestions and seeks clarifications thereon. The committee reviews with the management the financial statements before submission to the board.



The Audit committee comprises of the following Non Executive and Independent Directors:

1. Sri V.B Purnaiah, Chairman
2. Sri M.P Murthy
1. Sri S.N Kanchhal

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said Meeting are as under:

S.No	Dates on which Audit Committee Meeting was held	Attendance at the Meeting		
		Sri V.B Purnaiah	Sri M.P Murthy	Sri S.N Kanchhal
1	30 <sup>th</sup> June 2003	Attended	Attended	Not attended
2	31 <sup>st</sup> July, 2003	Attended	Not Attended	Not Attended
3	30 <sup>th</sup> October, 2004	Attended	Attended	Attended
4	31 <sup>st</sup> January, 2004	Attended	Attended	Attended

The statutory Auditor or their representatives were present at the meetings. The Managing Director/Joint Managing Director/ Presidents were generally invited to attend the Meetings.

#### Remuneration Committee

The Remuneration Committee recommends the company policy on all elements of remuneration of all the Directors i.e Salary, Benefits, Bonus, Stock Options, pension, performance linked incentives, service contracts, Notice period, Severance fee.

The Remuneration Committee comprises the following members:

Sri V.B Purnaiah - Chairman  
Sri S.N Kanchhal  
Sri M.P Murthy

The dates on which the Remuneration Committee Meetings were held and the attendance of the Members at the said Meeting are as under:

S.No	Dates on which Remuneration Committee Meeting was held	Attendance at the Meeting		
		Sri S.N Kanchhal	Sri M.P Murthy	Sri V.B Purnaiah
1	31 <sup>st</sup> January 2004	Attended	Attended	Attended

#### Remuneration Policy and Remuneration of Directors

Subject to the recommendation of Remuneration Committee and approval of the Board and of the Company in General Meeting and such other approvals

as may be necessary, the Managing /Joint Managing / Executive Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/ Joint Managing /Executive Directors comprises of salary,commission, performance incentives, perquisites and allowances, contribution to Provident Fund and Gratuity. The details of salary, commission and perquisites (including contribution to Provident Fund/ Superannuation Fund)paid/payable for the financial year ended March 31<sup>st</sup> 2004 to them is as under

Name and Designation	Sri R.K Maheswari (Managing Director)	Sri K.K Maheswari (Joint Managing Director)	Sri Piyush Modi (Executive Director)
Salary	790639	659268	420000
Perquisites	36171	36171	NIL
TOTAL	826810	695439	420000

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees of Rs 750/- for each meeting of the Board and Committees. The total amount of sitting fees paid during the year is Rs 18000/-

#### Share Transfer/Investor Grievance Committee

The Share Transfer/Investor Grievance Committee comprises of the following members:

1. Smt Pramila Maheshwari Chairperson
2. Sri R.K Maheswari
3. Sri V.B Purnaiah

#### Name and Designation of Compliance officer

Sri A.K Inani - President

Complaints received from Shareholders/Investors are disposed off with in one month from the date of receipt and no such complaint is pending as on 31<sup>st</sup> March 2004.

No. of Shares pending for transfer- Nil