

CONTENTS

Particulars	Page No.
1. Corporate Information	1
2. Notice	2
3. Director's Report	4
4. Management Discussion and Analysis	7
5. Report on Corporate Governance	12
6. Annexure to report on Corporate Governance	21
---CFO Certificate	
---Auditor's Certificate	
7. Auditor's Report	22
8. Annexure to the Auditor's Report	23
9. NBFC Auditor's Report	25
10. Financials and Notes on Accounts	26
11. NBFC Schedule to the Balance-Sheet	38



CORPORATE INFORMATION

1

BOARD OF DIRECTOR

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

REGISTERED OFFICE

8/19, 3rd Floor, W.E.A.
Pusa Lane, Karol Bagh
New Delhi-110005
Tel: 011-42503441-444
Fax: 011-42503444
E-mail: csl@consolidatedsecurities.biz

AUDITORS

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

BANKERS

HDFC Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS

MAS Services Limited
T-34, 2nd Floor,
Okhla Industrial Area Phase-2,
New Delhi-110020

COMPANY SECRETARY & COMPLIANCE OFFICER

Mrs. Anju Biyani

CHIEF FINANCIAL OFFICER

Mr. Rohit Gupta



NOTICE

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Consolidated Securities Limited will be held on Friday, the 30th day of September, 2011 at 10.00 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, 2011 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. Anirudha Kumar, 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.”

For and on behalf of the Board

Sd/-

Place: New Delhi
Date: 12th Aug. 2011

Rohit Gupta
Managing Director & CFO

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 Saturday, 24th September 2011, to Friday, 30th September 2011 (both days inclusive).
4. Members are requested to bring their own copies to the meeting.
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, 2nd Floor, Okhla Industrial Area Phase-2, New Delhi-1100209
8. Members attending the meeting are requested to



NOTICE

3

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.

9. 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.

10. Shareholders holding shares in certificate form are requested to de-materialize their holding in electronic form.

11. 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.

For and on behalf of the Board

Sd/-

Place: New Delhi

Rohit Gupta

Date: 12th August 2011

Managing Director & CFO

ANNEXURE TO THE NOTICE

Details of Directors seeking appointment/re-appointment in the ensuing Annual General Meeting to be held on 30th September 2011 pursuant to the requirement of Clause 49 of the Listing Agreement

Name of Director	Anil Kumar Chaddha	Mr. Anirudha Kumar
Date of Birth	24.09.1959	15.08.1966
Nationality	Indian	Indian
Date of appointment	29.10.2005	01.09.2010
Qualification	Commerce graduate, FCWA, FCS	B.Sc, FCA
Expertise in specific functional areas	Having around 30 years of rich experience in the field of corporate finance, stock market and company law matters.	He has more than 20 years of rich experience in investment, corporate finance, audit, banking and taxation.
Shareholding in CSL	Nil	Nil
List of outside Directorships	Euro Financial Services Ltd. Ardour Finman Pvt. Ltd. Key Stone Exim Pvt. Ltd. MFL India Ltd LKG Forex Ltd. Remax Developers P Ltd Omkar Buildprop Pvt Ltd	AGM Placement P Ltd
Chairmanship/membership of the committee of the Board of the Company	NA	Member-Audit Committee
Chairmanship/membership of the committee of the Board of other Company	NA	NA



DIRECTOR'S REPORT

Dear Shareholders

Your Directors take pleasure in presenting the 19th Annual Report together with the Audited Annual Accounts of your Company for the year ended 31st March, 2011 together with the Auditor's report thereon.

I. Financial Performance**(Rs.in crores)**

Particulars	Current year ended 31.03.2011	Previous year ended 31.03.2010
Total Income	171.00	60.58
Gross Profit	11.40	8.19
Less : Depreciation	0.05	0.05
Profit before Tax	11.35	8.15
Less: provision for Taxation	3.24	1.42
Add(less): Deferred tax	(0.001)	(2.01)
Add(less) MAT Credit entitlement	0.00	1.86
Profit After taxes	8.10	6.58

2. Business Operations

After a strong revival last year, the domestic growth cycle remained robust, extending and consolidating the recovery set forth in the fiscal year ended March 31, 2011. While emerging headwinds from tightening monetary conditions and a scale back in fiscal stimulus measures (put in place during the global credit crisis of the calendar year 2008) led to some moderation in industrial growth, service sector growth and agricultural performance were strong and picked up the slack from industry. This is likely to have pushed the headline GDP growth in the year ended March 31, 2011 to 8.6% from 8.0% in the previous year

The capital market segment, in which your company operates, always tend to carry a certain level of unpredictability with them owing to the dynamic global economic conditions, and quick change in

sentiments. Our main focus during the year has been on steady growth coupled with prudent safeguarding of the capital. Our performance has been reasonable for the year FY 2010-11 and we have earned profit before tax of Rs. 11.35 crores.

3. Transfer to reserves

The Company transferred the profit after tax of Rs. 8.10 crores to the reserves and surplus of the company.

Further in compliance to the provisions of Section 77AA of the Companies Act, 1956, a sum equal to the nominal value of shares bought back during the year i.e Rs. 62,15,930 has been transferred to Capital Redemption Reserve Account.

4. Dividend

Your directors do not recommend any dividend for the year ended 31st March, 2011 as they want to preserve capital for further consolidation.

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

The Company is not engaged in any activity related to conservation of energy or technology absorption. There were no foreign exchange earnings and outgo during the year under review.

6. Particulars of Employees

No such statement is required to be furnished as no employee was in receipt of remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

7. Director's Responsibility Statement

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

- that in the preparation of the annual accounts for the financial year ended 31st March 2011, 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

- c. 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
- d. that the Directors had prepared the annual accounts for the financial year ending 31st March 2011 on a going concern basis.

8. 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. Anirudha Kumar, 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.

9. Audit Committee

The existing Audit Committee is in full compliance to Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and its role and scope is in compliance to those prescribed by Clause 49 of the Listing Agreement.

10. Public Deposits

The Company has neither invited nor accepted any deposits from the public during the year under review within the meaning of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956, if applicable, and rules made there-under.

Further the board has also passed a resolution to this effect in its meeting in compliance to RBI Guidelines/provisions.

II. Auditor' 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.

12. Reserve Bank of India's Directions

During the year under review, your company has duly complied with all the requirements prescribed by the Reserve Bank of India for Non-Banking Financial Companies (NBFCs).

13. Listing

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

14. Management Discussion and Analysis

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

15. Corporate Governance

Your company has been in full compliance to the requirements of the corporate governance norms and continues to remain committed to maintaining the high standards of corporate governance. A report on Corporate Governance as required under clause 49 of the listing agreement, is given and forms part of this Annual Report. The Auditor's Certificate on compliance of the provisions of Corporate Governance as mentioned in the Listing Agreement is also given.

16. 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, 2011, a total of 30,19,587 Equity



Shares of the Company, which translates to 89.28% of the Share Capital stand dematerialized.

Also, as per SEBI circular dated 17.06.2011, the securities of the companies shall be traded in the normal segment of the exchange if and only if, the company has achieved 100% of promoter's and promoter group's shareholding in dematerialized form latest by the quarter ended September 2011 as reported to the stock exchanges.

Your company is already in compliance with the aforementioned circular.

Members are requested to dematerialize their shares for more convenience.

17. Completion of Buy-back of own securities

The buy-back of its own equity shares of the company which was started on 6th September, 2010 was completed, well within the time-limit, on 14th December, 2010 and pursuant to the same the company bought back 621593 equity shares for a total consideration of Rs. 402.94 lac. The bought back shares were extinguished and accordingly, the paid up capital of the company was stands reduced to 33,82,207 equity shares of Rs.10 each.

18. Postal ballot

The Board of directors of your company has sought the approval of shareholders by way of postal ballot on the following matters:

- Alteration of the Main Objects clause of MOA
- Increase in Authorized Share Capital
- Variation in the terms of remuneration of Managing Director

The postal ballot Notice has already been dispatched to the members of the Company on 04.08.2011 by registered post and the result of the same will be declared on 06.09.2011.

19. Rights Issue of Equity shares

The Board of Directors of the company vide their meeting held on 20.07.2011 have approved the issue of equity shares on rights basis to the existing shareholders of the company.

The other terms including the size of the offer, record date, pricing, ratio etc will be decided in due course in consultation with the intermediaries involved in the process.

20. Acknowledgment

Your directors take this opportunity to place their sincere thanks to the company's bankers, depositories, Government and all the regulatory authorities including SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies and Reserve Bank of India.

Further, we highly appreciate the dedicated and sincere services rendered by all the employees of the Company at all levels.

And last but not the least we put our sincere thanks to the shareholders for the confidence reposed by them in the company.

Place: New Delhi
Date: 12th August, 2011

Rohit Gupta
Managing Director
& CFO

For & on behalf of the Board

Ashok Kumar Kathuria
Director



MANAGEMENT DISCUSSION AND ANALYSIS

7

ECONOMY OVERVIEW

Global Economy- Though the global financial stability has improved largely over the past few months owing to better macroeconomic performance and continued accommodative macroeconomic policies; there still remains a lot to be done. The recovery worldwide is witnessing two major dimensions; with the emerging economies experiencing robust growth whilst their advanced counterparts recovering at modest. These have brought forth different policy challenges for these countries. The advanced economies being hit hardest by the global crisis, the governments and households remain heavily indebted, to varying degrees, and the health of financial institutions still remains a concern and has not been able to catch up with the overall economy. On the other hand, the emerging market economies are facing new challenges associated with strong domestic demand, rapid credit growth, relatively accommodative macroeconomic policies, and large capital inflows. The rising oil prices, the geopolitical risks could also dampen the economic and financial outlook.

Indian Economy- Indian economy, during the better part of the year under review grew at robust pace but the GDP growth during the last quarter came down raising concerns for a possible downward trend. Nevertheless, the recovery of the economy highlights the effectiveness of the policy initiatives taken by the Government in the last couple of years.

Stimulus driven government spending has dissipated as a major driver of growth and private demand has successfully taken over. Structural factors such as strong rural demand, low product penetration and favorable demographics have remained key

supports for private consumption. While government consumption growth is likely to have eased substantially from 16.4% in the fiscal year ended March 31, 2010 to 2.6% in fiscal year ended March 31, 2011, private consumption has remained strong growing by 8.2% in the financial year ended March 31, 2011 as against 7.3% a year ago. However, even as domestic consumption growth has remained robust, investment demand has somewhat disappointed with infrastructure project execution by the government remaining tardy and the corporate capital expenditure cycle remaining subdued. Investments are likely to have grown by 8.2% in the fiscal year ended March 31, 2011 against 12.2% a year ago and this has impinged on industrial performance. Growth in capital goods has fallen from 29.0% in the first half of the fiscal year ended March 31, 2011 to -1.3% in the second half pulling industrial growth lower from 10.3% in the first half of the financial year to 6.3% for the full year.

The main features highlighting the performance of the Indian Economy during the year 2010-11 are as follows:

- The inflation situation continues to be a cause of concern and the rising commodity prices is one of the major reasons for it. Despite large scale tightening of the monetary policy by the RBI and other steps taken by the government, the inflation continues to hover around the double digit mark. High international oil and food prices and hike in minimum support prices further the risks of upside inflation
- Helped by favorable weather and a strong run-up in prices, agricultural production accelerated in late 2010 in India
- The strong momentum in exports has continued during the year under review,



whilst the foreign exchange reserves have increased

- Foreign investment flows into India have gone down over the previous financial year
- The Corporate sector has performed well, with sales in both the services sector and manufacturing sector going up

INDUSTRY STRUCTURE & DEVELOPMENTS

NON-BANKING FINANCIAL COMPANIES (NBFCs)

The NBFC sector in India has undergone a significant transformation in the past few years and has come to be recognized as a systemically important element of the financial system. The regulatory imperatives concerning the non-banking financial sector and the risks arising from regulatory gaps, arbitrage and systemic inter-connectedness have become all the more important post the global financial crisis. The RBI has been emphasizing on tighter regulations and monitoring of Non Banking Financial Companies and has set up a working group to examine issues like the definition and classification of NBFCs, addressing the regulatory gaps and regulatory arbitrage, maintaining standards of governance in the sector and appropriate approach to NBFC supervision.

NBFCs play a vital role as financial intermediaries in the Banking and financial system and there performance is critical for the growth of the entire economy. NBFCs are crucial as a means of finance for various sectors where other sources of finance are not available and they also have the niche of providing tailor-made financing solutions. The non-banking finance companies have shown improvement in their performance as a result of

which their soundness has improved and there are different types of lending from this sector coming through. NBFCs continue to be a valuable factor in keeping the financial services in India in good stead, though they are being tightened more and more by the RBI, so as to plug the regulatory gaps and prevent possible opportunities of regulatory arbitrage.

The Indian financial system remains stable in the face of some fragilities being observed in the global macro-financial environment. The growth is slackening in most parts of the world and the risks from global imbalances continue to hover. The uncertainties in global environment with persistently high energy and commodity prices have contributed to a slight moderation in India's growth momentum as well. The macroeconomic fundamentals for India, however, continue to stay strong, notwithstanding the prevailing inflationary pressures and concerns on fiscal front. The banking sector continues to be stable, though the structure of the sector - characterized by significantly 'connected' and 'clustered' banks, carries certain inherent risks.

Your company being a NBFC has complied with all the rules and regulations laid down by the reserve bank of India w.r.t. the functioning of NBFCs.

BUSINESS STRATEGY

Your company's aim is to grow conservatively in the fast growing Indian economy, with a focus on building a strong balance sheet. It aims to build a long lasting business franchise, which can survive the increasing volatile global markets. It strives to benchmark itself against international standards and best practices in terms of risk management, compliance and balance sheet robustness. The objective is to build good business practices and



capture opportunities as they emerge in the rapidly evolving Indian financial markets.

Over the years it has become increasingly difficult to generate risk adjusted returns on funds deployed. Your company aims to prudently venture into new business opportunities. In the year gone by, besides its focus on short term gains in the capital markets your company has ventured into secured financial lending to professionally run real estate companies with sound promoters. The company provides short term bridge loans for a period of 3-12 months to established mid size real estate companies, to ensure timely completion of their projects. These loans are secured by collateral that is 2-3 times the loan amount, and typically is in the form of first charge on finished real estate projects or operational properties of the same company, which can be easily monetised in case of the default.

Over the last 1 year the company has successfully concluded multiple transactions in this space and is fairly confident of growing this line of business.

Your company is also looking at other emerging opportunities in the financial services market, and will only venture out once its successfully understood the operating conditions and is fairly confident of overall success in that space. Your company is committed to the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

OPPORTUNITIES AND THREATS

Opportunities:

- There are different types of lending from this sector coming through, for both unsecured & secured lending
- The regulatory framework for NBFCs is being

re-examined also due to the reason that their systematic importance has gone up over the years,

- NBFCs are emerging as a strong financial intermediary in the retail finance space,
- NBFCs cater to sectors of borrowers that fall outside the purview of banks by the monetary and credit policy
- NBFCs are capable of providing tailor made services to clients,
- New groups are entering the NBFC sector in pursuit of growth opportunities offered by the various product segments,
- NBFCs operating well in the domestic markets are in a position to further expand to scale up their operations
- Given their deeper understanding of the customer needs, the NBFCs continue to focus on product innovation and customizing product offerings,
- The market share of the NBFCs is on the rise

Threats:

- From the earlier stipulation of 12%, the CRAR of both NBFC-ND-SIs and NBFC-Ds have been aligned to 15 per cent (stipulation in case of NBFC-Ds becoming effective as at end-March 2012), which has reduced the returns on the funds deployed
- A prudential cap on banks' exposures to debt oriented mutual funds and provisioning of 0.25 per cent for standard assets have also been stipulated for NBFCs, thereby reducing the overall profit margins