

# **CIL SECURITIES LIMITED**



**ANNUAL REPORT**  
**2010-11**

# Company Information

## Board of Directors

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

## Audit Committee

V.B.Purnaiah  
M.P.Murthy  
RN Joshi

## Shareholders' / Investor Grievance Committee

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

## 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

## 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  
website: [www.cilsecurities.com](http://www.cilsecurities.com)  
e-mail: [advisors@cilsecurities.com](mailto:advisors@cilsecurities.com)  
Tel No :040-23203155

## Corporate Office

130-132, Room No. 20,  
II Floor, Great Western Building  
Opp. Lions Gate, Fort,  
Mumbai-400023

## Registrar & Share Transfers

214, Raghava Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad- 500 001  
E-mail: [rta@cilsecurities.com](mailto:rta@cilsecurities.com)  
Tel No.: 040-23203155  
Fax: 040-23203028

**NOTICE**

Notice is hereby given that the **Twenty Second Annual General Meeting** of the Members of CIL Securities Limited will be held on **Wednesday 28<sup>th</sup> September 2011** 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 AM** 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 2011, 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 Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Sri VB Purnaiah who retires by rotation at this Annual General Meeting, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri.M P Murthi, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for reappointment.
5. 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.

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 : 30<sup>th</sup> May 2011**

**NOTES:**

1. A Member entitled to attend and vote at the Annual General Meeting (the meeting) is also 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 Slips 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 **Thursday, 22<sup>nd</sup> September, 2011 to Wednesday, 28<sup>th</sup> September, 2011** (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 28<sup>th</sup> September, 2011 to those members whose names shall appear on the Company's Register of Members on 21<sup>st</sup> September, 2011, in respect of shares held in Dematerialized form, the dividend will be paid to members whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on that 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/RTGS/NEFT/IFSC 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.

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 : 30<sup>th</sup> May 2011**

**NOTICE - GREEN INITIATIVE**

Dear Share Holders,

**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 29<sup>th</sup> 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, Hdderabad – 500 001  
email:rt@cilsecurities.com / secretary@cilsecurities.com
- C. Members can also register their choice by logging in to [www.cilsecurities.com](http://www.cilsecurities.com) and clicking on "MCA's Green Initiative" link.

Thanking you  
Yours Sincerely

**For CIL Securities Limited**

**KK Maheshwari**  
Managing Director  
Date: 30.05.2011

## DIRECTORS' REPORT

Dear Members,

Your Directors present the 22<sup>nd</sup> Annual Report and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2011.

### Financial Results

The Financial performance of the Company for the Financial Year ended 31<sup>st</sup> March, 2011 is summarized below:

Particulars	(Rs. in Lakhs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Total Revenue	616.16	706.43
Profit before Interest, Depreciation & Tax	129.92	175.01
Profit before Depreciation and Tax	129.73	174.91
Depreciation	27.83	32.17
Profit Before Tax	102.35	142.74
Less: Provision for Tax (Net)	0.10	12.20
Profit After Tax	102.25	130.54
Add: Balance Brought Forward from the last year	911.89	852.85
<b>Profit available for Appropriation</b>	<b>1014.14</b>	<b>983.39</b>
<b>Appropriations:</b>		
Proposed Equity Dividend	50.00	50.00
Tax on Dividend	8.30	8.50
Transfer to General Reserve	10.00	13.00
Balance carried forward to Balance sheet	945.84	911.89
<b>Total Appropriations</b>	<b>1014.14</b>	<b>983.39</b>

The Company's Profit after Tax is Rs.102.25 Lacs (Previous Year Rs.130.54Lacs). The Board recommends transfer of a sum of Rs.10.00 Lacs (Previous Year Rs.13.00Lacs) to General Reserve.

### Dividend

Your Directors are pleased to recommend the payment of dividend on equity shares @ Rs.1/- per share for the financial Year ending 31-03-2011. The total dividend together with tax and surcharge there on will absorb Rs. 58.30 Lacs (Previous year Rs. 58.50 Lacs)

### Market Scenario

Broader and deeper financial markets will be crucial for mobilizing higher savings and intermediating them efficiently to finance higher investment and growth. India's financial markets continued to gain strength in recent years, in the wake of steady reforms since 1991. Prudent regulations and institutions protected the economy from the recent global financial shocks. And its dynamism is a leading factor in the current recovery.

Domestic capital markets performed well in 2010, primary markets financing record levels, including the largest-ever initial public offering (IPO) (for Coal India), while secondary markets reached new highs record foreign inflows helped support the market.

Looking to the future, the twin challenges are to continue this progress on gradual financial reform and to modernize regulations and institutions to ensure its continued safety and stability. The priority is to considerably extend the reach of banking to help mobilize more savings, add more depth, and more efficiently intermediate opportunities, including those in the traditional 'priority' sectors.

To move ahead financial inclusion needs to be accelerated as a next crucial step; innovative solutions will be needed in this regard; similar efforts are needed to deepen domestic capital markets and the role of non-bank institutions, especially in corporate bond and debt markets; the rapid lowering of fiscal deficits is needed to help crowd-in such developments; and the Government and Reserve Bank of India (RBI) have already begun a series of essential regulatory overhaul, aimed at updating the modern legislation underlying financial markets, and improving macro-prudential safeguards and institutions. We need to continue along this path.

Global recovery also resulted in an upsurge in the markets. Boosting sentiments across the globe, the US economy expanded at a 2.6 per cent annual rate in the third quarter, marking a pickup in growth that may extend into 2011 as consumers and companies gain confidence to spend. Chinese manufacturing growth remains at relatively high levels amidst inflation. Global attention is on Chinese growth as it is considered the driver of global growth in 2011. China's manufacturing sector grew at the weakest pace in three months in December after the Government tightened monetary policy to restrain inflation and closed factories to meet energy efficiency targets. It is widely believed that following China, the rest of the central banks in emerging markets are also tightening their economies to safeguard them from inflation, making less cash available for equities.

Globally, leaders are striving to keep the pace of growth intact. Most European and Asian share indices rose as investors' concerns over the Eurozone's debt crisis were allayed by 85 billion Euro (\$113bn; £72bn) bailout package for Ireland by the European Union and the International Monetary Fund on 28 November). Greece, which was the first to be hit, had received 110 billion euro rescue package in May, which saved it from bankruptcy. The Monetary Policy Committee of the Bank of England voted to carry forward its £200 billion quantitative easing programme. The withdrawal of the programme set up by the US Federal Reserve to ease the strain from Europe's debt crisis, was extended from January to August. Amid signs of recovery, the US Federal Reserve introduced the policy of buying \$ 600 billion in US Treasury bonds and keeping short-term interest rates near zero. All these developments have created positive vibes in the market. While the measures to rescue the Irish banking system are in place, there is now growing concern about the other two countries in the euro group called PIGS (Portugal, Ireland, Greece, and Spain) dampening sentiments across the globe.

### Directors

The Board with profound grief noted the untimely sad demise of Shri Satyanarayana Kanchal on 20<sup>th</sup> January, 2011. The Board appreciated various guidance provided by Sri S.N.Kanchhal during his 15 years plus association with the Company as Member of Audit Sub-Committee, Chairman of Remuneration Committee and as Member of the Board.

In accordance with the provisions of **Section 255 of The Companies Act, 1956** and **Article 100** of the Articles of Association of the Company, **Sri VB Purnaiah and Shri MP Murti**, 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 (BSE)**.

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 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, 2011 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 2010-11 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 **14.05.2011** a total of **4852109** Equity shares of the Company, which forms **97.04%** 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**  
**Hyderabad**  
**Date: 30<sup>th</sup> May 2011**

## 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 endeavors 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, 2011, the Board of Directors consists of 6 Directors viz., Four Non-Executive Directors (Out of which Three are Independent Directors), one Managing Director and one 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 are managed by the Chairman and Managing Director and 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 23 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 1072700 Equity shares of the Company representing 21.45 percent of the paid up share capital as on 31<sup>st</sup> March, 2011.

He is the Chairman and Managing Director of the Company.

- (ii) **Shri Piyush Modi** is a graduate in Commerce and is having more than 14 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, 2011.

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 19 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, 2011.

She is the Promoter & Non executive 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 Chairman of Remuneration Committee of the Company. Shri M.P.Murthy does not hold any shares of the Company as on 31<sup>st</sup> March 2011.

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, 2011.

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. He is the Member of the Audit Committee, Shareholders'/Investor's Grievance Committee and Remuneration Committee of the Company Shri R.N.Joshi does not hold any shares of the Company as on 31<sup>st</sup> March 2011.

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.

**4. Attendance of Directors of Board Meetings and number of other Directorship(s) and Chairmanship(s)/ Membership(s) of Committees of each Director in various companies :**

Name of the Director	Category	Attendance at Board meetings during 2010-11		No. of other Directorship(s)* Held as on 31.03.2011	No. of Membership(s)/ Chairmanship(s) Committees of other Companies**	
		Board Meetings	Previous AGM		Membership (s)	Chairmanships
Shri K.K.Maheshwari	Executive & Promoter	5	Yes	9	1	0
Shri Piyush Modi	Executive	5	No	5	0	0
Smt Pramila Maheshwari	Non-Executive & Promoter	4	Yes	5	0	1
Shri M.P Murthy	Non-Executive&Independent	5	Yes	3	2	3
Shri S.N.Kanchal®	Non-Executive&Independent	4	No	NA	NA	NA
Shri V.B.Purnaiah	Non-Executive&Independent	5	Yes	0	1	1
Shri Ram Nivas Joshi	Non-Executive&Independent	5	No	0	0	0

@ Sri SN Kanchal ceases to be board of director w.e.f. 20.01.2011 due to his sad demise.

\* The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*\* Represents Membership(s) / Chairmanship(s) of the Audit Committees and Share-holders / Investor Grievance Committees of CIL Securities Limited and of other Companies.

**5. Number of Board Meetings held and the dates on which held:**

Total Five Board Meetings were held during the year. The Company has held at least one Board Meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Board Meetings are as under:

Sl.No.	Date	Board Strength	No. of Directors Present
1.	27 <sup>th</sup> April 2010	7	7
2.	29 <sup>th</sup> May 2010	7	7
3.	13 <sup>th</sup> August 2010	7	6
4.	13 <sup>th</sup> November 2010	7	7
5.	11 <sup>th</sup> January 2011	6	6

**6. Board Committee:**

Details of the committees of the Board and other related information as provided hereunder:

**(a) Audit Committee :**

The role and powers of the Audit committee are as per the guideline of clause 49 set out in the Listing Agreement with the Stock Exchange. The committee also acts as a link between the statutory and internal auditors and the Board of Directors. The Committee meets the statutory auditors periodically and reviews the financial statements, Annual financial statements, Auditors Report thereon and discusses their findings and suggestions and seeks clarifications thereon. The committee reviews the management and the financial statements before submitting the report to the Board.

The Audit committee comprises of the following Non Executive and Independent Directors:

1. Shri V.B Purnaiah (Chairman)
2. Shri M.P Murthy
3. Shri RN Joshi (Joined w.e.f. 13.08.2010)
4. Shri S.N Kanchal(ceased to be Member w.e.f. 20.01.2011)

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said Meeting are as under:

S.No	Dates on which Audit Committee Meeting was held	Attendance at the Meeting			
		Shri V.B Purnaiah	Shri M.P Murthy	ShriS.N Kanchal	Shri R.N Joshi
1	29 <sup>th</sup> May 2010	Attended	Attended	Attended	-
2	13 <sup>th</sup> August 2010	Attended	Attended	Attended	Attended
3	13 <sup>th</sup> November 2010	Attended	Attended	Attended	Attended
4.	11 <sup>th</sup> February 2011	Attended	Attended	-	Attended

The statutory Auditor was present in all the meetings. Managing Director / Presidents were also invited to attend the Meetings.

**(b) Remuneration Committee:**

The Remuneration Committee recommends the Company policy on all elements of remuneration of all the Directors i.e Salary, Benefits, Bonus, Stock Options, pension, performance linked incentives, service contracts, Notice period, and Severance fee.

The Remuneration Committee comprises of the following members:

- Shri M.P Murthy (Chairman w.e.f. 17.02.2011)  
 Shri V.B.Purnaiah  
 Shri RN Joshi (Joined w.e.f. 17.02.2011)  
 Shri S.N.Kanchal (ceased to be Chairman w.e.f. 20.01.2011)

The dates on which the Remuneration Committee Meetings were held and the attendance of the Members at the said Meeting are as under:

S.No	Dates on which Remuneration Committee Meeting was held	Attendance at the Meeting		
		Shri S.N Kanchal	Shri M.P Murthy	Shri V.B Purnaiah
1	29-05-2010	Attended	Attended	Attended

**Remuneration Policy and Remuneration of Directors**

Subject to the recommendation of Remuneration Committee and approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Managing /Executive Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Executive Directors comprises of salary, commission, performance incentives, perquisites and allowances, contribution to Provident Fund and Gratuity. The details of salary, commission and perquisites (including contribution to Provident Fund/Superannuation Fund) paid/payable for the financial year ended March 31st 2011 to them is as under.

Name & Designation	Sri K.K Maheshwari (Managing Director)	Sri Piyush Modi (Executive Director)
Salary	Rs.12,99,960/-	Rs.6,00,000/-
Perquisites	Rs.50,098/-	-
<b>TOTAL</b>	<b>Rs. 13,50,058/-</b>	<b>Rs.6,00,000/-</b>

The Non-Executive Directors do not draw any remuneration from the Company except Sitting Fees of **Rs 4000/-** per meeting of the Board and Committees. The total amount of sitting fees paid during the year is **Rs 1,48,000/-**

**(c) Share Transfer/Investor Grievance Committee**

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

1. Smt Pramila Maheshwari (Chairperson)
2. Sri K.K Maheshwari
3. Sri V.B Purnaiah

**During the year 2010-11, details of complaints received from shareholders/ investors regarding transfer of shares non-receipt of declared dividends etc. are given below:**

Nature of Complaints	Number of Complaints received	Number of Complaints redressed.
Non-receipt of dividends	<b>NIL</b>	<b>NIL</b>
Non-receipt of shares lodged for transfer	<b>NIL</b>	<b>NIL</b>
Others	<b>NIL</b>	<b>NIL</b>
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

All complaints have been resolved and there are no outstanding complaints as on 31<sup>st</sup> March 2011.

No. of Shares pending for transfer-**Nil**

**d) Name and Designation of the Compliance Officer**

**Shri K.K. Maheshwari - Chairman & Managing Director**

**7. General Body Meetings**

**Details of the last three Annual General Meetings of the Company are as under:**

Year	AGM/ EGM	Location	Date	Time
2009-2010	AGM	Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6-841, Red Hills, Hyderabad – 500 004	28 <sup>th</sup> September 2010	11:00 AM
2008-2009	AGM	Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6-841, Red Hills, Hyderabad – 500 004	22 <sup>nd</sup> August 2009	11:00 AM
2007-2008	AGM	Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6-841, Red Hills, Hyderabad – 500 004	26 <sup>th</sup> September 2008	11:00 AM

**Special Resolution passed in the previous three AGMs:-**

Year	Special Resolution passed
2009-10	No Special Resolution was passed.
2008-09	No Special Resolution was passed.
2007-08	No Special Resolution was passed.

**Special Resolutions requiring a Postal Ballot**

The Company Passed a Special Resolution altering its **Memorandum of Association** Object Clause in FY 2009-10

**8) Disclosures:**

a) Disclosures on materially, significant Related Party transactions: The required disclosures of related party transactions as per the applicable Accounting Standards are disclosed in the Notes to the Accounts. There are no transactions of material nature with the related parties, which may have potential conflict with the interest of the Company at large.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years :

The Company has complied with the requirements of Regulatory Authorities of Capital Markets. Corrective measures have been taken whenever penalties have been imposed by Stock Exchanges in routine matters.

c) The Company has always encouraged and supported ethical business practices in personal and corporate behavior by its Directors and employees. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior personnel Management Personnel of the Company, in addition to that a special Code of Conduct for dealing in equity shares and other listed securities of the company is also in place.

d) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

**9) Non-Mandatory Requirements:****(i) The Board**

There is no formal policy in the Company for determining the tenure of independent Directors.

**(ii) Shareholders Rights**

Quarterly, Half Yearly Financial Results including summary of the significant events are sent to the Exchange for proper disclosure to investors.

**iii) Audit Qualifications**

There is no Audit Qualification. Every endeavor is made to make the financial statements without qualification.

**(iv) Training of Board Members**

Considering the nature and risk profile of the business of the Company vis-à-vis professional standing/ business experience of the Board Members are eminently competent to discharge their duties.

**(v) Mechanism for evaluating non-executive Board Members**

There is no policy framed for evaluation of non-executive Directors.

**(vi) Whistle Blower Policy**

The Company promotes ethical behavior in all its business activities and has put in place mechanism for reporting illegal or unethical behavior. Employee may report violations of law, rules, regulations or unethical conduct to their immediate supervisor / notified person. Adequate caution is exercised in this respect.

**10) Means of Communication:**

The Un-Audited Quarterly/Half Yearly results are announced within forty five days from the end of the quarter/half year and the audited annual results within 2 months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange. For the Financial Year 2010-11, the audited annual results have been announced on 30<sup>th</sup> May 2011. During the Financial Year 2010-11 Company has declared and filed Un-Audited Quarterly results with Stock Exchange. Limited review report by the auditor was also filed on time. The Company announces the audited results within the stipulated period of Two months as required by the Listing Agreement with the Stock Exchange.

The aforesaid financial results are taken on record by the Board of Directors in the proforma prescribed in the Listing Agreement, and are communicated to all the Stock Exchanges where the shares of the Company are listed/traded.

**11) General Shareholder Information:**

**Company Registration Details** The Company is registered in the State of Andhra Pradesh, India. The Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs(MCA) is **L67120AP1989 PLC010188**.

**Annual General Meeting Wednesday, 28<sup>th</sup> September 2011 at 11:00AM At Surana Udyog Auditorium, The Federation of A.P Chamber of Commerce and Industry (Federation House), 11-6—841, Red Hills, Hyderabad - 500 004.**

**Date of Book Closure Thursday 22<sup>nd</sup> September 2011 to 28<sup>th</sup> September 2011 (Both days Inclusive)**

**Dividend Payment Date On or after 28<sup>th</sup> September 2011 (If dividend is declared in the AGM).**

**Financial Calendar for 2011-12**

Financial Year	1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March 2012
Results for the quarter ending 30 <sup>th</sup> June, 2011 (tentative)	Second week of August 2011
Results for the Quarter/Half Year Ending 30 <sup>th</sup> September, 2011(tentative)	Second week of November 2011
Results for the quarter ending 31 <sup>st</sup> December, 2011(tentative)	Second week of February 2012
Results for the year ending 31 <sup>st</sup> March, 2012(tentative)	Within two months from the end of last quarter as stipulated under Listing Agreement with the Stock Exchange

**Listing of Equity Shares**

Name of Stock Exchange	Address	Stock Code	ISIN No.
The Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400 001	530829	INE830A01012

**Payment of Listing Fees**

Annual Listing Fee for the year 2011-12 (as applicable) has been paid by the Company to the BSE.

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	* Spread (Rs.)	
								High-Low	Close-Open
Apr-10	17.20	21.80	17.20	18.05	8544	49	164292	4.6	0.85
May-10	18.10	19.65	15.25	15.25	2310	38	40493	4.4	-2.85
Jun-10	14.50	20.70	14.50	18.55	7355	80	135937	6.2	4.05
Jul-10	18.85	19.40	16.35	17.55	6833	71	119769	3.05	-1.3
Aug-10	18.00	25.00	16.55	24.05	40051	309	880159	8.45	6.05
Sep-10	24.95	24.95	19.40	21.55	43722	181	948348	5.55	-3.4
Oct-10	20.15	25.55	19.50	22.70	34620	109	759542	6.05	2.55
Nov-10	23.5	25.50	20.20	20.20	10672	86	245713	5.3	-3.3
Dec-10	21.00	22.00	18.00	19.40	9458	86	182107	4	-1.6
Jan-11	19.75	21.15	18.20	19.10	14062	68	268421	2.95	-0.65
Feb-11	19.95	19.95	15.95	18.35	9920	83	172135	4	-1.6
Mar-11	17.50	17.85	14.75	15.20	10325	56	165577	3.1	-2.3

(Source: BSE websites)

**Registrar and Share Transfer Agent**

The Company being SEBI Registered Category I Registrar and Share Transfer Agent; its RTA Department carries on the Share Transfer and related activities in house.

### Share Transfer System and Other Related Matters

Presently the Share transfers which are received in Physical form are processed and the share certificates are returned within a period of 30 days from the date of the receipt, subject to the documents being valid and complete in all respects. The Company obtains from a Company Secretary in practice half-yearly certificate of compliance with the share transfer formalities as required under clause 47( c ) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Stock Exchanges.

#### DISTRIBUTION OF SHARE HOLDING CATEGORY WISE (as on March 31, 2011)

No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1 - 500	738	76.40	156369	3.13
501 - 1000	115	11.90	101363	2.03
1001 - 2000	58	6.00	86698	1.73
2001 - 3000	22	2.28	56467	1.13
3001 - 4000	2	0.21	7500	0.15
4001 - 5000	7	0.72	32112	0.64
5001 - 10000	5	0.52	41686	0.83
10001 & Above	19	1.97	4517805	90.36
	<b>966</b>	<b>100.00</b>	<b>5000000</b>	<b>100.00</b>

#### SHARE HOLDING PATTERN (as on March 31, 2011)

Sl.No.	Category	No. of Shares	% of shares
1	Promoters' Holding	3068501	61.37%
2	Corporate Bodies	1235899	24.72%
3	Individuals/others	441178	8.82%
4	Mutual Funds/ Banks/Financial & Govt. Institutions	242146	4.84%
5	NRIs/OCBs	12276	0.25%
<b>TOTAL</b>		<b>5000000</b>	<b>100.00%</b>

#### Dematerialization of Shares and Liquidity

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 **14th May 2011** a total of **4852109** Equity Shares of the Company, which forms **97.04** % of the share capital of the Company, stands dematerialized.

#### Address of Correspondence

For any assistance regarding dematerialization of shares, share transfer, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to

#### **CIL Securities Limited**

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

**Tel No. 040-23203155, Fax No. 040-23203028**

#### Investor Grievance

An exclusive e-mail ID, [complaints@cilsecurities.com](mailto:complaints@cilsecurities.com) for redressal of investor complaints has been created and the same is available on our website [www.cilsecurities.com](http://www.cilsecurities.com)

**12) CEO/CFO Certification:**

To

The Board of Directors

CIL Securities Limited

Dear Sirs,

- ◆ I have reviewed the Financial Statements and the Cash Flow Statement of the Company for the Financial Year ended 31st March 2011 and that to the best of my knowledge and belief:
- ◆ These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ◆ These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- ◆ There are to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- ◆ I accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or purpose to take to rectify these deficiencies.
- ◆ I have indicated to the Auditors and the audit Committee:
  - o significant changes in internal control over financial reporting during the year
  - o significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - o there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

**K.K.MAHESHWARI**  
**MANAGING DIRECTOR**

**Place : Hyderabad**

**Date: 30<sup>th</sup> May 2011**

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

All members of the Board and Senior Management Personnel of the Company have affirmed due observance of the code of conduct, framed pursuant to clause 49 of the Listing Agreement with Stock Exchanges in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2011.

**K.K.MAHESHWARI**  
**MANAGING DIRECTOR**

**Place : Hyderabad**

**Date: 30<sup>th</sup> May 2011**

**Management Discussion and Analysis Report****Industry Structure & Developments**

The Company is a Corporate Member of the National Stock Exchange of India Limited (NSE) in the Capital Market, Future & Option and Currency Derivative Segments and the Bombay Stock Exchange (BSE) in the Capital Market Segment and the Company is a DP on CDSL and DR on CDSL and NSDL.

The Company follows all the rules and regulations of the respective exchange for depository / SEBI.

**Opportunities and Threats**

The Company being a player in the financial market, the performance of the Company largely depends on the National and Global Capital Markets. The High volatility in the market along with higher inflation has intensified the competition. Your Company continues to achieve cost effectiveness through the application of technology. We have been fashioning our own responses to these challenges and we believe that we can turn them into opportunities, which can unlock growth for us in the future.

**Opportunities**

- Growing Financial Services industry's share of wallet for disposable income.
- Regulatory reforms would aid greater participation by all the class of investors
- Leverage technology to enable best practices and process.

**Threats**

- Execution Risk
- Slowdown in global liquidity flows
- Intense competition from local and global players.
- Unfavorable economic conditions



## Macro-economic and industry 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 Indian broking industry is one of the oldest trading industries that have been around even before the establishment of the BSE in 1875. Despite passing through a number of changes in the post liberalization period, the industry has found its way towards sustainable growth.

The financial markets have been classified as cash market, derivatives market, debt market and commodities market. Cash market, also known as spot market, is the most sought after amongst investors. The sustained growth of the economy in the past couple of years has resulted in offering many diversified services related to IPOs, mutual funds, Company research etc. However, the core trading activity is still the

predominant form of business, forming 90% of the trading volume.

The fragmented nature of the industry, coupled with increasing competition from large players in the retail and institutional broking side is likely to exert pressure on broking houses, hence the ability to maintain market share, margins and consequently, return ratios stands as a big question mark. Moreover, declining market turnover due to dwindling retail and institutional investor participation, significant correction in stock prices, dismal investment banking outlook and a worsening macroeconomic scenario do not bode well for brokerage firms.

## Challenges, Risk, Concern

The Company faces normal business challenges of market competition in its business and needs to continuously seek attractive growth opportunities. The Company adopts suitable business strategies to counter these challenges.

As a part of the overall risk management strategy, the Company consistently insures its assets and generally follows a conservative financial profile by following prudent business practices.

## Segment Wise or Product Wise Performance

The Company carries on Stock Broking which is its core activity, besides undertaking other Capital Market activities. The segment wise performance of the Company is as under:

(Rs. in Lakhs)

SEGMENT	GROSS INCOME	
	31.03.2011	31.03.2010
Securities Dealings & Broking	492.10	614.27
Merchant Banking	2.73	10.47
Consultancy Fee	25.52	0.00
Registrar & Share Transfer Agent	41.65	34.08
Demat & Depository	20.63	14.54

## Internal Control System and their adequacy

The Company has a proper and adequate internal control system commensurate with its size and nature of business to meet the following objectives:-

Providing assurance regarding the effectiveness and efficiency of operations;

Efficient use and safeguarding of resources;

Compliance with policies, procedures and applicable laws and regulations; and

These systems are IT enabled which facilitate effective checks and tight monitoring of all parameters and control on continuous basis.

The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them from time to time.

Risk assessment reports received from various departments are reviewed periodically and steps are initiated for elimination whenever needed.

## Human Resource Development

The Company has a group of able and experienced employees. The Company believes that the quality of its employees is the key to its success in the long run. The Company continues to have cordial relations with its employees and provides personal development opportunities for all round exposure to them.

## Auditors' Certificate on Corporate Governance

To the Members

CIL SECURITIES LIMITED

We have examined the compliance of conditions of Corporate Governance by CIL Securities Limited, for the year ended on 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Ramkishore Jhawar & Associates  
Chartered Accountants**

**Place:Hyderabad**

**Date: 30/05/2011**

**CA Ramkishore Jhawar  
M.NO. 27970 Firm No: 003016S**

### AUDITORS' REPORT

#### TO THE MEMBERS OF CIL SECURITIES LIMITED

1. We have audited the attached Balance Sheet of CIL SECURITIES LIMITED as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement .An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
  4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
    - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
    - b) In our opinion, the Company as required by Law has kept proper books of Accounts so far as it appears from the examination of such books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow statement comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956
5. On the basis of written representations received from the Directors as on 31.03.2011 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 as on 31.03.2011.
  6. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts together with the notes thereon give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
    - (ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
    - (iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

**For RAMKISHORE JHAWAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**CA RAMKISHORE JHAWAR  
M.NO. 27970 Firm No: 003016S**

**PLACE: HYDERABAD  
DATE : 30/05/2011**

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (d) of our Report of even date.

- I) a) The Company has maintained Proper records showing full particulars including quantitative details of Fixed Assets.
- b) All the Fixed Assets have been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on verification.
- c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial Fixed Assets that would effect the going concern.
- II) The Stock of Shares & Securities has been physically verified by the management at reasonable intervals. In our opinion, and according to the information given to us, the procedure for physical verification of Stock of Shares & Securities followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion the Company is maintaining proper records of Stock of Shares & Securities and no material discrepancies were noticed on physical verification.
- III) a) The Company has not granted or taken loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- b) As the Company has not granted or taken any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Act, clauses (iii)(b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.
- IV) In our opinion and according to the information given to us, there are adequate Internal Control procedures commensurate with the size of the Company and nature of its business with regard to purchase of equipment and other assets.
- V) a) Based on the audit procedure applied by us and according to information and explanations given to us, the particulars of contracts or arrangements, referred in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI) The Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- VII) The Company has formal Internal Audit System.
- VIII) The Central Government has not prescribed the maintenance of cost records under clause (d) of the sub-section (1) of Section 209 of the Act for any of its product
- IX) a) According to the records of the Company, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Protection Fund, Income Tax, and other statutory dues.
- b) According to information and the explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31.03.2011 for a period of more than six months from the date they became payable.
- c) According to information and the explanations given to us, there are no such statutory dues, which have not been deposited on account of any disputes
- X) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and the immediately preceding financial year.
- XI) Based on our Audit procedures and the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to any Financial Institutions or Banks.
- XII) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- XIII) The Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society.
- XIV) The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the Company in its own name except for certain shares which are lodged for transfer or are pending for rectification of bad deliveries or are pledged with banks and financial institutions on behalf of third parties
- XV) The Company has not given any guarantee for loans taken by other from bank or financial institutions.
- XVI) According to the information and explanations given to us, the Company has not applied/availed any term loan during the year.
- XVII) During the year covered by our report the Company has not raised funds on short term basis.
- XVIII) During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- XIX) The Company has not issued any debentures and hence clause 4 (xix) of the Companies Auditor's Report Order, 2003 is not applicable to the Company.
- XX) During the year covered by our report the Company has not raised any money by way of public issue.
- XXI) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For RAMKISHORE JHAWAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**PLACE: HYDERABAD**  
**DATE: 30/05/2011**

**CA RAMKISHORE JHAWAR**  
**M.No. 27970 Firm No. 003016S**

**CIL SECURITIES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	Schedule	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SOURCES OF FUNDS :</b>			
Shareholders Funds:			
Share Capital	A	50000000	50000000
Reserves & Surplus	B	121572035 <u>171572035</u>	117177418 <u>167177418</u>
Loan Funds		<u>0</u> <u>171572035</u>	<u>0</u> <u>167177418</u>
<b>APPLICATION OF FUNDS :</b>			
Fixed Assets	C	47270270	46568053
Less: Depreciation Net Block		<u>36095502</u> 11174768	<u>33472694</u> 13095359
Investments	D	<u>27514247</u>	<u>23536148</u>
Current Assets Loans & Advances	E	179959632	173874820
Less: Current Liabilities & Provisions Net Current Assets	F	<u>47857746</u> 132101886	<u>42985361</u> 130889459
Deferred Tax Liabilities		781134	(343548)
		<u>171572035</u>	<u>167177418</u>
Notes Forming Part of the Accounts Accounting Policies & Schedules A to F & L form integral Part of the Balance Sheet	L		

Vide our report of even dated

**For Ram Kishore Jhawar & Associates**  
Chartered Accountants

**For & on behalf of the board of directors of**  
**CIL SECURITES LTD**

CA Ram Kishore Jhawar  
Proprietor  
M.No. 27970  
Firm No. 003016S  
PLACE: HYDERABAD  
DATE: 30.05.2011

K.K.Maheshwari	Chairman & Managing Director
Piyush Modi	Executive Director
Pramila Maheshwari	Director
M.P. Murthy	Director
V.B.Purnaiah	Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
<b>INCOME :</b>			
Securities Dealings & Broking		49210252	61427247
Interest Income		3039766	2728611
Merchant Banking		272530	1047376
Consultancy Fee		2552000	0
Registrar & Share Transfer Fee		4165096	3408228
Demat / Depository Fee		2062673	1453652
Other Income	G	314070	578063
		<u>61616387</u>	<u>70643177</u>
<b>EXPENDITURE</b>			
Employees Emoluments	H	13680172	12064413
Operating Expenses	I	24467038	31360583
Administrative and Other Expenses	J	10476941	9716665
Interest	K	19247	10293
Depreciation	C	2737811	3217124
		<u>51381209</u>	<u>56369078</u>
Profit before Tax		10235178	14274099
Less: Provision for Taxation(Net)		976483	1583228
Less: Provision for Taxation (Pr Year)		158322	(235605)
Add : Deferred Tax		1124682	127440
Profit after Tax		10225055	13053916
Add : Balance from Previous Year		91189418	85285252
Available for Appropriation		<u>101414473</u>	<u>98339168</u>
Appropriations:			
Proposed Dividend		5000000	5000000
Corporate Dividend Tax		830438	849750
General Reserve		1000000	1300000
Balance Carried to Balance Sheet		94584035	91189418
		<u>101414473</u>	<u>98339168</u>
Earnings Per Share		2.04	2.61
Notes Forming Part of the Accounts Accounting Policies & Schedules G to L & C form integral Part of the Profit & Loss A/c	L		

Vide our report of even dated

**For Ram Kishore Jhawar & Associates**  
Chartered Accountants

**For & on behalf of the board of directors of**  
**CIL SECURITES LTD**

CA Ram Kishore Jhawar  
Proprietor  
M.No. 27970  
Firm No. 003016S  
PLACE: HYDERABAD  
DATE: 30.05.2011

K.K.Maheshwari      Chairman & Managing Director  
Piyush Modi          Executive Director  
Pramila Maheshwari    Director  
M.P. Murthy          Director  
V.B.Purnaiah          Director

**CASH FLOW STATEMENT**

	Rs. in Lacs	
	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>A. CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax and Extraordinary Items	102.35	142.74
Adjustment for Depreciation	27.38	32.17
Interest	-30.40	-27.29
Dividend	-49.68	-40.27
Operating Profit before Working Capital changes Adjustment for :	<b>49.65</b>	<b>107.35</b>
Trade and other receivables	23.50	-287.79
Trade payables	48.48	24.63
Cash generated from operations	<b>121.63</b>	<b>-155.81</b>
Direct Taxes paid	11.35	13.48
<b>NET CASH IN FLOW FROM OPERATING ACTIVITIES</b>	<b>110.28</b>	<b>-169.29</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	8.17	15.36
Net Increase in Investments	39.78	-55.44
Interest Received	30.40	27.29
Dividend Received	49.68	40.27
<b>NET CASH ACCRUED FROM INVESTING ACTIVITIES</b>	<b>32.13</b>	<b>107.64</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital	-	-
Increase of Secured Loans	-	-
Increase in Provisions	0.24	16.12
Dividend Disbursement	58.30	58.50
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>58.06</b>	<b>42.38</b>
Net Increase in Cash & Cash Equivalents	84.35	-104.03
Cash and Cash Equivalents as at 1st April 2010	481.43	585.46
Cash and Cash Equivalents as at 31st March 2011	<b>565.78</b>	<b>481.43</b>

**For & on behalf of the Board of  
CIL SECURITIES LTD**

**PLACE: HYDERABAD  
DATE: 30.05.2011**

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

We have examined the attached Cash Flow Statement of CIL Securities Limited for the year ended 31st March 2011. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 30<sup>th</sup> May 2011, to the Members of the Company.

**For RAMKISHORE JHAWAR & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**CA RAMKISHORE JHAWAR  
PROPRIETOR  
M.No. 27970, Firm No. 003016S**

**PLACE: HYDERABAD  
DATE: 30.05.2011**

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SCHEDULE "A" SHARE CAPITAL:</b>		
6000000 Equity Shares of Rs.10/- each(previous year 6000000 Equity Shares of Rs.10/- Each)	<b>60000000</b>	60000000
	<u>60000000</u>	<u>60000000</u>
ISSUED, SUBSCRIBED AND PAID UP:		
5000000 Equity Shares of Rs.10/- Each(previous year 5000000 Equity Shares of Rs.10/- each)	<b>50000000</b>	50000000
	<u>50000000</u>	<u>50000000</u>

**SCHEDULE "B" RESERVES & SURPLUS**

Nature of Reserve	Balance As at 01.04.2010	Additions during the Year	<b>Balance As at 31.03.2011</b>
Capital Reserve	28000	0	<b>28000</b>
General Reserve	25960000	1000000	<b>26960000</b>
Profit & Loss Account	91189418	3394617	<b>94584035</b>
	<u>117177418</u>	<u>4394617</u>	<u><b>121572035</b></u>

## SCHEDULE "C" : FIXED ASSETS

NOMENCLATURE	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Additions	Deletions	As on 31.03.2011	Upto 01.04.2010	For The Year	Deletions	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND & SITE DEVELOPMENT	990963	0	0	990963	0	0	0	0	990963	990963
OFFICE BUILDINGS	6283331	150000	0	6433331	2497315	191335	0	2688650	3744681	3786016
FURNITURE & FITTINGS	5709692	127155	0	5836847	4631577	198241	0	4829818	1007029	1078115
OFFICE EQUIPMENTS	3304666	10449	0	3315115	2275710	144153	0	2419863	895252	1028956
COMPUTER & DATA - PROCESSING EQUIPMENTS	18073355	62450	0	18135805	15092804	1206960	0	16299764	1836041	2980551
COMPUTER SOFTWARE	5706460	511873	0	6218333	4610769	456738	0	5067507	1150826	1095691
ELECTRICAL INSTALLATIONS	75900	0	0	75900	27176	6777	0	33953	41947	48724
VEHICLES	6423686	0	159710	6263976	4337343	533607	115003	4755947	1508029	2086343
TOTAL	46568053	861927	159710	47270270	33472694	2737811	115003	36095502	11174768	13095359
PREVIOUS YEAR	45804295	1583824	820066	46568053	31028144	3217124	772574	33472694	13095359	14776151



## SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.	Particulars	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
<b>SCHEDULE "D" INVESTMENTS:</b>			<b>SCHEDULE "F" CURRENT LIABILITIES &amp; PROVISIONS</b>		
(Valued at Cost)			<b>A) Current Liabilities:</b>		
Equity Shares (As per Annexure attached)			Sundry Creditors	34636386	31435596
In Other Companies			Other Liabilities	4286314	2638723
Quoted	26314209	22336110	Total:(A)	<u>38922700</u>	<u>34074319</u>
Unquoted	1200038	1200038	<b>B) Provisions:</b>		
(Aggregate Market value of Quoted Investments Rs.237.18 Lacs (Previous Year Rs.266.01 Lacs)	<u>27514247</u>	<u>23536148</u>	Provision for Taxation	976483	1583228
			Provision for Gratuity	2128125	1478064
			Proposed Dividend	5000000	5000000
			Tax on Dividend	830438	849750
			Total:(B)	<u>8935046</u>	<u>8911042</u>
			Total:(A) + (B)	<u>47857746</u>	<u>42985361</u>
<b>SCHEDULE "E" CURRENT ASSETS, LOANS &amp; ADVANCES</b>			<b>SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT</b>		
<b>A) Current Assets :</b>			<b>Particulars</b>	<b>Year Ended 31.03.2011 Rs.</b>	<b>Year Ended 31.03.2010 Rs.</b>
Cash in Hand	183326	90229	<b>SCHEDULE "G" OTHER INCOME</b>		
Balance with Scheduled Banks			Profit on Sale of Fixed Assets	63293	195707
Current Accounts	27860835	19568026	Miscellaneous Income	250777	382356
Fixed Deposit Accounts (Kept as margin money with banks for guarantees issued by them)	28534271	28485031		<u>314070</u>	<u>578063</u>
Sundry Debtors (Unsecured, Considered Good)					
More than six months	2568780	3191107	<b>SCHEDULE "H" EMPLOYEES EMOLUMENTS</b>		
Less than six months	32829240	34849125	Employee's Remuneration	12292911	11008842
Stock of Securities	68662212	63847451	Staff Welfare Expenses	1041664	888651
Interest Receivable	4611884	4981637	Training and Development Expenses	345597	166920
Others	294524	101296		<u>13680172</u>	<u>12064413</u>
<b>Deposits:</b>					
Membership Deposit with NSE	5000000	5000000			
Deposit for CD Segment - NSE	3500000	3500000			
Deposit for Futures Segment - NSE	3300000	3300000			
Deposit for VSAT	450938	450938			
Deposit for CDSL	500000	500000			
Deposit for Base Minimum Capital- BSE	250000	250000			
Other Deposits	185000	205000			
<b>Total:(A)</b>	<u>178731010</u>	<u>168319840</u>			
<b>B) Loans &amp; Advances:</b>					
Advance Tax And TDS	1035130	4864767			
Advances to Others	16929	224841			
Prepaid Expenses	69563	375372			
Advance to Staff	107000	90000			
<b>Total:(B)</b>	<u>1228622</u>	<u>5554980</u>			
<b>Total:(A) + (B)</b>	<u>179959632</u>	<u>173874820</u>			

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
<b>SCHEDULE "I" OPERATING EXPENSES</b>		
Demat/CDSL Charges	660512	730238
SEBI Charges	240891	222949
Share with Business Associates	10152988	13662498
Transaction Charges	2936583	3630314
Membership Fees	714061	653464
VSAT Charges	522562	622421
Securities Transaction Tax	7128508	9830046
Telephone & Internet Expenses	1119155	1000449
Bandwidth Charges	991778	1008204
	<u>24467038</u>	<u>31360583</u>
<b>SCHEDULE "J" ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Bank Charges	1291646	1138672
Conveyance Expenses	165882	170580
Consultancy Charges	560292	304610
Computer Maintenance Expenses	173423	394985
Electricity Charges	1152676	1112976
Filing Fees	12875	2800
General Expenses	198894	110066
Insurance Charges	681888	691516
Office Maintenance	633442	490965
Printing & Stationery	283698	321074
News Paper & Periodicals	33163	34645
Rates & Taxes	115334	124693
Repairs & Maintenance - Vehicles	537373	543686
Repairs & Maintenance - Others	1918148	1653902
Travelling Expenses	315602	639447
Rent	875025	925960
Postage Expenses	270786	289886
Pooja/Festival Expenses	212950	233967
Payment to Auditors :		
Auditors Remuneration	90000	90000
Taxation Matters	50000	50000
Tax Audit Fee	60000	60000
Certification Fee	50000	62000
Out of Pocket Expenses	5029	8741
Advertisement Expenses	513038	67107
Share Transfer Expenses	0	5410
Directors Sitting Fees	148000	27750
R & T Misc. Expenses	127777	161227
	<u>10476941</u>	<u>9716665</u>
<b>SCHEDULE "K" INTEREST</b>		
Interest	19247	10293
	<u>19247</u>	<u>10293</u>

**CIL SECURITIES LIMITED**  
**ANNEXURE: DETAILS OF INVESTMENTS AS AT 31st MARCH, 2011**

NAME OF THE SCRIP	Nos	As At	Market	Nos	As At	Market
		31.03.2011	value as on		31.03.2010	value as on
		Cost Price	31.03.2011		Cost Price	31.03.2010
		Rs.			Rs.	
<b>A. IN OTHER COMPANIES (QUOTED)</b>						
<b>EQUITY SHARES</b>						
3I INFOTECH	5000	325972	219250	0	0	0
ABB	0	0	0	1000	416496	830000
ACC	0	0	0	1000	563000	951050
ANDHRA SUGAR	0	0	0	5287	660876	632589
ALLIDE DIGITAL	5000	1125002	430250	5000	1125002	1057000
AMARA RAJA	2000	381980	379500	0	0	0
AMBUJA CEMENTS	10000	689589	1474000	10000	689589	1198500
BINANI CEMENT	0	0	0	10000	667487	754500
BANCO PROD	23453	2714021	1634674	0	0	0
CCL PRODUCTS	0	0	0	5000	1175002	1142750
COROMANDEL INTL	4000	866002	1153400	1000	221000	315350
CANARA BANK	1000	155000	626250	1000	155000	410200
CENTURY ENKA	20000	4537303	3621000	0	0	0
DECCAN CHRON	10000	1207735	803000	0	0	0
EXCEL CROP	5000	1407913	1214250	0	0	0
GUJ PETRONET	10000	917502	990000	10000	917502	877500
GUJRATH NARMADA	0	0	0	10000	1452500	1124000
HPCL	0	0	0	4500	1608522	1433475
HEXAWARE LTD	10000	448251	660500	0	0	0
INDIA CEMENT	10000	1059916	956000	10000	1059917	1317500
IDFC	0	0	0	10000	553296	1609500
JK PAPER	10000	614761	598000	0	0	0
KESORAM IND	2874	853573	592475	0	0	0
KOTHARI SUG	733	6231	5131	0	0	0
NATIONAL MINERAL	0	0	0	16700	5010000	4916480
MICRO TECH	5000	887334	598750	5000	887334	942000
M M FORGINGS	1200	164263	139500	0	0	0
MIC ELECTRONICS	10000	424661	241500	0	0	0
PFIZER	1000	1160002	1243900	0	0	0
PRADIP OVERSEAS	0	0	0	1086	119460	119460
POLARIS	10000	1615003	1888500	0	0	0
RELIANCE COM	3000	511366	322950	3000	511366	509850
SUBEX	0	0	0	10000	816002	602500
SANGHI POLY	0	0	0	31584	70518	70518
SANGHI IND	5184	103680	99792	5184	103680	119750
SR RAYAK ALK	10000	165002	96600	0	0	0
SURYALAXMI COTTON	5000	673877	421000	0	0	0
TATASTL	0	0	0	3000	542850	1896150
TATAMOTORS	500	261350	624175	500	261350	378850
TEXMACOLTD	20000	1039967	628000	0	0	0
UFLEX LTD	10000	1593960	1436000	0	0	0
VIMTALAB	0	0	0	25000	899865	650000
ZUARI IND	1000	402993	619250	4500	1848496	2741850
<b>TOTAL (A)</b>	<b>210944</b>	<b>26314209</b>	<b>23717597</b>	<b>189341</b>	<b>22336110</b>	<b>26601322</b>
<b>B IN OTHER COMPANIES (UNQUOTED)</b>						
<b>EQUITY SHARES</b>						
CANARA SECURITIES LIMITED	300000	1200038		300000	1200038	
<b>TOTAL (B)</b>	<b>300000</b>	<b>1200038</b>		<b>300000</b>	<b>1200038</b>	
<b>GRAND TOTAL (A+B)</b>	<b>510944</b>	<b>27514247</b>		<b>489341</b>	<b>23536148</b>	

Vide our report of even dated

**FOR & ON BEHALF OF THE BOARD of Directors of**  
**CIL SECURITIES LTD**

for Ram Kishore Jhawar & Associates  
Chartered Accountants

CA Ram Kishore Jhawar  
Proprietor  
M.No.27970  
Firm NO:003016S  
PLACE: HYDERABAD  
DATE:30.05.2011

K.K.Maheshwari  
Piyush Modi  
Pramila Maheshwari  
M.P. Murthy  
V.B.Purnaiah

Chairman & Managing Director  
Executive Director  
Director  
Director  
Director

**SCHEDULE – ‘L’ - NOTES FORMING PART OF THE ACCOUNTS  
SIGNIFICANT ACCOUNTING POLICIES**

● **GENERAL**

The accompanying financial statements is in accordance with Indian Generally Accepted Accounting Principles (GAAP) and the provisions of the Companies Act, 1956 (The Act).

● **REVENUE RECOGNITION**

Income is accounted for on Accrual Basis. In appropriate circumstances Income is recognised when no significant uncertainty as to measurability or collectability exist. However, Dividend Income is accounted for on receipt basis.

● **EXPENSES**

The Company provides for all expenses on Accrual Basis. Material known liabilities for expenses are provided for on the basis of available information / estimates.

● **FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation and impairment losses where applicable. Cost comprises purchase price and all direct/indirect costs incurred to bring the asset to its working condition for the intended use.

● **DEPRECIATION**

The Company provides depreciation on Written Down Value method on pro-rata basis at the rate specified in Schedule XIV to the Companies Act, 1956.

● **INVENTORIES**

Stocks are valued at Cost or Market Value whichever is lower.

● **INVESTMENTS**

Investments are valued at Cost. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature.

● **RETIREMENT BENEFIT**

Company's contribution to Provident Fund & Family Pension Fund are statutorily deposited with the Government and charged to Profit

& Loss A/c. For eligible employees year end liability on account of Gratuity under the payment of Gratuity Act 1972 is provided for on accrual basis as at Balance Sheet date.

● **INCOME TAX**

Income tax have been computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses.

● **DEFERRED TAXATION**

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet Date. Deferred tax assets relating to unabsorbed depreciation/business losses are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The deferred tax account is used for reversing timing difference as and when crystallized.

● **EXCHANGE TRANSACTIONS**

Exchange transactions have been recorded to coincide with transaction obligation within the financial year.

● **NOTES TO THE ACCOUNTS**

1. In the opinion of the Directors, Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of the business.
2. Employee's Emoluments includes Remuneration to Wholtime Directors amounting to Rs. 19.50 Lacs. (Previous Year: Rs.19.66 Lacs)
3. Computation of net profit in accordance with Section 198 read with Section 349 of the Companies Act, 1956 for MD: -

**Rs. In Lacs**

PARTICULARS	March 31,2011	March 31,2010
Profit before Taxation	102.35	142.74
Add : Managerial Remuneration	19.50	19.66
Add : Directors Sitting Fees	1.48	0.28
Less : Profit on sale of Fixed Assets	0.63	-1.96
Less : Extra Ordinary Items	0	0
Net profit as per Section 198 of the Companies Act, 1956	122.70	160.72
Remuneration payable:		
Minimum / @ 5% of the above profits to the Managing Director	6.14	8.04
Managerial Remuneration comprises:		
Salary and Allowances	13.00	12.99
Medical Reimbursement	0.06	0.14
Perquisites	0.44	0.53
Commission	-	-
Total:	13.50	13.66

4. Contingent Liabilities

- (i) These are disclosed by way of notes to the Balance Sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialise after the period end, till finalisation of Accounts and have material effect on the position stated in the Balance Sheet at the period end.
- (ii) There is a Contingent Liability in respect of Bank Guarantees issued to the NSCCCL/BSE by Company's Bankers against which counter guarantees have been furnished for Rs. 1100 Lacs (Previous Year Rs.1100 Lacs).
- (iii) Claims against the company not acknowledged as debts Rs. 4.60 Lacs (Previous Year Rs. 2.35 Lacs).

5. Sundry Creditors includes due to Group Companies Rs.Nil (Previous Year: Rs.Nil ) Maximum amount outstanding at any time during the period were Rs. 230.38 Lacs (Previous Year: Rs 222 Lacs).
6. Travelling Expenses includes Rs 2.15 Lacs for Directors (Previous Year Rs.5.33 Lacs).
7. The Business Segment has been considered as Primary Segment. The Company primarily operates in business segment i.e, Share and Stock broking and other related ancilliary services. The Company operates in India and hence there are no reportable geographical segments.

8. Fixed deposits, Securities, and Office Buildings have been assigned towards collateral/margin deposit to bank against guarantees issued by them followed by personal guarantee given by Promoter Directors.

9. The Deferred tax liability/assets comprises of the following :

	(Rs.in Lacs) As on 31.03.2011	(Rs.in Lacs) As on 31.03.2010
a) <u>Deferred Tax Liability</u>		
Timing difference in depreciable assets	6.89	9.04
b) <u>Deferred Tax Assets</u>		
Expenses allowable against taxable income in future years	14.70	(5.60)
Provision for Net Deferred Tax Liabilities	7.81	3.44

10. Segment Wise Performance  
The company carries on Stock Broking which is its core activity, besides undertaking other capital market activities.  
The segment wise performance of the company is as under: (Rs. In Lacs)

Particulars	Year ended	
	31st March, 2011	31st March, 2010
<b>Segment Revenue</b>		
Securities Dealing and Broking	492.10	614.27
Merchant Banking Fee	2.73	10.47
Consultancy Fee	25.52	0.00
Registrar & Share Transfer Agents	41.65	34.08
Demat / Depository	20.63	14.54
<b>Total</b>	<b>582.63</b>	<b>673.36</b>
Less: Inter segment revenue	0.00	0.00
<b>Net Turnover/ Income from Operations</b>	<b>582.63</b>	<b>673.36</b>
<b>Segment Results</b>		
Securities Dealing and Broking	102.95	153.71
Merchant Banking Fee	0.35	3.50
Consultancy Fee	20.48	0.00
Registrar & Share Transfer Agents	11.83	9.82
Demat / Depository	5.27	3.98
<b>Total</b>	<b>140.88</b>	<b>171.01</b>
Less:		
i. Interest & Finance Charges	0.19	0.10
ii. Other un-allocable expenditure net off un-allocable income	38.44	40.38
<b>Profit/Loss before Tax</b>	<b>102.25</b>	<b>130.53</b>
<b>Capital Employed</b>		
Securities Dealing and Broking	1546.57	1502.62
Merchant Banking Fee	6.75	6.75
Consultancy Fee	0.00	0.00
Registrar & Share Transfer Agents	43.80	43.80
Demat / Depository	35.10	35.10
<b>Total Capital Employed in Segments</b>	<b>1632.22</b>	<b>1588.27</b>
Add: Un-allocable corporate assets less liabilities	83.50	83.50
<b>Total Capital Employed in Company</b>	<b>1715.72</b>	<b>1671.77</b>

11. Related Party Disclosure :  
Information given below is only in respect of the transactions entered into by the company during the year with related parties:-

i)	Relationships: Subsidiaries Company	(b)	Other related parties where control Exists CIL Industries Limited CIL Financial Services Limited CIL Finstocks (P) Limited CIL Commodities (P) Limited Piyush Stock Broking Services Pvt.Ltd Piyush Crefinvest Pvt.Ltd Lotus Stock Markets Pvt.Ltd
	(a) NIL		
	(c) Key Managerial Personnel Shri K.K.Maheshwari  Shri.Piyush Modi	(d)	Relatives of Key Managerial Personnel Smt. Gita Devi Maheshwari Smt. Pramila Maheshwari  Shri.S.M.Agarwal Smt.Chanda Agarwal Smt.Barkha Modi

ii) Transactions carried out with the related parties referred in (1) above, in ordinary course of business:

(In Rs.)

Nature of transactions	Related Parties			
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above	Referred in 1(d) above
Licence Agreement	-	-	18000/- (18000/-)	240000/- (240000/-)
Remuneration	-	-	1950058/- (1966225/-)	150000/- (-)
Director's Fees	-	-	-	16000/- (3750/-)
Services Rendered	-	141358/- (19199/-)	10623/- (10463/-)	1073 (6824/-)
Outstandings payable (Net of receivable)	-	(339996/-) (655569/-)	-	-

12. Earning Per Share:		
	<b>2010-11</b>	<b>2009-10</b>
a) Net Profit after Tax, available for Equity (in Lacs)	102.35	130.54
b) Weighted average number of Equity shares (in no)	5000000	5000000
c) Basic & Diluted Earnings Per Share (in Rs.) (Nominal Value of shares - Rs. 10/-)	2.04	2.61
13. Expenditure in Foreign Currency.	0.00	0.00
14. Earning in Foreign Currency	0.00	0.00
15. Balances of Sundry Debtors and Sundry Creditors are subject to confirmation.		
16. There are no amounts payable to small-scale industrial undertaking as at the balance sheet date. This Disclosure is based on the information available with the Company. The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.		
17. Previous year figures have been regrouped / rearranged wherever considered necessary		

**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE**

<b>A. REGISTRATION DETAILS:</b>		
REGISTRATION NUMBER		10188
STATE CODE		01
BALANCE SHEET DATE		31-03-2011
<b>B. CAPITAL RAISED DURING THE YEAR</b>		<b>(AMOUNT IN RS. THOUSANDS)</b>
PUBLIC ISSUE		NIL
RIGHTS ISSUE		NIL
BONUS ISSUE		NIL
PRIVATE PLACEMENT		NIL
<b>C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:</b>		<b>(AMOUNT IN RS. THOUSANDS)</b>
TOTAL LIABILITIES	171572	TOTAL ASSETS 171572
<b>SOURCES OF FUNDS</b>		
PAID-UP CAPITAL		50000
RESERVES & SURPLUS		121572
SECURED LOANS		NIL
UNSECURED LOANS		NIL
<b>APPLICATION OF FUNDS</b>		
NET FIXED ASSETS		11175
INVESTMENTS		27514
NET CURRENT ASSETS		132102
MISC. EXPENDITURE		NIL
ACCUMULATED LOSSES		NIL
DEFERRED TAX		781
<b>D. PERFORMANCE OF THE COMPANY:</b>		<b>(AMOUNT IN RS. THOUSANDS)</b>
TURNOVER		61616
TOTAL EXPENDITURE		51381
+/- PROFIT / (LOSS) BEFORE TAX		10235
PROFIT/(LOSS) AFTER TAX		10225
EARNING PER SHARE (IN RS.)		2.04
DIVIDEND RATE (%)		10
<b>E. GENERIC NAMES OF PRINCIPAL PRODUCTS OF COMPANY (AS PER MONETARY TERMS):</b>		
ITEM CODE NO. (ITC CODE)	:	NA
PRODUCT	:	STOCK BROKING
ITEM CODE NO.	:	NA
PRODUCT	:	MERCHANT BANKING.
ITEM CODE NO.	:	NA
PRODUCT	:	REGISTRARS TO ISSUE & TRANSFER AGENTS.

Vide our report of even dated  
**For Ramkishore Jhawar & Associates**  
 Chartered Accountants

**CA Ram Kishore Jhawar**  
 Proprietor  
 M.NO-27970  
 Firm no 003016S  
 Place: Hyderabad  
 Date: 30.05.2011

**For & On Behalf of the Board of Directors of**  
**CIL SECURITIES LTD**  
 K.K.Maheshwari Chariman & Managing Director  
 Piyush Modi Executive Director  
 Pramila Maheshwari Director  
 M.P.Murthy Director  
 V.B.Purnalah Director

**ATTENDANCE SLIP**

**CIL SECURITIES LIMITED**  
Regd. Office: 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad - 500 001.

**ADMISSION SLIP**  
22<sup>nd</sup> ANNUAL GENERAL MEETING  
**On Wednesday, the 28<sup>th</sup> September, 2011 AT 11.00 AM AT**  
Surana Udyog Auditorium, the Federation of A.P Chamber of Commerce and Industry  
(Federation house) 11-6-841, Red Hills Hyderabad – 500 004

<b>Name And Address of Member</b>	<b>No. Of Shares</b>	
	<b>DP ID</b>	
	<b>Client ID</b>	
	<b>Regd. Folio No:</b>	

\* A Member/proxy wishing to attend the Meeting must complete this Admission Slip and hand it over at the entrance.

\* If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office at least 48 hours before the commencement of the Meeting. Please ensure that the Proxy brings this Admission Slip with him for the Meeting.

Signature of the Proxy

Signature of the Member



CUT HERE



**CIL SECURITIES LIMITED**  
Regd. Office: 214, Raghava Ratna Towers, Chirag Ali lane, Abids, Hyderabad - 500 001.

**FORM OF PROXY**  
22<sup>nd</sup> ANNUAL GENERAL MEETING  
**On Wednesday, the 28<sup>th</sup> September, 2011 AT 11.00 AM AT**  
Surana Udyog Auditorium, the Federation of A.P Chamber of Commerce and Industry (Federation house)  
11-6-841, Red Hills Hyderabad - 500 004

<b>Name And Address of Member</b>	<b>No. Of Shares</b>	
	<b>DP ID</b>	
	<b>Client ID</b>	
	<b>Regd. Folio No:</b>	

I/We \_\_\_\_\_ Resident of \_\_\_\_\_ in the district \_\_\_\_\_ of \_\_\_\_\_ being a member/members of the above named company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 28th September and at any adjournment thereof.

Signed this .....day of .....2011.

Signature of the Proxy

Signature of the Member	Please affix Re.1/- Revenue Stamp

**NOTES:**

- a) The form should be signed across the stamp as per specimen signature registered with the company
- b) The Companies Act, 1956, lays down that the instrument appointing a proxy shall be deposited at the Registered office of the company not less than **FOURTY-EIGHT HOURS** before the time fixed for holding the meeting.
- c) A proxy need not be a member.

**BOOK-POST**

If undelivered, please return to :  
**CIL Securities Limited**  
214, Raghava Ratna Towers,  
Chirag Ali Lane, Abids,  
Hyderabad - 500 001.