

CIL SECURITIES LIMITED



ANNUAL REPORT **2012-13**

Company Information

Board of Directors

K.K.Maheshwari

Chairman and Managing Director

Piyush Modi

Executive Director

A.K. Inani

Director-Finance

Pramila Maheshwari

M.P.Murthy

V.B.Purnaiah

R.N.Joshi

F.R. Bhote

Solicitors

K Balakrishna & Associates

No 1-1-336/140, Chikkadpally

Hyderabad- 500 020

Principal Bankers

Canara Bank

HDFC Bank

Audit Committee

V.B.Purnaiah

M.P.Murthy

RN Joshi

Registered Office

214, Raghava Ratna Towers,

Chirag Ali Lane, Abids,

Hyderabad- 500 001

website: www.cilsecurities.com

e-mail: advisors@cilsecurities.com

Tel No.:040-23203155

Shareholders' / Investor Grievance Committee

Pramila Maheshwari

K.K. Maheshwari

V.B.Purnaiah

Corporate Office

130-132, Room No. 20,

II Floor, Great Western Building,

Opp. Lions Gate, Fort,

Mumbai-400023

Remuneration Committee

M P Murthy

RN Joshi

V.B.Purnaiah

Auditors

M/s Ram Kishore Jhavar & Associates

Chartered Accountants Firm No. 003016S

4-4-296/297, 1st Floor, Room no 13,

Mithila Complex, Bank Street, Koti,

Hyderabad - 500195

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

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of the Members of CIL Securities Limited will be held on **Monday, 30th September, 2013** at Mines Safety & Productivity Council, Hyderabad Region, 608, Raghava Ratna Towers, North Block (Medwin Hospital Complex), Chirag Ali Lane, Nampally, Hyderabad - 500 001 at **11A.M.** to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit & Loss Account of the Company for the year ended on that date together with the Reports of the Board of Directors, Corporate Governance and Auditors thereon.
2. To declare Dividends on the Equity Shares of the Company for the financial year ended March 31, 2013.
3. To appoint a Director in place of Sri V.B Purnaiah, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for reappointment.
4. To Appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business

5. To consider, and if thought fit to pass, with or without modifications, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT Sri A.K. Inani who had been appointed as an Additional Director and being in whole time employment of the Company became Whole time director and was designated as Director-Finance w.e.f 3rd November ,2012 at the Board Meeting held on that date and who in terms of Section 260 of the Companies Act ,1956 read with Articles 92 of the Articles of Association of the Company holds such office up to this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act ,1956 proposing his candidature for the office of Director along with requisite deposit be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT subject to the provisions of the section 198, 269 and 309, 310 and Schedule XIII to the Act and other applicable provisions, if any, of the Companies Act ,1956 and subject to such other approval as may be required, the company hereby accords its approval for the appointment of Sri A.K. Inani as the Whole Time Director of the Company for a period of 5 years retrospectively from 3rd November ,2012 to 2nd November ,2017 on the terms and conditions including the remuneration and perquisites as set out in the agreement dated 3rd November ,2012 entered into between

the Company and Sri A.K. Inani (a copy of which is placed before the meeting) with liberty 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."

6. To consider and if thought to pass, with or without modifications, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT Sri F.R. Bhote ,who had been appointed as an Additional Director w.e.f 5th April ,2013 at the Board Meeting held on that date and who in terms of Section 260 of the Companies Act ,1956 read with Articles 92 of the Articles of Association of the Company holds such office up to this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act ,1956 proposing his candidature for the office of Director along with requisite deposit be and is hereby appointed as a Director of the Company"

7. To consider and if thought fit to pass , with or without modifications , the following resolution as **Ordinary resolution**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309,310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of said Act , including any statutory modification and re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the reappointment of Sri Piyush Modi as Whole Time Director designated as Executive Director of the Company for a further period of 5 years retrospectively from 1st April ,2013 to 31st March ,2018 on the terms and conditions including remuneration and perquisites as set out in the Agreement dated 4th February ,2013 entered into between the Company and Sri Piyush Modi (a copy of which is placed before the meeting) with liberty 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."

**Place: Hyderabad By Order of the Board of Directors of
Date: 29.05.2013 CIL SECURITIES LIMITED**

**K.K.MAHESHWARI
Chairman & Managing Director**

**Registered Office
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad-500 001**

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 authorized 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 Dematerialized 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 **Tuesday, 24th September, 2013 to Monday, 30th September, 2013** (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 **Monday , 30th September , 2013** to those members whose names shall appear on the Company's Register of Members on , **Monday ,23rd September, 2013**; in respect of shares held in Dematerialized 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 Account (SA) or Current Account (CA);
 - Bank Account Number and MICR code/RTGS/NEFT Code
 - (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.

Details as required under Clause 49(IV)(G)(i) of the Listing Agreement:-

ITEM 3

Sri V.B. Purnaiah is a B.A. ,MBA and has experience of more than Four decades having been associated in the top management cadre. Shri V.B.Purnaiah holds 700 Equity shares representing 0.014 percent of the paid-up capital of the Company as on 31st March, 2013.He is holding directorship in the following company:-

1. Nav Energy Private Limited.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act,1956)

ITEM 5

Sri A.K.Inani has been appointed as an Additional Director of the Company w.e.f. 3rd November, 2012 at the Board meeting held on that date pursuant to Section 260 of the Companies Act, 1956. Sri A.K. Inani is in the whole time employment of the Company and is associated with the Company for the last 17 years. Hence by virtue of being appointed as Additional Director, he becomes the Whole time Director of the Company w.e.f 3rd November, 2012 and who in terms of Section 260 of the Companies Act ,1956 read with Article 92 of Articles of Association of the Company holds such office upto this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act ,1956 proposing his candidature for the Office of Director along with requisite deposit.

Sri Ashok Kumar Inani is a Commerce Graduate and is associated with the company since 1995. He is having rich and vast experience in Finance, Taxation, Accounts and other related financial arena for more than 26 years. He is also holding directorship in M/s Gita Finvest Private Limited and M/ s Canara Securities Limited. A brief profile of Mr. A.K. Inani is given in the Annexure 1 to the Notice

Considering Sri A.K.Inani 's vast experience ,his appointment is in the best interest of Company.

The terms of the agreement are as follows:-

1. Consolidated Salary @ Rs.61,500/- (Rupees Sixty One Thousand and Five Hundred only) per month or such higher amount as may be approved by the Board from time to time.
2. 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 one Club. 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, Superannuation 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 Ashok Kumar Inani 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 Ashok Kumar Inani 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.

Other terms and conditions

- i. The Whole time director shall not become interested or otherwise concerned directly or through his spouse and/or children, in any selling agency of the company
- ii. 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)
- iii. The Whole time director is not liable to retire by rotation
- iv. The Whole time Director will not be paid any sitting fees for attending the Board and Committee Meeting
- v. The Terms and conditions of appointment of the Whole Time Director also include clauses pertaining to adherence with the Company's code of conduct, laid down in Corporate Governance

None of the Directors except Sri A.K.Inani is concerned or interested in the resolution.

ITEM 6

Sri F.R. Bhote has been appointed as an additional Director w.e.f 5th April, 2013 at the Board Meeting held on that date and who in terms of Section 260 of the Companies Act, 1956 read with Articles 92 of the Articles of Association of the Company holds such office up to this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director along with requisite deposit.

Shri F.R. Bhote is a Science Graduate (Engineering) in Electronics & Communications from B.I.T and holds a Master Degree in Computer Science from I.I.T., Mumbai. He has got varied experience of more than 28 years in making Software for Capital Market. He is also the Managing Director of M/s Hypersoft Technologies Limited for more than 30 years.

A brief profile of Sri. F.R. Bhote is given in the Annexure 2 to the Notice.

None of the Directors except Sri F.R. Bhote is concerned or interested in the resolution.

ITEM 7

The Board of Directors of the Company at their meeting held on 31.01.2003 appointed Sri Piyush Modi as Executive Director for a period of five years with effect from 01.04.2003 and subsequently reappointed him for a further period of five years with effect from 01.04.2008. Considering valuable contribution made by Shri Piyush Modi in the overall growth of the Company, the Board of Directors of the Company, at their meeting held on 4th February, 2013 re-appointed Sri Piyush Modi as an Executive Director of the Company for a further period of five (5) years w.e.f. 01.04.2013 to 31.03.2018.

The terms of the Agreement are as follows:-

1. 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.
2. 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 one Club. 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.
7. Other Terms and Conditions
 - (i) The Executive director shall not become interested or otherwise concerned directly or through his spouse and/or children ,in any selling agency of the company
 - (ii) The Executive director is not liable to retire by rotation
 - (iii) The Executive Director will not be paid any sitting fees for attending the Board and Committee Meeting
 - (iv) The terms and conditions of appointment of the Executive Director also include clauses pertaining to adherence with the Company's code of conduct, laid down in Corporate Governance.

None of the Directors except Piyush Modi is concerned or interested in the resolution

Annexure I

Details of Director seeking appointment at the 24th Annual General Meeting to be held on Monday ,30th September,2013

Name of Director	Sri A.K. Inani
Item No.	Item 5
Date of Birth	16.08.1958
Date of Appointment	03.11.2012 (Appointed by the Board as an Additional Director and Whole Time Director being in employment with the company.)
Qualifications	B.Com
Expertise in specific functional area	Finance, Taxation, Accounts and other related financial arena
Category	Whole Time Director
Other Directorship	1. Gita Finvest Private Limited 2. Canara Securities Limited
No of Equity shares held in the Company	NIL

Annexure II

Details of Director seeking appointment at the 24th Annual General Meeting to be held on Monday ,30th September,2013

Name of Director	Sri F.R. Bhote
Item No.	Item 6
Date of Birth	14.07.1956
Date of Appointment	05.04.2013 Appointed by the Board as an Additional Director
Qualifications	B.Sc. (Engineering) in Electronics & Communications from B.I.T, Master Degree in Computer Science from I.I.T. Mumbai
Expertise in specific functional area	Software Engineering for Capital Market
Category	Non-Executive & Independent Director
Other Directorship	Hypersoft Technologies Limited
No of Equity shares held in the Company	NIL

NOTICE - GREEN INITIATIVE

Dear Members,

Sub : Email address for mailing Annual Reports, Notices and other documents.

As a part of "Green Initiative" in the Corporate Governance, the Ministry of Corporate Affairs vide Circular No 18/2011 dated 29th April 2011 has enabled Companies to send Annual Reports, Notices and other documents through electronic mail.

In the view of the above, we propose to send the Annual Reports, Notices and other documents to our Members through electronic mail.

A. For Members holding shares in electronic form, the email address provided by you and made available to us by the Depositories will be used for sending the Annual Report. Kindly update your email address with your Depository Participant, including changes if any. In case you desire to receive in physical form please inform us in writing.

B. Members holding shares in physical form are requested to register their email address so that the Annual Report can be sent through email. You may register your email id with our Registrar & Transfer Agent, whose address and email id is as under:

CIL Securities Limited,

214, Raghava Ratna Towers,

Chirag Ali Lane, Abids,

Hyderabad-500 001

Email: rta@cilsecurities.com/secretary@cilsecurities.com

C. Members can also register their choice by logging in to www.cilsecurities.com and clicking on "MCA's Green Initiative" link.

Thanking you,

Yours sincerely,

For CIL Securities Limited

K.K. Maheshwari

Managing Director

Date: 29th May, 2013

Directors' Report

Dear Members,

Your Directors present the 24th Annual Report and the Audited Accounts for the financial year ended 31st March 2013.

Financial Results

The Financial performance of the Company for the Financial Year ended 31st March, 2013 is summarized below:

Particulars	Year Ended	(Rs. in Lacs)
	31.03.2013	Year Ended 31.03.2012
Total Revenue	440.02	487.68
Profit before Interest, Depreciation & Tax	105.75	96.23
Profit before Depreciation and Tax	105.73	96.23
Depreciation	16.44	21.97
Profit Before Tax	89.29	74.26
Less: Provision for Tax (Net)	26.01	7.68
Profit After Tax	63.28	66.58
Add: Balance Brought Forward from the last year	976.61	945.84
Profit available for Appropriation	1039.89	1012.42
Appropriations:		
Proposed Equity Dividend	25.00	25.00
Tax on Dividend	4.06	4.06
Transfer to General Reserve	6.35	6.75
Balance carried forward to Balance sheet	1004.48	976.61
Total Appropriations	1039.89	1012.42

The Company's Profit after Tax is Rs. 63.28 Lacs (Previous Year Rs. 66.58 Lacs). The Board recommends transfer of a sum of Rs. 6.35 Lacs (Previous Year Rs. 6.75 Lacs) to General Reserve.

Dividend

Your Directors are pleased to recommend the payment of dividend on equity shares @ Rs. 0.50 per share for the financial year ending 31-03-2013. The total dividend together with tax and surcharge there on amounts to Rs.29.06 Lacs (Previous year Rs. 29.06 Lacs)

MARKETS' SCENARIO:

While the Financial Markets across the world were in good spirits through the FY'2013, our own markets were somewhat nervous, bugged by local issues linked to Economic & Political spectres. Although the Frontline Indices like NIFTY & SENSEX reflected a sense of improvement, the broader markets had been faring quite badly for the better part of the Financial Year.

Just a look at the NIFTY movement, till Mid-January would reflect a healthy 900 points or a 17% gain from FY'12 closing levels of 5190, to a High of 6090 levels, suggesting that the markets are in fine fettle. However, much of this INDEX up move was supported by a merely handful of INDEX-Heavy stocks. While most of these PIVOTALS spiked up anywhere from 50-75% the broader markets were actually giving negative returns.

Even as at mid January the markets were somewhat hopeful of improvement but what followed in the subsequent 10 weeks was quite disastrous. While the NIFTY itself lost over 7%, many stocks from the broader markets lost 40-60% effortlessly, exposing the shallowness of our Financial markets. The market sentiments hit distressing lows even as seasoned players struggled desperately for survival.

MARKET INTERMEDIARIES IN A QUANDARY: Not only the Equities markets, but the Commodities markets, especially the BULLIAN & the Currencies markets too were facing huge turbulence leading to a large-scale exodus of market participants. As a result, it is the Market Intermediaries who were the worst hit. The facts about squeezing margins on Brokerages & other Fee based operational income is quite well known but this absolute shrinkage of business volumes is making it increasingly challenging for the players to survive, let alone flourish.

The weak stock valuations, especially that of mid-tier & emerging companies has resulted in a wide spread slackness in Merchant Banking activities as well. Most mid-tier segment companies remained absolutely lack-lustre. The Primary Market or the IPO issuances remain near non-existence & offers little hope for the mid-level Intermediaries in the foreseeable future.

ECONOMIC SCENARIO: The Economic & Political issues have a strange Inter-connection & both these factors are grossly negatively positioned for sometime now, from the Financial Markets' view point. The Economy as a whole had been dwindling over the past few years, even accelerating the pace of the slow-down. The Inflation picture remains scary on both counts, CPI & WPI with the later remaining above 7% till FY'13 end. Apart from GDP, other most Important Economic & Fiscal Indicators too remain grim.

SOME RAYS OF HOPE: However, true to the great Indian spirit, there's still some hope yet, in the period to come. Having confronted with an alarming situation the concerned Ministry has already seen taking bolder decisions. Following the Diesel Price hiking mechanism, the Finance Minister will hopefully push ahead with an Economic Reform process that will help lift the whole Economy from the terribly difficult terrain it is languishing at present.

The turn of events as reflected by the Financial Markets, from the onset of the New Financial Year, have been somewhat cheerful. Of course, much of this refreshing cheer to the markets is due to the favourable global cues. The Western world or the Developed Economies have done quite a remarkable job, by not only fighting out a horrific Economic crisis, but returning to what can be seen as newer vistas of glory. New life-time highs being repeatedly scaled by the very Important Indices like the DOW JONES and S&P-500 is a

clear testimony to the greater resolve they have been displaying in countering adverse conditions.

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 , retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Sri A.K. Inani had been appointed as an Additional Director and being in whole time employment of the Company became Whole time director and was designated as Director-Finance w.e.f 3rd November ,2012 at the Board Meeting held on that date. A notice has been received from the member of the Company under Section 257 of the Companies Act ,1956, proposing his candidature for the office of Director along with requisite deposit. The resolution and relevant explanatory statement required for approving the appointment of Sri A.K. Inani as Whole Time Director designated as Director-Finance is set in the notice calling the AGM.

Sri F.R Bhote had been appointed as additional director at the Board Meeting held on 5th April ,2013 to hold office upto the date of this Annual General Meeting. A notice has been received from the member of the Company under Section 257 of the Companies Act ,1956 , proposing his candidature for the office of Director along with requisite deposit. The resolution and relevant explanatory statement required for approving the appointment of Sri F.R. Bhote as Director is set in the notice calling the AGM.

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 **BSE 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.60 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 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 2012-13 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 24th May, 2013, a total of 4857409 Equity shares of the Company, which forms 97.15 % 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

K.K. Maheshwari

Chairman & Managing Director

Registered office

214, Raghava Ratna Towers

Chirag Ali lane, Abids,

Hyderabad-500 001

Place: Hyderabad

Date: 29.05.2013