

# **CIL SECURITIES LIMITED**



**ANNUAL REPORT**  
**2008-09**

## 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

### 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](http://www.cilsecurities.com)

E-mail :advisors@cilsecurities.com

Tel No.: 040-23203155

### Shareholders' / Investor Grievance Committee

Pramila Maheshwari

K.K. Maheshwari

V.B.Purnaiah

### Remuneration Committee

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

### Corporate Office

130-132, Room No. 20,

II Floor, Great Western Building

Opp. Lions Gate, Fort,

Mumbai- 400 023

### Registrar & Share Transfers

214, Raghava Ratna Towers

Chirag Ali Lane, Abids,

Hyderabad- 500 001

E-mail: advisors@cilsecurities.com

Tel No.: 040-23203155

**Fax: 040-23203028**

**NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of the members of CIL Securities Limited will be held on Saturday, 22<sup>nd</sup> August, 2009 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:

**Ordinary Business :**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2009, the Profit & Loss account for the year ended on that date, and the Reports of the Board 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 Shri V.B Purnaiah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri 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 the next Annual General Meeting and to fix their remuneration.

**Special Business:**

6. To consider if thought fit, to pass with or without modifications the following resolution :

“RESOLVED THAT Pursuant to the provisions of Section 198, 269 and 309 read with schedule XIII and other applicable

provisions, if any, of the Companies Act, 1956 including any statutory modifications of re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri K.K.Maheshwari as the Managing Director of the Company for a further period of five years w.e.f 31.07.2009 upon the terms and conditions including remuneration and perquisites as set out in the draft agreement be and is hereby approved and sanctioned with the authority to the board of the directors of the Company to alter and vary the terms and conditions of the said re-appointment and / or re-agreement in such manner as the board may deem fit within the overall limit as specified in schedule XIII of the Companies Act , 1956 for the time being in force or any statutory modification or reenactment thereof and / or any rules or regulations framed there under.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

By Order of the Board of Directors of

**CIL SECURITIES LIMITED**

Registered office  
214, Raghava Ratna Towers  
Chirag Ali lane, Abids,  
Hyderabad-500 001

**Place: Hyderabad**

**Date : 13<sup>th</sup> June 2009**

**K.K.MAHESHWARI**

Chairman & Managing Director

**NOTES:**

1. A Member entitled to attend and vote at the Annual General Meeting (the meeting) 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. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. 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.
5. 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.
6. (a) The Company has already notified closure of Register of Members and Transfer Books from Monday 17<sup>th</sup> August, 2009 to Saturday, 22<sup>nd</sup> August, 2009 (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 22<sup>nd</sup> August, 2009

to those members whose names shall appear on the Company's Register of Members on 17<sup>th</sup> August, 2009; 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.

7. (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);
    - Bank Account Number and MICR NO.
- (b) Members who wish to change such 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 respect 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.
8. 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.
9. 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.
10. 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.
11. Duplicate attendance slip 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 AGM.

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

#### Item 3 and 4

In terms of Articles of Association of the Company, Shri V.B.Purnaiah and Shri S.N.Kanchal, 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.

#### Item No.6

Shri.K.K.Mahshwari is a commerce graduate and is associated with the Company since inception. He is having rich and vast experience in the line of investments, broking activities and other related financial arena for more than 21 years. He is a Promoter Director of he Company and has been associated with the Company's development and diversification plans. Also he has gained rich experience in the segment of Merchant Banking, Registrars & Share Transfer Agents, Depository Services and other diversified financial activities / services.

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

The terms of the renewed agreement are as follows:-

1. Salary @ Rs.1,00,000/- (Rupees One Lakh Only) per month or such higher amount as may be approved by the Board from time to time.

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

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

#### **CATEGORY - A :**

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

- 1) **Housing :** The Company shall provide rent free unfurnished residential accommodation to the Managing 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(s) 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(s) 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 Shri K.K.Maheshwari is subject to the condition that the total remuneration including all the perquisites as mentioned in 'A', 'B' & 'C' above shall not exceed 5% of the net profits (pre tax) payable to the Managing Director 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, Shri K.K.Maheshwari will be paid the above salary as minimum remuneration and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.
6. The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) or any amendments made thereto from time to time and acceptance of the appointee(s).

Shri K.K.Maheshwari and Smt Pramila Maheshwari are deemed to be concerned or interested in the resolution.

By Order of the Board of Directors of

**CIL SECURITIES LIMITED**

Registered office

**214, Raghava Ratna Towers**

**Chirag Ali lane, Abids,**

**Hyderabad-500 001**

**Place: Hyderabad**

**Date : 13<sup>th</sup> June 2009**

**K.K.MAHESHWARI**

Chairman & Managing Director

## DIRECTORS' REPORT

Dear Members,

Your Directors present the 20<sup>th</sup> Annual Report and the Audited Accounts for the financial year ended 31<sup>st</sup> March 2009.

### Financial Results

The Financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2009 is summarized below:

Particulars	(Rs. in Lakhs)	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Total Revenue	691.22	1405.91
Profit before Interest, Depreciation & Tax	86.03	854.91
Profit before Depreciation and Tax	85.84	854.65
Depreciation	38.10	40.55
Profit Before Tax	47.74	814.09
Less: Provision for Tax (Net)	0.55	236.57
Profit After Tax	47.19	575.92
Add: Balance Brought Forward from the last year	869.16	423.86
<b>Profit available for Appropriation</b>	<b>916.35</b>	<b>999.79</b>
<b>Appropriations:</b>		
Proposed Equity Dividend	50.00	62.50
Tax on Dividend	8.50	10.63
Transfer to General Reserve	5.00	57.50
Balance carried forward to Balance sheet	852.85	869.16
<b>Total Appropriations</b>	<b>916.35</b>	<b>999.79</b>

The Company's Profit after Tax is Rs. 47.19 Lacs (Previous Year Rs.575.92 Lacs). The Board recommends transfer of a sum of Rs. 5.00 Lacs (Previous Year Rs. 57.50 Lacs) to General Reserve.

### Dividend

Your Directors are pleased to recommend the payment of dividend on equity shares @ Rs. 1.00 per share for the Financial year ending 31-03-2009. The total dividend together with tax and surcharge there on will absorb Rs. 58.50 Lacs (Previous year Rs. 73.17 Lacs)

### Market Scenario

After a prolonged period of severe turbulence the financial markets across the globe have, since mid-March, not only stabilized but have turned buoyant once again, auguring well for the Intermediaries. The hope of further revival of the capital markets depends on how fast the recession hit western world's economies recover. Fortunately, early signs are beginning to emerge indicating that at least the worse is behind and the developed markets are beginning to respond to the wide range of stimulus packages being dished out by the various central banks across the globe, in a coordinated effort.

However, it is indeed a heartening matter to note that Indian Markets have successfully de-coupled themselves, to a large

extent, and is now emerging strongly as an independent market that holds a lot of promise to the financial and capital market participants. Although the GDP growth rate has slowed down in the recent fiscal year, we still have a far superior growth rates as compared to most other emerging Asian Markets. Thus, India remains a favoured destination for several large-ticket Investors.

The biggest boost to the 'Brand India' has come from the Electoral results gaining mandate to govern the Country for the next five-year term. The overwhelming factor of a stable formation, paves the way for the ruling new government to take bold reform measures. The much ignored financial sector reforms are now expected to be implemented with a renewed sense of urgency on a fast track.

### 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 V.B Purnaiah and Shri S.N.Kanchal retire by rotation at the ensuing Annual General Meeting and being eligible offers 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 proper service support.

During the year under review, the Company does not have any Foreign Exchange earnings or outgo.

**(B) Particulars of Employees**

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

**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, 2009 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 affirmed 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 with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

A Cash Flow Statement for the Financial Year 2008-09 of the Company is attached to the Balance Sheet.

**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 5<sup>th</sup> June 2009 a total of 4838409 Equity shares of the Company, which forms 96.77% 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.

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

Registered office  
**214, Raghava Ratna Towers**  
**Chirag Ali lane, Abids,**  
**Hyderabad-500 001**  
**Place: Hyderabad**  
**Date : 13<sup>th</sup> June 2009**

**K.K.MAHESHWARI**

Chairman & Managing Director

## 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 in letter and spirit but also 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

### Composition of the Board

As on 31<sup>st</sup> March, 2009, the Board of Directors consists of 7 Directors viz., Five Non-Executive Directors (Out of which four are Independent Directors) One Managing Director and an Executive Director. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that : (i) Not less than 50% of the Board of Directors should comprise of Non-Executive Directors; and (ii) where the Chairman of the Board is a Non-Executive Director not related to the promoter group, at least one third of the Board should comprise of Independent 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 brief profile of your Company's Board of Directors is as under:

- (i) **Shri K.K.Maheshwari** is a graduate in Commerce and has experience in the line of investments activity and has more than 21 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 827700 Equity shares of the Company representing 16.55 percent of the paid up share capital as on 31<sup>st</sup> March, 2009.

He is the Chairman and Managing Director of the Company.

- (ii) **Shri Piyush Modi** is a graduate in Commerce and is having more than 12 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 31<sup>st</sup> March, 2009.

He is the Executive Director of the Company.

- (iii) **Smt Pramila Maheshwari** is a graduate in Commerce and has experience in Capital Market operations of more than 17 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 31<sup>st</sup> March, 2009.

She is the Promoter Director of the Company.

- (iv) **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 31<sup>st</sup> March 2009.

He is an Independent & Non Executive Director of the Company.

- (v) **Shri S.N.Kanchal** is a B.Sc (Agr) and was 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 31<sup>st</sup> March 2009

He is an Independent & Non Executive Director of the Company.

- (vi) **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 31<sup>st</sup> March, 2009.

He is an Independent & Non Executive Director of



the Company.

- (e) **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 31<sup>st</sup> March 2009

He is an Independent & Non Executive Director of the Company

### 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 / strictures passed on the conduct of the Company or any adverse view etc.

- ✦ 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 :

In the defined formats Agenda and Notes on Agenda are circulated to the Directors in advance. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where any document to the Agenda, are not attached 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 added on permission.

#### (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 / appraisal on the decisions and 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.