

# **CIL SECURITIES LIMITED**



**ANNUAL REPORT**  
**2004-05**

**BOARD OF DIRECTORS**

Shri K.K.Maheshwari, Chairman & 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)

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the members of CIL Securities Limited will be held on **Wednesday the 28<sup>th</sup> day of September, 2005** 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, 2005 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 Sri Ram Nivas Joshi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri Piyush Modi, 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 closed from **22<sup>nd</sup> September 2005 to 28<sup>th</sup> September 2005** (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**  
**K.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, 2005

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

Sri Ram Nivas Joshi has graduated in Commerce and has more than three decades of experience in Insurance Industry sector. He has held important position in the Insurance Companies.

**ITEM 4**

Sri Piyush Modi has graduated in Commerce and has more than ten years of experience in capital market.

**DIRECTORS' REPORT****To the Members**

Your Directors herewith present Annual Report on the business and operations together with Audited Financial Accounts for the financial year 1<sup>st</sup> April, 2004 to 31<sup>st</sup> March, 2005.

**1. FINANCIAL RESULTS**

Particulars	(Rs. in Lacs)	
	Year ended 31-03-2005	Year ended 31-03-2004
Total Revenue	522.66	502.90
Profit before Interest, Depreciation and Tax	103.01	185.85
Profit before Depreciation and Tax	95.82	180.43
Depreciation	33.90	19.53
Profit before Tax	61.92	160.90
Less: Provision for Tax	(26.87)	(32.20)
Profit after Tax	35.05	128.70
Add: Balance brought forward from the last year	207.56	147.27
Profit available for Appropriation	242.61	275.97
Appropriations:		
Proposed Equity Dividend	25.00	50.00
Tax on Dividend	3.27	6.41
Transfer to General Reserves	3.50	12.00
Balance carried forward to Balance Sheet	210.84	207.56
Total Appropriations	242.61	275.97

**2. DIVIDEND**

Due to decline in profits your directors have recommended Five Percent Final Dividend on Fifty Lacs Equity Shares of Rupees Ten each Fully Paid, for the Financial Year 2004-2005.

**3. MARKET OUTLOOK**

The markets have been bullish throughout the year and your Directors expect that it will stay this way through the current year as well due to the strong buying from FIIs and FIs. India will continue to be viewed, as preferred investment destination by the foreign investors and money will flow into equity in both primary and secondary markets.

The Company has taken the membership of the Stock Exchange, Mumbai (BSE) on 31<sup>st</sup> March 2005, however full impact of the Membership on the revenues of the Company will be manifest only next financial year.

Your Directors strongly believe that the current year will be good for the economy in general.

**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 R.N.Joshi and Sri Piyush Modi retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Sri R.K. Maheshwari, Chairman and Managing Director of your Company who had been guiding your Company all these years towards steady progress and consistent growth expired on 15<sup>th</sup> July 2004. It was through his untiring efforts and perseverance that CIL SECURITIES LIMITED has gained the respect of Broking fraternity. It was indeed a privilege for us all to have been associated with him over the years. Your Directors pay homage to the great visionary.

**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 Stock Exchange, Mumbai.

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

**7. PUBLIC DEPOSITS**

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

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**8. INSURANCE**

Adequate Insurance cover has been taken for properties of the Company including Buildings, Computers, Office Equipments, 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 Employees) 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, 2005 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 25<sup>th</sup>, 2005 a total of 46,02,654 shares of the Company, which forms 92.05% 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 its appreciation for the services rendered by the employees at all levels.

For and on behalf of the Board  
(K.K.MAHESHWARI)  
CHAIRMAN & MANAGING DIRECTOR

PLACE: HYDERABAD

DATE: 30<sup>TH</sup> JUNE 2005



## **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 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 seven Directors, including Whole-Time Directors. 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, 2005 *	Committee/s position as at March 31, 2005 Member/ Chairman**	
Sri K.K Maheshwari (Chairman and 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	1	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. Murti	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.	Non Executive Independent	5	3	3

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Sri S.N. Kanchhal	He is a B.Sc. (Agr) and is Associated with Cement Industry and Sugar Industry for over 20 years in top management Cadre.	Non Executive Independent	9	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
- ❖ Transactions pertaining to sale or purchase of material nature of Investments, subsidiaries, assets, which are 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 2004 to 31<sup>st</sup> March 2005 on the following dates 16<sup>th</sup> April 2004, 29<sup>th</sup> June 2004, 31<sup>st</sup> July 2004, 30<sup>th</sup> October 2004, and 29<sup>th</sup> January 2005.

The Fifteenth Annual General meeting was held on 25<sup>th</sup> September 2004. 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 Maheshwari*	1	No
Sri K.K Maheshwari	5	Yes
Smt Pramila Maheshwari	5	Yes
Sri Piyush Modi	5	No
Sri M.P Murti	5	Yes
Sri S.N Kanchhal	4	Yes
Sri Ram Nivas Joshi	2	Yes
Sri V.B Purnaiah	5	Yes

\* Expired on 15<sup>th</sup> July 2004

**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 Murti
3. 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 Murti	Sri SN Kanchhal
1	29 <sup>th</sup> June 2004	Attended	Attended	Attended
2	31 <sup>st</sup> July, 2004	Attended	Attended	Attended
3	30 <sup>th</sup> October, 2004	Attended	Attended	Attended
4	29 <sup>th</sup> January, 2005	Attended	Attended	Attended

The statutory Auditor or their representatives were present at the meetings. The Managing Director/ President 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 Murti

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 V.B Purnaiah	Sri M.P Murti	Sri SN Kanchhal
1	31 <sup>st</sup> July 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> 2005 to them is as under.

Name & Designation	Sri R.K Maheshwari* (Managing Director)	Sri K.K Maheshwari** (Managing Director)	Sri Piyush Modi (Executive Director)
Salary	971819	744764	420000
Perquisites	11749	47058	NIL
TOTAL	983568	791822	420000

\*For period upto July 15<sup>th</sup> 2004

\*\* Appointed as Managing Director w.e.f. July 31<sup>st</sup> 2004.

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 24,000/-

**Share Transfer/Investor Grievance Committee**

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

1. Smt Pramila Maheshwari *Chairperson*
2. Sri K.K Maheshwari
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 2005.

No. of Shares pending for transfer- Nil

**General Body Meeting****Location and time of General Meetings held in 3 last years:**

Year	AGM/ EGM	Location	Date	Time
2003-2004	AGM	H.M.A Conference Hall, 401,IV Floor,, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001	25 <sup>th</sup> September 2004	11:00 AM
2002-2003	AGM	Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6-841, Red Hills, Hyderabad – 500 004	30 <sup>th</sup> September 2003	11:00 AM