

# Investing in the future

Consolidated Securities Limited

ANNUAL REPORT 2008-09

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## CORPORATE INFORMATION

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## BOARD OF DIRECTOR

Kapil Aggarwal	Chairman
Rohit Gupta	Managing Director
Anil Kumar Chaddha	Director
Sanjeev Mahajan	Director
Ashok Kumar Kathuria	Director

## REGISTERED OFFICE

8/19, 3<sup>rd</sup> Floor, W.E.A.

Pusa Lane, Karol Bagh

New Delhi-110005

Tel: 011-42503441-444

Fax: 011-42503445

E-mail: [csl@consolidatedsecurities.biz](mailto:csl@consolidatedsecurities.biz)

## AUDITORS

R. Mahajan &amp; Associates

Chartered Accountants

402, Jain Bhawan, W.E.A

Karol Bagh

New Delhi-110005

## BANKERS

HDFC Bank Limited

## REGISTRAR &amp; SHARE TRANSFER AGENTS

MAS Services Limited

T-34, 2<sup>nd</sup> Floor,

Okhla Industrial Area Phase-2,

New Delhi-110020

## COMPANY SECRETARY &amp; COMPLIANCE OFFICER

Ms. Anju Batra

## CHIEF FINANCIAL OFFICER

Mr. Rohit Gupta



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## MANAGING DIRECTOR'S REVIEW

Dear Shareholders,

It has been a tumultuous year to say the least. The global financial system was shaken to its very core. The world reeled under the onslaught of financial market contagion, flu epidemic and terrorist attacks.

India in particular was buffeted by the Mumbai 26/11 terrorist attacks, the Satyam corporate fraud, flight of FIIs and dramatically falling export demand. However, there was a silver lining to the cloud, with Indian financial system coming out fairly unscathed, largely due to the prudence shown by RBI. The other big positive event was the return of Congress Government, leading a much more stable coalition.

The new government with Dr Manmohan Singh at the helm, has the opportunity to really kickstart the long forstalled reforms on infrastructure, retail, labour, judiciary and governance.

As a company we are very conservative. We are hungry for growth, but are all the time conscious about the risks that we take. This strategy has held us in good stead in our early years of operations, and especially so in the last financial year. Over the last financial year we have focused more on preserving the balance sheet strength rather than looking for growth.

We undertook steps to limit our exposure to the volatile capital markets, and have been fairly successful in doing that. We have successfully navigated the treacherous path, this unprecedented crisis created and are now well set to grow our business interests in the coming years.

We look forward to your continuing support.

Thanks,

**Rohit Gupta**  
**Managing Director**





## NOTICE

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NOTICE IS HEREBY GIVEN that the Seventeen Annual General Meeting of the Members of Consolidated Securities Limited will be held on Wednesday, the 30th day of September, 2009 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 at 31st March, 2009 and the 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 a Director in place of Mr. Anil Kumar Chaddha, who retires by rotation and being eligible, offers him self for re-appointment.
3. To appoint a Director in place of Mr. Ashok Kumar Kathuria, who retires by rotation and being eligible, offers him self for re-appointment.

4. To appoint Statutory Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and if, thought fit, to pass with or without modification (s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. R. Mahajan & Associates, Chartered Accountants, New Delhi, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company.”

By Order of the Board

Sd/-

Place: New Delhi

**Anju Batra**

Date: 31st July 2009

Company Secretary

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
2. Corporate Members are requested to send a duly

certified copy of the Board Resolution to the Registered Office of the Company, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September 2009, to Wednesday, 30th September 2009 (both days inclusive).
4. 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



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help us in our endeavor to control Cost.

5. Additional information, in terms of clause 49 of the Listing Agreement with Stock Exchanges, regarding appointment/reappointment of Directors as set out in Item no 2 & 3 of the Notice is also annexed hereto separately and forms part of the Notice.
6. Members desirous of any information/clarification on the accounts are requested to write to the Company at least 10 days in advance so as to enable the management to keep the same ready at the Annual General Meeting.
7. Please send your requests for transfer/transmission/consolidation and demat of shares, change of address to our Registrar and Transfer Agents (RTA) - MAS Services Ltd. at T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area Phase-2, New Delhi-110020
8. Non-Resident Indian Shareholders are requested to inform M/s. MAS Services Limited 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.

9. Members attending the meeting are requested to bring with them their Client ID and DP ID Numbers/Folio Numbers for identification. Further members/proxies should bring the attendance slip duly filled in for attending the meeting.
10. 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 Registrar & Transfer Agents, M/s. MAS Services Limited for consolidation of all such shareholding into one folio to facilitate better service.
11. Shareholders holding shares in certificate form are requested to de-materialize their holding in electronic form.
12. The Company has designated an exclusive email id viz investor@consolidatedsecurities.biz to enable the investors to post their queries/suggestions/grievances and monitor its redressal.

By Order of the Board  
Sd/-

Place: New Delhi  
Date: 31<sup>st</sup> July 2009

**Anju Batra**  
Company Secretary



## ANNEXURE TO THE NOTICE

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Details of Directors seeking re-appointment in the ensuing Annual General Meeting to be held on 30th September 2009 pursuant to the requirement of Clause 49 of the Listing Agreement:

Name of Director	<b>Anil Kumar Chaddha</b>	<b>Ashok Kumar Kathuria</b>
Date of Birth	24.09.1959	24.02.1959
Nationality	Indian	Indian
Date of appointment	29.10.2005	29.10.2005
Qualification	Commerce graduate, FCWA, FCS	B.A.
Expertise in specific functional areas	More than 27 years of rich experience in the field of corporate finance, stock market and company law matters.	He has more than 21 years of experience in the field of administration.
Shareholding in CSL	Nil	Nil
List of outside Directorships	Euro Financial Services Ltd. Ardour Finman Pvt. Ltd. Space Power Control Pvt. Ltd. Rainy Investments Pvt Ltd. Keystone Exim Pvt. Ltd. Logic Eastern (India) Pvt. Ltd.	Mundra Credit & Investment Pvt Limited
Chairmanship/membership of the committee of the Board of the Company	Nil	Member-Audit Committee Chairman-Investor Relations & Share Transfer Committee
Chairmanship/membership of the committee of the Board of other Company	Nil	Nil



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## DIRECTOR'S REPORT

*Dear Shareholders,*

Your Directors have pleasure in placing before you the Seventeenth Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March, 2009.

### 1. Financial Performance

Particulars	(Rs.in crores)	
	Current year ended 31.03.2009	Previous year ended 31.03.2008
Total Income	78.10	177.27
Gross Profit	8.45	25.63
Less : Depreciation	0.03	0.01
Profit before Tax	8.42	25.61
Provision for Taxation	(0.97)	7.48
Net Profit	9.39	18.12
Profit /(Loss) brought forward from previous Year	25.37	10.87
Profit available for appropriation	34.76	28.99
Transfer to Reserve fund in terms of Section 451C(1) of R.B.I Act, 1934	1.88	3.62
Proposed Dividend	Nil	Nil
Balance carried forward	32.88	25.37

### 2. Business Operations

Even though the stock market conditions were not good & recessionary conditions prevail all over the world and notwithstanding the fact that your company's business is directly related and dependent on the stock market conditions, your company has done a good job & earned a respectable No. of Rs. 8.42 crores as profit before taxes.

### 3. Dividend

After a slowdown during the year 2008-09, now the economy is recovering & showing signs of growth. Your Company is seeing the opportunities for future growth which requires capital. Therefore, your Directors do not recommend any dividend for the year ended 31st March, 2009.

### 4. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company does not have any activity relating to conservation of energy, technology absorption. There was no foreign exchange earnings and outgo.

### 5. Particulars of Employees

None of the employees were in receipt of the remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 & hence no such statement is required to be furnished.

### 6. Director's Responsibility Statement

In pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, your directors hereby state and confirm:

- that in the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable accounting standards has been followed
- that the Directors has selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits or loss of the company for the year under review
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities
- that the Directors had prepared the annual accounts for the financial year ending 31st March 2009 on a going concern basis.

### 7. Directors

In accordance with the provisions of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, Mr. Anil Kumar Chaddha and Mr. Ashok Kumar Kathuria, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The necessary resolutions with regard to above are being placed before the shareholders for their approval. The Board recommends their re-appointment as Directors on the Board of the Company in this Annual General Meeting.





Mr. Bhushan Lal Amarnath Gupta who has joined the Board in year 2007, ceased to be director with effect from 4th February 2009. Your directors wish to place on record their sincere appreciation & thanks for the significant and valuable contribution made by him during his association with the company.

#### 8. Audit Committee

The existing Audit Committee is in fully compliance to section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement & consists of the following:

Mr. Sanjeev Mahajan, –Chairman

Mr. Kapil Aggarwal and Mr. Ashok Kumar Kathuria-  
Members

#### 9. Public Deposits

The Company has not accepted any deposits from the public during the year and the board passed a resolution to the same effect as required by RBI Guidelines.

#### 10. Auditor's Report and Auditors

The Auditors, M/s. R. Mahajan & Associates, Chartered Accountants, New Delhi, retire at the ensuing Annual General Meeting and, being, eligible, offer themselves for re-appointment. They have given a certificate that their appointment, if made, will be within the limits under Section 224(1-B) of the Companies Act, 1956. Necessary resolution in this regard is proposed at the forthcoming Annual General Meeting. The Board recommends their re-appointment. The observations of the Auditors and notes on statement of accounts are self-explanatory.

#### 11. Reserve Bank of India's Directions

Your Company, being a Non Banking Finance Company (NBFC), continues to comply with all the requirements prescribed by the Reserve Bank of India from time to time.

#### 12. Listing

The equity shares of the company are listed at Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

#### 13. Management Discussion and Analysis

The report on Management Discussion and Analysis Report is given separately and forms part of this report.

#### 14. Corporate Governance

The detailed Report on Corporate Governance as prescribed by the Listing Agreement is annexed and forms part of this Annual Report. The Auditor's Certificate on compliance of the provisions of the Corporate Governance as mentioned in the Listing Agreement is also attached. Your company has been in fully compliance with all the conditions of the Corporate Governance norms stipulated in Clause 49 of the Listing Agreement.

#### 15. Compulsory De-mat

As per SEBI Guidelines, the shares of the Company are required to be compulsorily traded in dematerialized form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 718F01018.

As on 31st March, 2009, a total of 36,25,980 Equity Shares of the Company, which translates to 90.56% of the Share Capital stand dematerialized.

Members are requested to dematerialize their shares for their better convenience.

#### 16. Acknowledgment

Your company continues to receive the necessary support & trust of all the members, depositors and customer. Your directors wish to place their sincere appreciation to them as well as to the bankers, Government and all the regulatory authorities including SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies and the Depositories.

Your Directors also pleased to record their appreciation for the hard work, competence, loyalty, cooperation and professionalism put in by the employees at all levels which has enabled the company in achieving good performance in the emerging competitive environment.

Further your directors also take this opportunity to express their sincere gratitude to all the shareholders.

Place: New Delhi  
Date: 31st July 2009

For on & behalf of the Board

Rohit Gupta  
Managing Director

Ashok Kumar Kathuria  
Director



## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMY OVERVIEW

The year 2008-09 has been an unprecedented year with extremely difficult economic conditions across the globe. Growth momentum dipped significantly for the economies across the world over the past few quarters. Most developed countries are experiencing the deepest recession since World War II. According to estimates released by IMF in March '09, the world's advanced economies will contract by as much as 3.5% on average this year, with a 2.8% decline in the US and a 6.2% drop in Japan. Governments and regulators across the globe have responded swiftly and are trying to arrest the slowdown and to steer their economies back onto growth path. These measures have started bearing the desired results by restoring stability and confidence in the markets. Lehman brothers, Bear Sterns and many other prominent American and European banks went down. The effect of various adverse global developments was evident in the India economy also. Due to this global slowdown, the Indian economy has seen some loss in its growth momentum.

Notwithstanding the above & other challenges, India managed 6.7% economic growth in 2008-09. The growth rate during 2008-09 is lower than the average of over 9% in the previous three fiscal years, but not as low as expected by certain analysts.

Growth prospects for India appear relatively positive compared with most peers. Many believe that its growth rate may stick to mid-single digits despite the turmoil across the globe. This stems from the fact that India largely reflects:

- (a) a large and predominantly domestic-focused economy with a large services sector;
- (b) a large market for strong non-leveraged and non-discretionary domestic consumption;
- (c) relatively low dependence on exports; and
- (d) stable and sound financial system which remains healthy, well capitalised and prudently regulated.

Another feature of the year 2008-09 was a sharp rise in the wholesale price index to nearly 13% in August 2008

and an equally sharp fall close to 0% in March 2009.

The weakening of the U. S economy, failure of several large international financial institutions and banks, triggered a worldwide slowdown in 2008-09. Despite global financial crisis, inflow of foreign capital to the country has increased sharply in 2008-09. The slowdown has adversely affected the Indian exports because the economies like US, UK and other European countries which account for more than half of India's exports have been under the grip of slowdown. However, the Indian financial sector has shown tremendous stability and unlike developed countries, there hasn't been closure of any financial institution or bank.

The rapid fall in inflation, and the strong and sharp monetary easing adopted by the Reserve Bank of India carry promises for support to the domestic economy over the medium term. The fall in commodity prices from the earlier peaks is likely to reduce India's trade and current account deficit significantly in 2009-10 despite shrinkage in exports. The comfortable reserve position provides an additional cushion for India. Further, mandated priority sector lending, the farm loan waiver package, the hike in minimum support prices (MSPs) provided to farmers and expanding social safety net programmes including the flagship rural employment guarantee programme are also likely to impart additional dimensions of resilience to India's vast rural economy. India continues to face numerous challenges at the moment like a slowdown in the industrial production in some sectors; a failing monsoon, the increasing government deficits and its resulting adverse impact on the interest rates. The government is expected to take adequate measures to tackle these challenges by increasing public investments, maintaining adequate liquidity in the financial system without compromising on the quality of credit. With a likely stable Central Government now in place, investment spending, particularly infrastructure creation, is expected to continue. The Indian economy is, therefore, likely to grow at a reasonable pace, earlier than others. The Indian financial sector has weathered the credit crisis better than in most other economies. It has benefitted from the