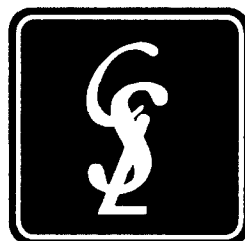


14TH ANNUAL REPORT

2005- 2006



CONSOLIDATED SECURITIES LIMITED



“The financial year 2005 - 2006 has been exciting and eventful for the company. Today we stand at the beginning of another great journey.”

**BOARD OF DIRECTORS :**

Mr. Rohit Gupta
 Mr. Anil Kumar Chadha
 Mr. Kapil Aggarwal
 Mr. Sanjeev Mahajan
 Mr. Ashok Kumar Kathuria

BANKERS :

HDFC Bank Ltd.

AUDITORS :

R. Mahajan & Associates
 Chartered Accountants
 402, Jain Bhawan, W.E.A.
 Karol Bagh,
 New Delhi 110005

REGISTERED OFFICE :

8/19, 3rd Floor, W.E.A.,
 Pusa Lane, Karol Bagh
 New Delhi 110005
 Tel : 011- 42503441-444
 Fax: 011- 42503445

REGISTRAR & SHARE**TRANSFER AGENTS :**

MAS Services Pvt. Ltd.
 AB-4, Safdarjung Enclave
 New Delhi 110029

LISTING

Bombay Stock Exchange, Ltd.
 The Delhi Stock Exchange Association
 Ltd.
 The Jaipur Stock Exchange Ltd.

Report  Junction.com

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**NOTICE OF THE 13TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 14th Annual General Meeting of the Company will be held on Saturday, the 30th September, 2006 at 9.30 a.m. at Hotel Swati Deluxe Banquet Hall, 17A/32, Gurudwara Road, W.E.A., Karol Bagh, New Delhi 110005 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2006, Profit & Loss Account for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint M/s.R.Mahajan & Associates, Chartered Accountants, New Delhi as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and the Board be and is hereby authorized to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :-

"RESOLVED THAT Mr.Rohit Gupta, who was appointed as an Additional Director on 29th October, 2005 under Article 80 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, is hereby appointed as Director of the Company not liable to retire by rotation."

4. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :-

"RESOLVED THAT Mr.Anil Kumar Chadha, who was appointed as an Additional Director on 29th October, 2005 under Article 80 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, is hereby appointed as Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :-

"RESOLVED THAT Mr.Ashok Kumar Kathuria, who was appointed as an Additional Director on 29th October, 2005 under Article 80 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :-

"RESOLVED THAT Mr.Sanjeev Mahajan, who was appointed as an Additional Director on 15th December, 2005 under Article 80 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, is hereby appointed as Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution :-

Consolidated Securities Limited

"RESOLVED THAT Mr.Kapil Aggarwal, who was appointed as an Additional Director on 15th December, 2005 under Article 80 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Rohit Gupta
Chairman

Place : New Delhi
Dated : 11th August, 2006

Registered Office:

8/19, 3rd Floor, W.E.A.
Pusa Lane, Karol Bagh
New Delhi 110005

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their own copies to the meeting. We hope you will help us in our endeavor to control cost.
3. Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the company's R & T Agents, M/s.Mas Services Pvt. Ltd. for consolidation of all such shareholding into one folio to facilitate better service
4. Members desirous of raising queries at the AGM are requested to send in their questions so as to reach the Company's Registered Office at least seven days in advance before the AGM so that the same can be adequately replied.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 25th September, 2006 to Saturday, 30th September, 2006 (both days inclusive).
6. Members are requested to produce the enclosed Attendance Slip duly signed at the entrance to the Meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
7. The Members are requested to notify the change of address, if any, immediately to the Company/Registrar quoting their folio numbers in respect of shares held in physical mode.
8. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed herewith.
9. Non-Resident Indian Shareholders are requested to inform M/s.Mas Services Pvt. Ltd. immediately :



- a. The change in the residential status on return to India for permanent settlement.
 - b. The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Shareholder holding shares in physical form are requested to de-materialize their holding in electronic form.
11. ADDITIONAL INFORMATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT ON DIRECTORS RECOMMENDED FOR APPOINTMENT/REAPPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING:

Name of the Director	Mr. Rohit Gupta	Mr. Anil Kumar Chadha	Mr. Ashok Kumar Kathuria	Mr. Sanjeev Mahajan	Mr. Kapil Aggarwal
Date of birth	18.12.1967	24.09.1959	24.02.1959	16.06.1967	14.06.1959
Nationality	Indian	Indian	Indian	Indian	Indian
Date of Appointment	29.10.2005	29.10.2005	29.10.2005	15.12.2005	15.12.2005
Qualifications	B.Com, FCA	B.Com, FICWA, FCS	B. A.	B.Com (H), FCA	B.Com, FCA
Expertise in specific functional areas	13 years of experience in Merchant Banking, Corporate Finance & Restructuring, Project Finance and Stock Markets.	25 years experience in the field of Corporate Finance, Stock Market and Company Law matters.	Having more than 20 years of experience in the Administration.	13 years experience in Audit, Taxation and Merchant Banking	He has more than two decade's experience in Audit, Finance, Taxation and legal matters. He is very renowned figure in taxation matters.
Shareholding in CSL	None	None	None	None	None
Directorship in other Companies and membership of Committees	Rajasthan Global Securities Ltd. Samrat Forgings Ltd. Mundra Credit & Investment Pvt. Ltd. Deep Deposits & Leasing Pvt. Ltd. Moongipa Securities Ltd.	Ardour Finman Pvt. Ltd. Euro Financial Services Ltd. Mundra Credit & Investment Pvt. Ltd. Rainy Investments Pvt. Ltd. Space Power Controls Pvt. Ltd.	Mundra Credit & Investment Pvt. Ltd. R.G. Stock Broking & Management Consultants Pvt. Ltd.	R.K. Securities Pvt. Ltd.	Surbhi Wears Pvt. Ltd.

Consolidated Securities Limited**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956.****Item No. 3**

The Board of Directors of your Company appointed Mr. Rohit Gupta as an Additional Director at their meeting held on 29th October, 2005, pursuant to Section 260 of the Companies Act, 1956. In terms of the said section he holds office up to the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director of the Company not liable to retire by rotation.

Mr. Rohit Gupta is a Fellow Member of the Institute of Chartered Accountants of India and has 13 years of vast experience in Merchant Banking, Corporate Finance & Restructuring, Project Finance and Stock Markets.

The Board of Directors of the Company are of the view that it is desirable to avail guidance and advice of Mr. Rohit Gupta and accordingly the Directors recommend that he be appointed as Director of the Company. His continuation on the Board will be immense benefit to the Company.

Except Mr. Rohit Gupta, none of the other Directors of the Company is concerned or interested in the said resolution.

Item No. 4 to 7

The Board of Directors of the Company at its meeting held on 29th October, 2005 has appointed Mr. Anil Kumar Chadha and Mr. Ashok Kumar Kathuria and on 15th December, 2005 has appointed Mr. Sanjeev Mahajan and Mr. Kapil Aggarwal as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles of Association. The terms of office of Mr. Anil Kumar Chadha, Mr. Ashok Kumar Kathuria, Mr. Sanjeev Mahajan and Mr. Kapil Aggarwal as Additional Directors to expire at this Annual General Meeting.

It is proposed to appoint Mr. Anil Kumar Chadha, Mr. Ashok Kumar Kathuria, Mr. Sanjeev Mahajan and Mr. Kapil Aggarwal as Directors of the Company, liable to retire by rotation.

The Company has received notices under Section 257 from the members of the Company notifying their intention to propose the candidatures of Mr. Anil Kumar Chadha, Mr. Ashok Kumar Kathuria, Mr. Sanjeev Mahajan and Mr. Kapil Aggarwal as Directors of the Company.

Your Directors recommend the Resolutions at Item No. 4 to 7 for your approval.

None of the Directors except above four directors of the Company seeking appointment are concerned or interested in the Resolutions set out in Item No. 4 to 7 of the Notice.

By Order of the Board of Directors

Rohit Gupta
Chairman

Place : New Delhi
Dated : 11th August, 2006

Registered Office:

8/19, 3rd Floor, W.E.A., Pusa Lane,
Karol Bagh,
New Delhi 110005

**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting the 14th Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March, 2006.

1. Financial Results**(Rs. in lacs)**

Particulars	Current Year ended 31.03.2006	Previous Year ended 31.03.2005
Total Income	3097.38	653.76
Gross Profit	437.27	44.17
Less : Depreciation	0.82	0.33
Profit before Tax	436.45	43.84
Provision for Taxation	129.32	4.34
Net Profit	307.13	39.50
Profit /(Loss) brought forward from previous Year	(-)69.10	(-)108.60
Profit available for appropriation	238.03	(-)69.10
Transfer to General Reserve	Nil	Nil
Transfer to Reserve fund in terms of Section 451C(1) of R.B.I Act, 1934	61.42	Nil
Proposed Dividend	Nil	Nil
Balance carried forward	176.61	(-)69.10

2. Dividend

Your Directors do not recommend any dividend for the year ended 31st March, 2006 in order to conserve its resources for the future.

3. Operational Performance

During the year under review, your Company has shown excellent results. The total income for the year ended 31st March, 2006 has increased to Rs.3097.38 lacs as compared to previous years' Rs.653.76 lacs, registering a growth of 374%. The operating profit (PBIT) of the Company has increased by 896% to Rs.436.45 lacs during the year, up from Rs.43.84 lacs in the previous year. The provision for taxation during the year was Rs.129.32 lacs. The Net Profit for the year has increased by 678% to Rs.307.13 lacs up from Rs.39.50 lacs in the previous year. An amount of Rs.61.42 lacs was transferred to Statutory Reserve Fund pursuant to section 451C of the Reserve Bank of India Act, 1934.

Your Company took advantage of the market movements and channeled its portfolios with expertise of its directors and earned higher income from operations and profit on sales of shares.

Business Review

The bull run on our country's stock markets, which started in 2004, is now in its third year. For the

Consolidated Securities Limited

first time since 1991 the stock markets have rallied for three consecutive years. This augurs extremely well for overall investor confidence and should lead to higher inflows of funds from domestic and foreign investors.

The Company's strategy is to invest in up coming growth-oriented small, micro-cap and mid-cap companies so as to achieve better returns as compared to the other leading indices like the BSE Sensex, BSE 100, BSE 500 etc.. The financial year 2005-2006 has been very good for the Indian stock markets and your company's endeavor is to outperform in its sector.

The company is also focusing on private equity and this is the next growth area. Private equity has played a significant role in nurturing business and creating value. The private equity funded companies have benefited from managerial inputs and privilege access to resources through a private equity investors' network. Institutional investors also attach significant value to private equity funded companies - this leads to re-rating of the stocks, thereby adding value to all stakeholders. The company in due course would primarily focus on long term strategic investments with an objective of achieving value enhancement for the benefit of shareholders at large. The company's strategy for its private equity and proprietary investment portfolio is to focus on asset quality and asset mix to achieve superior returns.

The commodities market in India has seen huge interest within a short span of time. India has strong linkages with commodities. With the strong agrarian set up and the large number of entrepreneurs, traders, shops and establishments, understanding of commodities is fairly high amongst these constituents. This interest was reflected in the stupendous growth witnessed in these markets. Daily volumes have surged to levels of Rs. 130 billion a day. The year saw introduction of several new products, participation from corporates and spread of commodities across the country.

The Management also considers commodities trading as the next growth area. This would further insulate the company from any possible shocks due to market volatility. It would be the management's endeavor to de-risk the business model of the company as far as possible.

Subsequent to the change in control after the open offer, the new Management was able to get the suspension revoked from the Bombay Stock Exchange w.e.f. 9th June, 2006. The suspension was revoked by the Bombay Stock Exchange after vigorous follow up by the new Management, improved financial performance and a healthy balance sheet. It may be pertinent to note that the trading of shares was suspended by the Bombay Stock Exchange because of non-compliance of the listing agreement by the old management. The scrip has started trading on the Bombay stock Exchange after a gap of 6 years during which it remained suspended.

Your Company, being an Investment Company, invests in shares, both quoted and unquoted and in Units of Mutual Funds. The industry structure relevant to the Company's operations is mainly concerned with the Capital Market and to a lesser extent with the Mutual Fund industry. The Company handles its investment in capital market on its own. As compared to Equity Investments, investment in Debt Instruments has not been very lucrative. In the above scenario, your Company performed better on both realized and unrealized gain in its various portfolios.

In March 2005, the Government has opened the real estate sector to FDI as long as the projects meet certain development criteria and has allowed FDI under the automatic route. This is expected to provide much needed capital and professionalism to this sector. Your company proposes to take advantage in the real estate business to benefit from this market opportunity by doing trading.

Your company will ensure to maintain the highest standards of Corporate Governance and will always strive for maximization of shareholders' value.

4. Management Discussions & Analysis Industry Structure & Developments

The operations of NBFCs are regulated and supervised by the RBI vide powers conferred under Chapter III-B of the RBI Act, 1934. The regulatory and supervisory frame work for NBFCs have been continuously strengthened in order ensure strong and healthy functioning by limiting excessive risk taking.



The NBFC sector in India has become very mature with reduced dependence on the acceptance of public deposits as a part of its overall funding. The NBFC sector is now represented by a mix of few large companies with nation-wide presence and the large number of small and medium size companies with regional focus.

India is increasingly attracting the world's interest as a result of the country's impressive economic performance, brought about by the liberalization process of the past two decades and its opening up to the world economy. The foreign direct investment flow is likely to cross for the first time, \$8 billion in 2005-2006, a clear \$ 1 billion more than the projections. With the opening up of additional sectors of industry in the last couple of years, the FDI flow in 2005-2006 was much higher than \$ 5.3 billion in the previous year. The FDI flow may touch \$ 12 billion in 2006-07, which is 300% increase in three years.

The year under consideration has seen Indian capital markets touching un-scaled peaks. BSE Sensex touched a high of 11338 before closing at 11307 on 31.3.2006 to end the financial year on a spectacular note. From the level of 6493 on 31.3.2005 this is a record gain of 76%. This buoyancy also reflected in the overall performance of your organization.

The directors are of the view that the country's stock markets are in a multi-year bull market. Several more years of buoyant trends are anticipated if the present GDP growth rate is sustained and there are no external or internal shocks. It shall be the management's endeavor to manage the company's investments in a prudent and profitable manner.

Economic Scenario

Year 2005-06 was a year of India. Growing at a three yearly CAGR of 8% appears to indicate the beginning of a new phase of cyclical upswing in the economy from 2003-04. This makes India the second fastest growing economy in the world after China.

What is noteworthy is that in spite of high oil prices & volatility in the agricultural sector due to uneven monsoons, country has achieved a very positive overall growth performance.

Recent macro economic trends show that economic growth in India is becoming more balanced & more sustainable. Consumption led growth is now being balanced by a strong contribution from Investment-led sources of growth. In a bid to stimulate the growth further, the government has also announced a series of ambitious economic reforms.

Outlook

Good Infrastructure goes a long way into securing more investments within the region & in a way improves the economy of the region. It acts both as a driver as well as magnet for Investments.

On the same lines, the Indian Government has attached a high priority to building and investing in infrastructure projects, particularly in Energy sector, Telecom sector, Transport sector, Sea Ports & Civil Aviation sector.

With a perceptible improvement in the investment scenario, both domestic and foreign, coupled with the policy measures towards further liberalization and simplification of the norms guiding such investment, the overall productive capability of the industrial sector, as a whole, is likely to increase substantially.

A virtuous cycle of growth and savings, that appears to be already underway, is likely to continue for some years to come.

Opportunities & Threats **Opportunities**

The improved economy coupled with infrastructure development further catalyses the real estate demand & increases the premium on the valuation of surrounding properties by virtue of ease of communication and increased facilities/amenities. India is on every international investors' wish list,