

MADHUSUDAN SECURITIES LIMITED

 **ANNUAL ACCOUNTS**

2003 – 2004

MADHUSUDAN SECURITIES LIMITED

21ST ANNUAL REPORT AND ACCOUNTS 2003 - 2004

BOARD OF DIRECTORS

Smt. K. Sujatha Reddy	Chairperson
Shri. K. Madhusudan Reddy	Director
Ms. Priya Reddy	Director
Ms. Vanaja Reddy	Director

AUDITORS

M/s. Vora & Associates,
Chartered Accountants
Mumbai.

ADVOCATE & SOLICITORS

M/s. Kanga & Co.,
Advocates & Solicitors
Mumbai.

BANKERS

UTI Bank
Canara Bank

REGISTERED OFFICE

6/A-2, Court Chambers,
35, New Marine Lines,
Mumbai: 400 020.

SHARE TRANSFER DEPARTMENT

6/A-2, Court Chambers,
35, New Marine Lines,
Mumbai: 400 020.

**TWENTY FIRST ANNUAL GENERAL
MEETING**

Date: September 30, 2004

Day: Thursday

Time: 10.00 a.m.

Venue: Regd. Office:

6/A-2, Court Chambers,
35, New Marine Lines,
Mumbai: 400 049.

Shareholders are requested to bring their copies
of Annual Report along with them at the
Annual General Meeting.

BSE Code No. 11000
BSE Code No. 511000

MADHUSUDAN SECURITIES LIMITED

Registered Office: 6/A-2, Court Chambers,
6th Floor, 35, New Marine Lines,
Mumbai - 400 020.

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of MADHUSUDAN SECURITIES LIMITED will be held on Thursday, September 30, 2004 at Registered Office: 6/A-2, Court Chambers, 6th Floor, 35, New Marine Lines, Mumbai - 400 020 at 10.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the statement of Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the year ended 31st March, 2004 of the Company and the Reports of the Directors and Auditors thereon.
- 2 To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

- 3 Chairman informed the Board about the request of Mrs. Vanaja Reddy to voluntarily resign as a director of the Company due to her pre-occupation, which was considered and accepted. The following resolution was passed unanimously:

"RESOLVED THAT Mrs. Vanaja Reddy, Director of the Company, be hereby resigns from the directorship of the company.

FURTHER RESOLVED THAT Mr. Madhusudan Reddy, Director of the Company, is authorised to the inform the respective statutory authorities regarding the resignation of Mrs. Vanaja Reddy."

- 4 To consider and if thought fit to pass a resolution on any other matter with the permission of the chair.

By order of the Board
MADHUSUDAN SECURITIES LIMITED


DIRECTORS

2004, September 3, 2004

NOTES

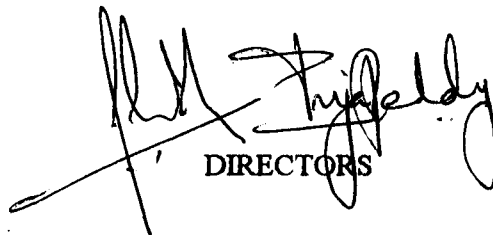
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be lodged at the Registered office of the Company not less than 48 hours before the Annual General Meeting.
3. Members desiring any information about accounts at the meeting are requested to write to the Company at an early date so as to enable the management to keep the information ready.
4. Members are requested to:
 - a. immediately intimate change of address, if any, to the Company.
 - b. produce the Attendance Slip, duly filled, at the entrance of the Meeting Venue.
 - c. bring their copies of the Annual Report to the venue of the Twenty First Annual General Meeting.
 - d. convert their shares in Demat form for easy liquidity or transfer on stock exchange and safety.
 - e. members holding shares in physical form can avail of the nomination facility by filing Form 2B with the Company at its Registered Office, which will made available on request and in the case of shares held in demat forra the nomination has to be lodged with their respective Depository Participants (DP).
5. Members register shall remain close for transfer of shares on September 30, 2004.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

Mrs. Vanaja Reddy has expressed her desire to resign from the directorship of the board of Company on account of her pre-occupation. The Board has acknowledged and appreciated the services provided by her during the tenure of her directorship.

By order of the Board
MADHUSUDAN SECURITIES LIMITED



DIRECTORS

Place : Mumbai
Dated: September 3, 2004

MADHUSUDAN SECURITIES LIMITED

Registered Office: 6/A-2, 6th Floor,

Court Chambers,

35, New Marine Lines,

Mumbai - 400 020.

DIRECTORS REPORT

Your directors present herewith the 21st Annual Report of the company with the Audited Statements of the Accounts for the year ended March 31, 2004.

FINANCIAL RESULTS:

The financial results for the year under review are as follows:

	Current Year 2003 - 2004	Previous Year 2002 - 2003
<u>Particulars</u>	<u>(in Rs.)</u>	<u>(in Rs.)</u>
Business Income	26,79,858	16,78,389
Profit before Interest, Depreciation & Tax	12,39,541	3,74,644
Less:		
a. Interest	-	-
b. Depreciation	10,108	10,108
Profit before tax	12,29,433	3,44,460
Provision for Tax	2,83,000	1,21,000
Provision for Deferred Taxation	(5,266)	(5,952)
Profit after tax but before Extraordinary items	9,51,693	2,29,412
Add/(Less): Extraordinary items		
Excess/(Short) provision for tax of prior years: Current	93,865	(2,152)
Excess/(Short) provision for tax of prior years: Deferred	-	13,631
Prior Period Incomes	28,711	-
Profit available for appropriation	10,74,274	2,27,260
Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997	2,10,000	50,000
Balance brought forward from Previous Year	31,79,027	29,88,136
Balance carried to Balance Sheet	40,43,301	31,79,027

DIVIDEND:

Your Company has continued to make profits. To strengthen the financial resources, the Board regrets its inability to recommend any dividend.

CURRENT YEARS OPERATIONS:

During the year under review money market has remained range bound and the rate of interest on investment in money market instruments have been on an all time low side. The sentiment on the stock market has seen volatile. The impact of change in political situation was evident from the movement on bourses. Despite this your Company has managed to clock profits. Barring unforeseen circumstances your Directors are hopeful to have better performance in the current year.



MADHUSUDAN SECURITIES LIMITED

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OUTLOOK AND FUTURE PROSPECTS:

Your Company shall look into the possibility of exploring new avenue of business including participation by others having similar object and the efforts are on to redesign the working in the present circumstances.

To augment resources to meet the funding requirements of venturing into new business activities, your Company may issue further share capital to promoters and / or others by way of private placement of shares or borrowings as the case may be viable for the new business activities. Otherwise the Company may wait and watch for opportunities in the due course.

CLAUSE 32:

Cash flow statement pursuant to clause 32 of the listing agreement is provided alongwith Notes to Accounts.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits from public.

PRUDENTIAL NORMS:

Your Company has, during the year under review, have complied with guidelines of RBI / GOI, as may be applicable. Reviews on the level of compliance have been made and reports were submitted to the Board.

DIRECTORS:

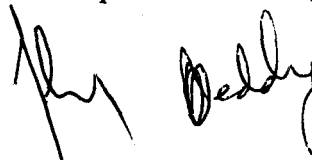
Retirement:

Mrs. Vanaja Reddy has tendered her resignation to the Company on account of her personal pre-occupation. The Board acknowledges and appreciates the services provided by her during the tenure of her directorship.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair



MADHUSUDAN SECURITIES LIMITED

Registered Office: 6/A-2, 6th Floor,
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view of the state of affairs of the Company as on 31st March, 2004 and of the profit of the Company for that period;

- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate 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;
- 4) That the annual accounts for the financial year ended 31st March, 2004 are prepared on a 'going concern' basis.

REPORT ON CORPORATE GOVERNANCE:

MADHUSUDAN SECURITIES LTD. has been practicing the principles of good corporate governance over the years.

Composition of Board of Directors

The present board comprises four Directors and Board has offered and requested other independent persons to join and share their knowledge on their acceptance of offer. Board shall be accordingly expanded in the due course.

Responsibilities

The Board has formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance & ensuring adequate availability of financial resources. During the year under review the Board met 5 times. Board members ensure that their responsibilities do not materially impact on their responsibilities as a director of the Company and they are regularly discharging their duties for the Company.

Number of Board Meetings

Madhusudan Securities Ltd. held 5 Board Meetings during the year ended 31st March, 2004. They were on 30th April 2003, 30th June 2003, 30th July 2003, 30th October 2003, and 30th January 2004.

Board Committees

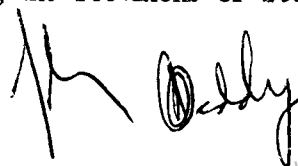
To enable better and more focused attention on the affairs of the Company, the board delegate's particular matters to committees of the board set up for the purpose. The three core committees, which have been constituted during the course of the year are (i) Audit Committee, (ii) Remuneration Committee and (iii) Shareholders / Investors' Grievance Committee.

AUDITORS REPORT:

The observation of the Auditors in the Report have been dealt with in the Notes forming part of the Accounts which are self explanatory, which please note.

PARTICULARS OF EMPLOYEES:

The company has not paid any remuneration attracting the Provisions of Sec. 217(2A) of the Companies Act, 1956.



PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

Additional information required under the provisions of the above section read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of Energy, Technology Absorption are not applicable as the company is not carrying out any manufacturing operation.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review the Company has not earned or incurred any amount of foreign exchange.

AUDITORS:

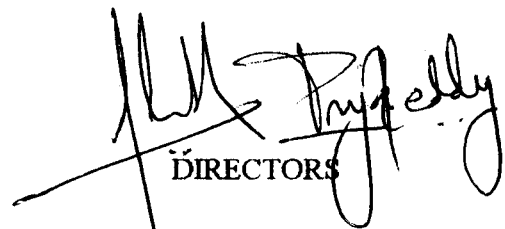
M/s. Vora & Associates, Chartered Accountants, Mumbai retires at the ensuing Annual General Meeting, being eligible offers themselves for reappointment as Auditors of the Company. Members are requested to appoint the auditors and fix their remuneration.

ACKNOWLEDGMENTS:

Your Directors wishes to place on record their appreciation to the Employees, Bankers, Brokers and Business Associates for their co-operation and contribution to the company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated: September 3, 2004



DIRECTORS

VORA & ASSOCIATES
CHARTERED ACCOUNTANTS

103, REWA CHAMBERS,
31, NEW MARINE LINES,
MUMBAI - 400 020, INDIA
E-mail : mayurvora@vsnl.net
FAX : 022 - 2206 3289
TELE : 022 - 2200 5934
022 - 2200 4142

AUDITORS' REPORT

To,
THE MEMBERS OF
MADHUSUDAN SECURITIES LIMITED.

1. We have audited the attached Balance Sheet of MADHUSUDAN SECURITIES LIMITED as at 31st March 2004, the Profit and Loss Account and the Cash flow statement of the Company for the year ended on that date as 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 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 reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the 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;
 - (i) 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;
 - (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of accounts;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) in our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

...2/-

