

CIL SECURITIES LIMITED



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ANNUAL REPORT
2007-08

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For CIL SECURITIES LTD.
Kumar Anand Pharsana

Company Information

Board of Directors

K.K.Maheshwari Chairman and Managing Director
Piyush Modi Executive Director
Pramila Maheshwari
M.P.Murthy
S.N Kanchal
V.B.Purnaiah
R.N.Joshi

Audit Committee

V.B.Purnaiah
M.P.Murthy
S.N Kanchal

Shareholders' / Investor Grievance Committee

Pramila Maheshwari
K.K. Maheshwari
V.B.Purnaiah

Remuneration Committee

 Opp. Lions Gate, Fort,

S.N.Kanchal
M.P Murthy
V.B.Purnaiah

Auditors

M/s Ram Kishore Jhavar & Associates
Chartered Accountants
14-6-196, Nagar Khana
Begum Bazar, Hyderabad- 500 012

Solicitors

K Balakrishna & Associates
No 1-1-336/140, Chikkadpally
Hyderabad- 500 020

Principal Bankers

Canara Bank
HDFC Bank

Registered Office

214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad- 500 001
Corporate Site:
www.cilsecurities.com
E-mail :advisors@cilsecurities.com
Tel No.: 040-23203155
040-23203028

Corporate Office

130-132, Room No. 20,
II Floor, Great Western Building
Mumbai- 400 023
E-mail : cils@bom5.vsnl.net.in

Registrar & Share Transfers

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

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of CIL Securities Limited will be held on Friday, 26th September, 2008 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 businesses:

To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2008, the Profit & Loss account for the year ended on that date, and the Reports of the Board of Directors and Auditors thereon.

To declare dividends on the equity shares of the company.

To appoint a Director in place of Sri R.N.Joshi, who retires by rotation and being eligible, offers himself for reappointment.
To appoint a Director in place of Sri M.P.Murthy, who retires by rotation and being eligible, offers himself for reappointment.

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 the next Annual General Meeting and fix their remuneration.

By Order of the Board of Directors of
CIL SECURITIES LIMITED

Registered office

214, Raghava Ratna Towers
Chirag Ali lane, Abids,
Hyderabad-500001

Place : Hyderabad

Date : 30th June 2008

K.K.MAHESHWARI
Chairman & Managing Director

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the meeting). A member is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified true copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Articles of Association of the Company, Shri R.N.Joshi and Shri M.P.Murthy, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold Directorships, and memberships/ Chairmanships of the Board Committees, their shareholding and relationship between Directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming the part of Annual Report. The Board of Directors of the Company recommends their respective reappointments.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in Dematerialised form are requested to write their DP ID and Client ID and those who hold shares in Physical Form are requested to write their Folio Number in the attendance slip for attending the Meeting.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. (a) The Company has already notified closure of Register of Members and Transfer Books from 23rd September 2008 to 26th September 2008 (both days inclusive) for determining the names of Members eligible for Dividend on Equity shares.
- (b) The dividend on Equity shares, if declared at the Meeting, will be paid on or after 26th September 2008 to those members whose names shall appear on the Company's Register of Members on 23rd September.2008; in respect of shares held in Dematerialised form, the dividend will be paid to members whose name are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on date.
8. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate Share Transfer Department of the Company, under the signature of the Sole/First Joint holder, the following information to be incorporated on dividend warrants:
- (i) Name of the Sole/First Joint Holder and the Folio Number:
- (ii) Particulars of the Bank Accounts, viz:
- Name of the Bank;
- Name of the Branch;
- Complete Address of the Bank with Pin Code Number;
- Account Type, whether Savings bank Account (SA) or Current Account (CA); and
- Bank Account Number
- (b) Members who wish to change Bank Account Details are requested to advise their Depository Participants about such change with complete details of the Bank Account.
- (c) To avoid loss of dividend warrants in transit and undue delay in credit of Dividend warrants, the company has provided a facility to the members for remittance of dividend warrant through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact Share Transfer Department of the Company.
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Share Transfer Department of the Company, for consolidation into a single folio.
10. Non-Resident Indian Members are requested to inform the Share Transfer Department of the Company of:
- (a) Change in Residential Status on return to India for permanent settlement.
- (b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with the Pin Code number.

**For and on behalf of the Board of Directors of
CIL SECURITIES LIMITED**

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

Registered Office

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

Hyderabad

Date:30/06/2008

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 19th Annual Report and the Audited Accounts for the financial year ended 31st March 2008.

Financial Results

The Financial performance of the Company for the financial year ended 31st March, 2008 is summarized below:

Particulars	(Rs. in Lakhs)	
	Year Ended 31.03.2008	Year Ended 31.03.2007
Total Revenue	1405.91	764.99
Profit before Interest, Depreciation & Tax	854.91	290.50
Profit before Depreciation and Tax	854.65	290.49
Depreciation	40.55	37.63
Profit Before Tax	814.09	252.86
Less: Provision for Tax (Net)	236.57	66.07
Profit After Tax	575.92	186.79
Add: Balance Brought Forward from the last year	423.86	326.84
Profit available for Appropriation	999.79	513.63
Appropriations:		
Proposed Equity Dividend	62.50	62.50
Tax on Dividend	10.63	8.77
Transfer to General Reserve	57.50	18.50
Balance carried forward to Balance sheet	869.16	423.86
Total Appropriations	999.79	513.63

The Company's Profit after Tax is Rs. 575.92 (Previous Year Rs.186.79 Lacs). The Board recommends transfer of Rs. 57.50 (Previous Year Rs. 18.50 Lacs) to General Reserve.

Dividend

Your Directors are pleased to recommend the payment of dividend on equity shares @ Rs. 1.25 per share for the Financial year ending 31-03-2008. The total dividend together with tax and surcharge there on will absorb Rs. 73.11 Lacs (Previous year Rs. 71.27 Lacs)

Market Outlook

Financial Market in India has come a long way. The progress achieved in establishing transparent, efficient and cost effective financial markets over the last decade has been promising. 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 built-in information system made available to the 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.

The Stock Market has recently been facing volatility in view of increase in oil prices. Fuel price increase have an effect on the inflation rates and slow down in the economy, which influence the operations of your company. All effects are being made to maintain the growth and improve on the operational efficiencies and to tide over the difficult times.

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, Shri R.N.Joshi and Shri M.P.Murthy retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Auditor's Report

The observations made in the Auditor's Report, read together with the relevant notes thereon are self explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

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.

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

Public Deposits

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

Insurance

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

Statutory Information

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

The company 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

As required under the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975, as amended, particulars of the employees are set out in Annexure to the Director's Report. As per provisions of Section 219(1)(b)(iv) of the said Act, these particulars will be made available to any shareholder on request.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- ◆ in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ◆ 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, 2008 and of the profit of the company for the said period;
- ◆ 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;

- ◆ the Annual Accounts have been prepared on the basis of a going concern basis.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. Your Directors affirm to the requirements set out in the Listing Agreement with the Stock Exchanges and have implemented all the stipulations prescribed.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

The requisite certificate from the Auditors of the Company, M/s Ramkishore Jhawar & Associates, confirming compliance of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

A Cash Flow Statement for the year 2007-08 is attached to the Balance Sheet.

Depository System

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

As on 14th June 2008 a total of 4835509 Equity shares of the Company, which forms 96.71% of the Share Capital of the Company, stands dematerialized.

Acknowledgement

The Board of Directors wish to place on record its appreciation for the extended co-operation and assistance rendered to the company and acknowledge with gratitude the continued support and cooperation 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 cooperation and dedicated efforts put in by the employees across all levels in the organization and place on record its appreciation for the services rendered.

For and on behalf of the Board of Directors of
CIL SECURITIES LIMITED

K.K.MAHESHWARI

CHAIRMAN & MANAGING DIRECTOR

Registered Office

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

Hyderabad

Date:30/06/2008

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practice stem from the culture and mindset of the organization. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the center stage.

Keeping in view the CIL's Corporate Traditions, it endeavours to implement the best Corporate Governance practices by adhering to the well-defined Policy framework.

The Company continuously reviews its policies and practices of Corporate governance with a clear goal not merely to comply with statutory requirements but with a view to implement the best international practices of Corporate Governance, in the overall interest of all the stakeholders.

The Company recognizes that Good Corporate Governance is a continuing exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all the stakeholders.

The Company's Governance framework is based on the following main principles:

- ◆ Constitution of a Board of Directors of appropriate composition, size and commitment to discharge its responsibilities and duties.
- ◆ Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.
- ◆ Independent verification and safeguarding integrity of the Company's financial reporting
- ◆ A sound system of risk management and internal control.
- ◆ Timely and balanced disclosure of material information concerning the Company to its stakeholders.
- ◆ Transparency and accountability.
- ◆ Compliance with the applicable laws and regulations.
- ◆ Fair and equitable treatment of its employees, customers, shareholders, investors and other stakeholders.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange (Clause 49) and some of the best practices followed internationally on Corporate Governance, a report containing the details of governance systems and processes at CIL SECURITIES LIMITED is as under:

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all interactions with its stakeholders including shareholders, employees, lenders, Government and society at large.

The Company is committed to achieve and maintain the highest international standards of Corporate Governance. The Company believes that all its actions must serve the underlying goal of enhancing shareholder value over a sustained period of time.

2. Board of Directors

The routine affairs of the Company is managed by the Chairman and Managing Director and 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 to achieve.

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

- (a) **Shri K.K.Maheshwari** is a graduate in Commerce and has experience in the line of investments activity and has more than 18 years of 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, Registrar & Share Transfer Agents, Stock Broking Activity and other diversified financial activities.
- He is a Member of the Shareholders'/Investor Grievance Committee of the Company.

- Shri K.K.Maheshwari holds 582700 Equity shares of the Company representing 11.65 percent of the paid up share capital as on 31st March, 2008.
- (b) **Shri Piyush Modi** is a graduate in Commerce and is having more than 11 years of experience in financial services and Capital Market Operations.
- Shri Piyush Modi holds 500 Equity shares of the Company representing 0.01 percent of the paid up share capital as on 31st March, 2008.
- (c) **Smt Pramila Maheshwari** is a graduate in Commerce and is well versed with Stock Exchange Guidelines and has experience in Capital Market operations of more than 16 years. She is Chairperson of the Shareholders'/Investor Grievance Committee of the Company.
- Smt Pramila Maheshwari holds 421000 Equity shares representing 8.42 percent of the paid up share capital as on 31st March, 2008.
- (d) **Shri 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 is a Member of the Audit Committee and Remuneration Committee of the Company.
- Shri M.P.Murthy does not hold any shares of the company as on 31st March 2008
- (e) **Shri S.N.Kanchal is a B.Sc (Agr) and is associated with Cement Industry and Sugar Industry for over 20 Years in Top Management Cadre.**
- He is Chairman of the Remuneration Committee and member of the Audit Committee of the Company.
- Shri S.N.Kanchal does not hold any shares of the company as on 31st March 2008
- (f) **Shri V.B.Purnaiah** is a B.A, M.B.A and has experience of more than Four decades having been associated in the top management cadre.
- He is Chairman of the Audit Committee and member of Shareholders/Investor's Grievance Committee and Remuneration Committee of the Company.
- Shri V.B.Purnaiah holds 700 Equity shares representing 0.01 percent of the paid-up capital of the company as on 31st March; 2008.
- (g) **Shri Ram Nivas Joshi** is a Commerce Graduate and has more than four decades of experience in Insurance Industry. He has held important executive position in the Insurance Company.
- Shri R.N.Joshi does not hold any shares of the company as on 31st March 2008
3. Board Meetings, its Committee Meetings and Procedures.
- (a) **Institutionalized decision making process**
- With a view to institutionalize corporate affairs and set up systems and procedures for advance planning for matters requiring discussions/decisions by the Board, the Company has defined Guidelines for the meeting of the Board and the Committee thereof. These Guidelines seek to systematize the decision-making process at the meeting of the Board/Committees in an informed and efficient manner.
- (b) **Scheduling and selection of Agenda Items for Board Meetings**
- (i) Minimum four Board Meetings are held every year, which are prescheduled. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) All departments of the company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/ approval/ decision at the Board / Committee meetings.
- (iii) The Information placed before the Board includes:

- ◆ Business plans, capital budgets and any updates.
 - ◆ Quarterly results of the Company.
 - ◆ Minutes of the Meetings of the Audit Committee and other Committees of the Board, and also resolution passed by circulation.
 - ◆ The information on recruitment and the remuneration of senior officers.
 - ◆ Materially important show cause, demand, prosecution and penalty notices.
 - ◆ Delegation of administrative powers/authority to the management.
 - ◆ The information on financial obligation and disciplinary action.
 - ◆ Any issue, which involves possible public liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the company or any adverse view regarding another.
 - ◆ Enterprise that may have negative implications on the company
 - ◆ Significant employees problems and their proposed solutions. Any significant development in Human Resources.
 - ◆ Compliance of regulatory, statutory or listing requirements and shareholders services.
 - ◆ Major Accounting provisions.
 - ◆ Quarterly summary of all long term borrowings made, bank guarantees issued and investments made.
 - ◆ Status of the business risk exposures, its management and its related action plans.
 - ◆ Making investments of surplus funds.
 - ◆ Proposals for investment, mergers and acquisitions.
 - ◆ Recommendation / declaration of dividend.
 - ◆ General notices of interest of Directors.
 - ◆ Terms of reference of Board Committees.
- (iv) The Chairman of the Board and the Compliance Officer in consultation with the other concerned team members of the senior management, finalize the agenda papers for the Board Meetings.
- (c) Board Material papers distributed in advance**
- Agenda and Notes on Agenda are circulated to the Directors in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where document are not attached to the Agenda, the same is tabled before the meeting with specific reference in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.
- (d) Recording Minutes of proceedings at Board and Committee meetings.
- Draft minutes are circulated to all the Members of the board / Committee for their comments. The final minutes are entered in the Minutes book within 30 days from the conclusion of the meeting.
- (e) Post Meeting Follow-up Mechanism**
- The Guidelines for the Board and the Committee Meetings facilitate in effective post meeting follow-up, review and reporting process for the decision taken by the Board and the Committees thereof. Action taken report on the decisions / minutes of the previous meeting of the Board /Committee is put for noting before the Board/ Committee.
- (f) Compliance**
- The Compliance Officer while preparing the Agenda, Notes on Agenda, Minutes etc. of the Meeting (s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there under and the Secretarial Standards recommended by the Institute of Company Secretaries of India.