

**MADHUSUDAN SECURITIES
LIMITED**

Report Junction.com
ANNUAL ACCOUNTS

2006 – 2007

24th ANNUAL REPORT AND ACCOUNTS 2006 - 2007BOARD OF DIRECTORS

Smt. K. Sujatha Reddy
 Shri. K. Madhusudan Reddy
 Smt. Piya Reddy

Director - Chairperson
 Director
 Director

AUDITORS

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

ADVOCATE & SOLICITORS

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

BANKERS

UTI Bank

REGISTERED OFFICE

6/A-2, Court Chambers,
 35, New Marine Lines,
 Mumbai: 400 020.
Email: mslsecurities@yahoo.com

SHARE TRANSFER DEPARTMENT

Intime Spectrum Registry Limited.
 C – 13, Pannalal Silk Mills Compound,
 L.B.S.Marg, Bhandup (West),
 Mumbai – 400 078
Email: isrl@intimespectrum.com
Telephone: (022) 2596 3838
Fax No.: (022) 2594 6969

**TWENTY FOURTH
 ANNUAL GENERAL MEETING**

Date: September 29, 2007

Day: Saturday

Time: 3.30 P.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. 511000
 (BSE Code No. 11000)

ISIN No. INE856D01011 (NSDL)

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on Saturday, September 29, 2007 at Registered Office: 6/A-2, Court Chambers, 6th Floor, 35, New Marine Lines, Mumbai – 400 020 . To transact the following business

ORDINARY BUSINESS

Adoption of Directors' Report and Annual Accounts:

1. To receive, consider and adopt the statement of Balance Sheet as at 31st March 2007 and Profit and Loss Account for the year ended 31st March 2007 of the Company and the Reports of the Directors and Auditors thereon.

Adoption of Directors' retiring by Rotation:

2. To appoint a Director in place of Smt. Sujatha Reddy, who retires by rotation and, being eligible, offers herself for reappointment.

Appointment of Auditors:

3. To appoint Auditors of the Company and to fix their remuneration.

ISSUE OF SHARES AT PAR / RIGHTS ISSUE/PRIVATE PLACEMENT AND OTHER:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authorities from time to time, to the extent applicable and subject to such consents and such other approvals as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made, while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches, on preferential basis or private placements to promoters of the Company or others, Ordinary Shares through prospectus and / or offer letter and / or circular basis so, however, the total number of shares issued should not exceed 1,50,000 Equity shares of Rs.10/- each for cash, at such price or prices, in such manner and on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Ordinary Shares.

“RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the issue(s), including the class of investors to whom the Shares are to be allotted, number of Shares to be allotted in each tranches, issue price, face value, premium amount on issue, listings on one or more stock exchanges in India and/or abroad as the Board, in its absolute discretion may deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issue(s).”

By order of the Board
MADHUSUDAN SECURITIES LIMITED

Mumbai, Dated: June 28, 2007

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 Fourth 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 form the nomination has to be lodged with their respective Depository Participants (DP).
- 5 Members register shall remain close for transfer of shares on **26th July 2007 to 30th July 2007** (Both days inclusive).

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

Chairman / Directors

Mumbai, Dated: June 28, 2007

ANNEXURE TO THE NOTICE

AN EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING IS ANNEXED HERETO.

Item No.4

The Company, in order to meet the requirements of funds for capital market investments in changed scenario of economic boom and to meet the working capital requirement, is planning to issue 150,000 equity shares at Rs.10/- at such premium as may be decided by the Board of Directors in one or more tranches, in such form, on such term, in such manner and at such time as may be considered appropriate by the Board to various category of investor as set out in the Special Resolution.

Section 81 of the Act provides, inter alia, that whenever it is proposed to increase the issued/ subscribed capital of the Company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holder of the Equity shares of the Company in the proportion to the Capital Paid up on that date, unless the shareholders in the General Meeting decided otherwise.

The Listing Agreement executed by the Company with Bombay Stock Exchange Ltd. also provides that the Company on first instance offer all securities for subscription pro-rata to the existing equity shareholders unless the shareholders in the General Meeting decide otherwise. Hence, the consent of the Share Holders is sought to authorized the Board of Directors as set out in the resolution at item no. 4, to issue in one or more tranches the securities referred to therein on preferential basis or private placements to promoters of the Company or others in accordance with SEBI Guidelines..

The Company has launched the process and received the offers, subject to the approval of the shareholders. The proposed outline above is in the interest of the Company and the Board recommends the Resolution for the acceptance by the Members.

The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item no. 4 to the extent of the securities that may be subscribed by them by the Companies / Institutions of which they are Directors or Members.

For MADHUSUDAN SECURITIES LIMITED

CHAIRMAN

Place: Mumbai
Dated: June 28, 2007

DIRECTORS' REPORT

To the members,

We are presenting our 24th Annual Report on the business and operations of the company with the Audited Statements of the Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS:

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

<u>Particulars</u>	<u>Current Year</u> <u>2006 – 2007</u> <u>(in Rs.)</u>	<u>Previous Year</u> <u>2005 – 2006</u> <u>(in Rs.)</u>
Business Income	67,10,705	55,89,342
Profit before Interest, Depreciation & Tax	7,89,749	46,81,261
Less:		
a. Interest	42,898	1,11,362
b. Depreciation	-	-
Profit before tax	7,46,851	45,69,899
Provision for Tax (including FBT)	2,27,000	6,22,000
Profit after tax but before Extraordinary items	5,19,851	39,47,899
Add/(Less): Extraordinary items		
Excess/(Short) provision for tax of prior years: Current	(3,399)	(55,259)
Prior Period Incomes	-	(3,325)
Profit available for appropriation	5,16,452	38,89,315
Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997	1,05,000	7,80,000
	4,11,452	31,09,315
Balance brought forward from Previous Year	1,02,90,672	71,81,357
Balance carried to Balance Sheet	1,07,02,124	1,02,90,672

DIVIDEND:

Your Company has continued to make profits. For facilitating the working capital and strengthening the financial resources, the board regrets its inability to recommend any dividend for the year.

CURRENT YEAR'S OPERATIONS:

During the year profits of company dipped despite of increase in sales during the period. Even though over all stock markets have done very well, Company was unable to take advantage of the same resulting in considerably lower profits in comparison to last year. During the current year Company is planning to increase its profits by making changes in its short-term investment models and strategies. Company is also planning to make revised NBFC registration application as per RBI guidelines for expansion of its business. Barring unforeseen circumstances your Directors are hopeful to have better performance in the year to follow.

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 these 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 along with Notes to Accounts here in after.

REGISTRARS AND TRANSFER AGENTS:

In compliance with directives of SEBI, requiring companies to provide single point service to shareholders of all work relating to share registry, in terms of both physical and electronics, your Company has appointed IN-TIME SPECTRUM REGISTRY LIMITED, C – 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (w), Mumbai 400 078, as the Registrars and Transfer Agents. All your requests for dematerialisation, transfer of physical shares, etc., (and grievances related thereto) may be sent to the above address of the Registrars and Transfer agents.

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:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Smt. K. Sujatha Reddy, Director, retire by rotation in the forthcoming Annual General Meeting and is eligible for reappointment. Smt. K. Sujatha Reddy offers herself for reappointment.

COMPOSITION OF THE BOARD OF DIRECTORS:

The present board comprises of three (3) Directors. The Board has offered and requested other independent persons to join the Board and share their knowledge for better of company. However, the acceptance of our offer is under their consideration, Board shall be expanded in due course.

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 2007 the applicable accounting standards have been followed,
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2007 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 2007 are prepared on a 'going concern' basis.

MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET

Pursuant to provisions of section 217 (1) (d) of the Companies Act, 1956, there has been no material change and commitment affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

REPORT ON CORPORATE GOVERNANCE:

An analysis of the strategic situation facing the organization and a rational assessment of future options makes it necessary to pursue a well-defined "Corporate Governance Mechanism", which considers the interests of all stakeholders. With all participative and empowered system in the functioning of the Board, Executives and other functionaries with adequate professionalism built into the distinctly defined roles, your Company's corporate governance philosophy is based on pursuit of sound business ethics and strong professional acumen that aligns the interests of all segments of the stakeholders as also the society at large. Your company has been practicing the principles of good corporate governance over the years voluntarily though capital is below Rs. 300 Lacs, hence not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This has been dealt with in a separate section in the Annual Report.

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 five (5) times. The 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 2007 They were on 1) 28th April 2006, 2) 30th June 2006, 3) 21st July 2006, 4) 7th October 2006, and 5) 5th February 2007.

BOARD COMMITTEES:

To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the board set up for the purpose. The three core committees, which have been constituted by the Company, are:

- (1) Audit Committee,
- (2) Remuneration Committee and
- (3) Shareholders / Investors' Grievance Committee.

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.