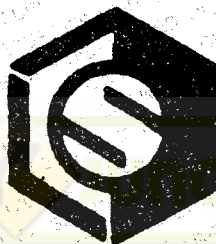


CIL SECURITIES LIMITED



ANNUAL REPORT

2006-07

CERTIFIED TRUE COPY

FBI/CIL SECURITIES LTD

President

CIL SECURITIES LIMITED

BOARD OF DIRECTORS

Shri K.K.Maheshwari, Chairman & Managing Director
Shri Piyush Modi, Executive Director
Smt Pramila Maheshwari
Shri M.P.Murthy
Shri S.N.Kanchal
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 BANKERS

Canara Bank
HDFC Bank Ltd

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

214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad - 500 001.
Email address: advisors@cilsecurities.com
Telephone No.: 66661277, 23203155 Fax : 040-66661267

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of CIL Securities Limited will be held on Friday the 21st day of September 2007 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 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31st March, 2007 and the Profit & Loss account for the year ended as on that date, along with the report of Directors, Corporate Governance and Auditors report thereon.
2. To declare dividend 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.Kanchal who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint retiring auditors M/s Ramkishore Jhawar & 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.

SPECIAL BUSINESS:

6. 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 Executive Director w.e.f 1st April, 2003 for a period upto 31st March, 2008 and confirmed by the share holders in their meeting held on 30th September, 2003, 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 approval as may be required, the company hereby accords its approval for the reappointment of Sri Piyush Modi as the Executive Director of the Company for a further period of five years from 1st April, 2008 to 31st March, 2013 on the terms and conditions including the remuneration and perquisites as set out in the agreement dated 31st January, 2003 entered into between the Company and Sri Piyush Modi and further as amended and approved by Remuneration Committee from time to time with option 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 overall 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 modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81 and in particular Section 81(1A) and any other

applicable provisions of the Companies Act, 1956 (including any amendment to/or re-enactment thereof), enabling provisions of the Memorandum and Articles of Association of the Company, the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (including any Amendment/s to the Guidelines), RBI guidelines, Listing Agreements entered into by the Company with Stock Exchanges, where the Shares of the Company are listed, agreements entered into by the Central Government in exercise of the powers conferred by the proviso to Sub Clause (iii) of Clause 2 of Section 17 of the Income Tax, 1961, and subject to all necessary approvals, consents, permissions and/or sanctions as may be required from all applicable authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and/or sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board which term shall include any Committee(s) including, HR / Compensation / Remuneration Committee by whatever name called, to which the Board may delegate its powers, including the powers conferred by these Resolutions) at its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time in one or more tranches to or for the benefit of the employees including the Managing Director, Whole-Time director and other non Whole-Time Directors of the Company, who are eligible to participate as per, SEBI Guidelines, under a Scheme titled "CIL Securities Limited Employee Stock Option Scheme-2007" (hereinafter referred to as "ESOP" or "the Scheme") the salient features of which are detailed in the Explanatory Statement relevant to this Resolution, such number of option, Equity Shares or Instruments (hereinafter collectively referred to as 'Securities') of the Company, which could give rise to the issue of Equity Shares of the Company not exceeding 5,00,000 Equity Shares of Rs.10/- each at such price, in such manner, during such period and on such other terms and conditions as may be determined by the Board".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to allot the said Securities directly to such employees including the Directors or through an existing trust or a new trust which may be set up for this purpose and to provide any financial assistance to the trust/employees to enable them acquire, purchase or subscribe to the Securities of the Company".

"RESOLVED FURTHER THAT the new Equity Shares to be issued, allotted by the Company in the manner aforesaid shall rank pari-passu in all respects with the then existing Equity Shares of the Company".

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to evolve, decide upon and bring into effect the Scheme and make any amendments, modifications, alterations in the said scheme from time to time, as may be required, including to make necessary adjustments in case of rights issues, bonus

issues, stock splits or any other corporate actions subsequently and to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Scheme and to do all such acts, deeds matters and things and execute all such deeds, documents, instruments and writings as it secure any further consent or approval of the Company, unless otherwise required in terms of the Guidelines issued by the SEBI or any other Authority".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Board to give effect to this resolution".

By Order of the Board of
CIL SECURITIES LIMITED

Registered Office:

214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad – 500 001.
Place: Hyderabad
Date: 30th June 2007

K.K.MAHESHWARI
CHAIRMAN &
MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
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
18th September, 2007 to 21st September, 2007 (both days inclusive).
4. Members are requested to keep the Company immediately informed of any change in their mailing address.
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 be issued at the Registered Office of the Company up to two days preceding the day of Annual General Meeting & shall not be issued at the venue of the Annual General Meeting.
7. Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the 'Investor Education and Protection Fund' constituted by the Central government. Accordingly, unclaimed dividends from the Dividend for March 2000 have to be transferred to the said Fund.
8. The Company has designated an exclusive e-mail ID called

complaints@cilsecurities.com for redressal of shareholders complaints/grievance. In case you have any queries/complaints or grievances, then please write to us at complaints@cilsecurities.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 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 15 years and has wide experience in financial services sector. She is also the chairperson of share Transfers/Investors' Grievance Committee.

ITEM 4

Sri S.N.Kanchal is a B.Sc(Agr) and is associated with Cement and Sugar Industry for 20 years in top management cadre with wide experience in day-to-day management and in administration.. He is also a member of Audit and Chairman of the Remuneration committees.

ITEM 6

Sri Piyush Modi is a Commerce Graduate and is having a experience of more than ten years in financial services, and Capital Market operation and is involved in the day to day administration and investment activities of he Company.

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

The terms of the agreement are as follows:-

Consolidated Salary @ Rs.50,000/- (Rupees Fifty Thousand only) per month or such higher amount as may be approved by the Board from time to time.

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 7

In order to attract and retain qualified, talented and competent personnel in the Company, your Company has instituted an "CIL Securities Limited Employee Stock Option Scheme-

2007" (hereinafter called as ESOP) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 including any modifications therein from time to time (hereinafter known as SEBI Guidelines).

The salient features of the proposed "CIL Securities Limited ESOP Scheme-2007" are as follows:

a. Total Number of Shares/Options to be granted

The total Number of Shares/Options that may be granted will not exceed 5,00,000 Equity Shares of Rs.10/- each. Each option granted, shall entitle the employee to apply for and be allotted one equity share of the Company subject to the fulfillment of vesting requirements.

b. Identification of classes of employees entitled to participate in the ESOP Scheme

All employees including the Managing Director, Whole Time Director and other Non-Whole Time Directors of the Company as may be eligible in accordance with the SEBI Guidelines are entitled to participate in the Scheme. As per the present Guidelines, an employee who is a Promoter or belongs to Promoter Group is not eligible to participate in ESOP. Further, a Director who either by himself or through relatives or through in any body corporate directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company is not eligible to participate in the ESOPs.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

Grant date of the options shall be the date of Meeting of the HR / Compensation / Remuneration Committee/the Board in which the options are granted to the employees.

c. Requirements of vesting, period of vesting and maximum period of vesting

"Vesting means the process by which the grantee is given the right to apply for Shares of the Company against the option granted to him in pursuance of the plan".

The vesting requirements shall, inter alia consist of satisfactory performance of the employees, their continued employment in the Company and such other reasonable requirements as may be specified by the Compensation Committee.

There shall be minimum period of one year between the grant of options and vesting of options.

- a. At the end of the first year from the grant date, 30% of the total options granted shall vest and become vested options.
- b. At the end of the second year from the grant date, another 30% of the total options granted shall vest and become vested options.
- c. At the end of the third year from the grant date, the balance 40% of the total options granted shall vest and become vested option.
- d. **Exercise Price**

Options would be granted at a face value of Rs.10/- of the Equity Shares preceding the date of grant of options on the Stock Exchange on which the Shares of the Company are listed. If the Shares are listed on more than one Stock Exchange, then the Stock Exchange where there is highest trading volume during that date should be considered.

e. Exercise Period and Process of Exercise

The options shall be exercised within a period of 1 year from the date of vesting. The options will be exercisable by the employees by written application to the Company to exercise the options in such manner and on execution of such documents as may be prescribed by the HR / Compensation / Remuneration Committee / Board of Directors from time to time. During the exercise period, the option holders shall exercise the options and pay the exercise price of the options for conversion into Equity Shares of the Company.

f. Appraisal Process for Determining the eligibility of Employees to the ESOP Scheme 2007

Board / HR / Compensation / Remuneration Committee shall decide on the selection of employees and grant of options, the basis of which shall include but shall not be limited to:

- Performance of the employee
- Position and responsibility of the employee
- Nature of employee's services to the Company
- The period for which the employee has rendered his services to the Company
- Potential of the employee to contribute to the Company's performance
- The extent of contribution made by the employee towards business results, processes, customers satisfaction etc,
- Any other criteria as may be decided by the HR / Compensation / Remuneration Committee from time to time

The Board / HR / Compensation Remuneration Committee may also decide to offer a fixed number of options to very new eligible employee based on the grade and/or criticality of the position.

g. Maximum Number of Options to be issued per Employee and in Aggregate

The Maximum number of options to be granted per employee shall not exceed 1% of the issued capital of the Company, during any one year. The aggregate of all such grants under the scheme shall not exceed 5,00,000 (Five Lacs) Equity shares of the Company.

h. Accounting Policies

The Company shall conform to the Accounting Policies specified in Clause 13.1 of the Guidelines. The Company adopts the intrinsic value method for valuing the stock options. The Company declares that it shall disclose in the Directors Report the impact on the Profit and EPS, the difference between the employee compensation cost computed using the Intrinsic value of stock options and the employee compensation cost that shall have been recognised, if the Company has used the fair value of stock options.

The Board / HR / Compensation Remuneration Committee shall be authorised to formulate the detailed terms and conditions of the ESOPs and to administer/monitor the ESOPs and to amend the ESOPs, in line with recommendations/ approvals/regulatory amendments of SEBI or any authority or otherwise and also to provide financial assistance to the trust/ employee on such terms and conditions as it may deem fit. The decision of Board / HR / Compensation / Remuneration Committee on all matters relating to ESOPs shall be final and binding.

The options which shall lapse or forfeit or expire will be available for grant to the eligible employees of the Company. The quantum of options may vary subject to the corporate actions.

The Shares allotted pursuant to the above ESOPs shall be listed on the Stock Exchange where the Companies Equity Shares are listed and necessary applications will be made to those Stock Exchanges in that behalf.

The Company will make necessary application to the concerned authorities, as may be required seeking approval for issuing Shares to the employees under the ESOPs.

Notwithstanding anything to the contrary contained in the Plan or any agreement under the Plan, where any tax, fringe benefit tax, surcharge, cess, duty or other levy (hereinafter referred to as 'tax' is imposed either on the employee including former employee or on the employer or otherwise with reference to occurrence of any event or any time, the HR / Compensation / Remuneration Committee / Board is authorised to determine the amount of withholding, deduction or recovery, if any, of such tax from the Optionee and also the modalities for recovery".

Pursuant to Section 81(1A) and other applicable provisions of the Companies Act, 1956, and as per the ESOPs Guidelines, consent of Members, by way of a special resolution is required for issue of Shares to employees including the Directors, who may or may not be existing Shareholders. Hence the Board of Directors recommends this resolution.

None of the Directors is concerned or interested in the resolution except to the extent of Securities that may be offered to them under the ESOPs.

**By Order of the Board of
CIL SECURITIES LIMITED**

Registered Office:

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

Place: Hyderabad

Date: 30th June 2007

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

DIRECTORS' REPORT

To the Members

Your Directors herewith present the Annual Report on the business operations together with Audited Financial Accounts for the financial year 1st April 2006 to 31st March 2007.

1. FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	Year ended 31-03-2007	Year ended 31-03-2006
Total Revenue	764.99	714.03
Profit before Interest, Depreciation and Tax	290.50	299.91
Profit before Depreciation and Tax	290.49	299.00
Depreciation	37.63	36.12
Profit before Tax	252.86	262.88
Less: Provision for Tax (Net)	66.07	71.53
Profit after Tax	186.79	191.35
Add: Balance brought forward from the last year	326.84	210.84
Profit available for Appropriation	513.63	402.19
Appropriations:		
Proposed Equity Dividend	62.50	50.00
Tax on Dividend	8.77	6.25
Transfer to General Reserves	18.50	19.10
Balance carried forward to Balance Sheet	423.86	326.84
Total Appropriations	513.63	402.19

The company's profit after tax is Rs.186.79 Lacs (Previous year Rs.191.35 Lac). The Board recommends transfer a sum of Rs. 18.50 Lacs (Previous year Rs 19.10 Lac) to General Reserve.

2. DIVIDEND

Your Directors are pleased to recommend the payment of dividend on equity shares@ Rs. 1.25 per share for the Financial Year ending 31-03-2007 as against 1.00 paid for the previous year. The total Dividend together with tax and surcharge there on will absorb Rs. 71.27 Lacs (Previous year Rs. 56.25 Lacs).

3. MARKET OUTLOOK

Financial Market in India have come a long way. The progress achieved in establishing transparent, efficient and cost effective financial markets over the last decade has been truly staggering. All of us who have been part of this tremendous transformation can justifiably feel proud of what we have accomplished. The Stock Market has responded positively to all new developments. The biggest achievement of T+2 settlement has been made possible by riding on infrastructure developments. The Stock Market has been revolutionized by adopting modern technology

as the exchanges are now able to reach out to the far flung centers of the country with an efficient trading network for the benefit of retail customers.

The Capital Market is most efficient when it discounts all informations in pricing of traded equity stocks. The maturity of the Stock Market has made it increasingly less risky through builtin information system made available to participants over and above supervisory oversight. The ongoing efforts for further broadening and deepening of the Stock Market domestically and aligning the market with global trading system is not only expanding the customer base but also attracting more resources for investments with strong capital market and buoyant economy. Your company expect to be benefited from all round growth.

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, Smt. Pramila Maheshwari and Sri S.N.Kanchal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The tenure of Sri Piyush Modi as Executive Director is coming to an end by 31st March, 2008. As consented by Remuneration Committee the Board recommends subject to approval by shareholders at the ensuing AGM for re appointment of Sri Piyush Modi as Executive Director of the Company for a further period of five years upto 31st March, 2013.

5. 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.

6. LISTING ARRANGEMENTS

The Company's shares are listed on The BOMBAY STOCK EXCHANGE LIMITED.

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.

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 has earned Foreign Exchange amounting to Rs.4.29 lacs by way of fees against no spendings.

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 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 judgments 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, 2007 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 the basis of a going concern..

11. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement dealing with Corporate Governance 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 23rd June, 2007 a total of 47,96,409 Equity shares of the

Company, which forms 95.93% of the share capital of the company, stands dematerialised.

13. ACKNOWLEDGEMENTS

The Board of Directors wish to place on record its appreciation for the extended co-operation and assistance to the company and acknowledge with gratitude the continued support and co-operation extended by the investors, clients, business associates and bankers. The Regulatory Authorities have also put Indian Capital Market on par with other International Markets. Your Directors also acknowledge the full-fledged co-operation and dedicated efforts put in by employees across all levels in the organization and place on record its appreciation for the services rendered.

By Order of the Board of
CIL SECURITIES LIMITED

Registered Office:

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

Place: Hyderabad

Date: 30th June 2007

K.K.MAHESHWARI
CHAIRMAN &
MANAGING DIRECTOR

NOTE ON CORPORATE GOVERNANCE AS REQUIRED UNDER CLAUSE 49 OF LISTING AGREEMENT

1. Corporate Philosophy

The Company's pursuit in achieving good corporate governance is an ongoing process. Adoption of business practices based on transparency, adequate disclosure, fairness and independent monitoring and supervision are strongly driven by the concept of Trusteeship.

The strong internal control systems and procedures, risk assessment and code of conduct for observance by directors and employees of the company are instances of such practices. A detailed disclosure on the Board of Directors, Shareholders and Stock Performance are given: -

2. Board of Directors

The routine affairs of the Company is managed by the Chairman and Managing Director and he is assisted by the Executive Director of the Company. The Board approves, reviews and oversees the functions of the management to ensure that the long-term objective of maximizing profits and enhancing stakeholders' value is achieved.

The Company presently has seven Directors, including Whole-Time Directors. The brief profile of your Company's Board of Directors is as under:

CIL SECURITIES LIMITED

Director	Brief Resume	Category	Number of other Directorships held as at March 31, 2007 *	Committee/s position as at March 31, 2007 Member / Chairman**	
Sri K.K Maheshwari (Chairman and Managing Director)	He has graduated in Commerce and has experience in the line of investments activity & has more than 17 years experience. He is the Promoter Director of the Company and has been associated with Company's development and diversification Plans. He has experience in Merchant Banking, Registrars & Share Transfer Agents, Stock Broking Activity and other Diversified Financial activities.	Executive & Promoter	3	1	0
Sri Piyush Modi	He has graduated in Commerce and is having more than 10 years of experience in financial services and Capital Market Operations.	Executive	0	0	0
Smt Pramila Maheshwari	She has graduated in Commerce and is well versed with Stock Exchange Guidelines and has experience in Capital Market operations of more than 15 years.	Non Executive & Promoter	2	0	1
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.	Non Executive Independent	5	3	3
Sri S.N. Kanchal	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	2	1	1
Sri V.B.Purnaiah	He is a B.A, M.B.A and has experience of more than four decades being associated in the top management cadre.	Non Executive Independent	1	1	1
Sri Ram Nivas Joshi	He is a commerce graduate and has more than four decades of experience in Insurance Industry sector. He has held important position in the Insurance Cos.	Non Executive Independent	0	0	0