

MADHUSUDAN SECURITIES LIMITED

27TH ANNUAL REPORT

2009-2010

CERTIFIED TO BE TRUE COPY

For Madhusudan Securities Ltd.

Director

27th ANNUAL REPORT AND ACCOUNTS 2009-2010

BOARD OF DIRECTORS

Shri. K. Madhusudan Reddy - Chairman
Smt. K.Sujatha Reddy - Director
Smt. Piya Reddy - Director

REGISTERED OFFICE

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

BANKERS

Axis Bank
Canara Bank
South Indian Bank

ADVOCATE & SOLITORS

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

AUDITORS

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

SECRETARIAL AUDITORS

M/s. VKM Associates,
Company Secretaries,
Mumbai,

SHARE TRANSFER DEPARTMENT

Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078,
Email: mumbai@linktime.co.in
Telephone: (022) 2596 3838
Fax No: (022) 2594 6969

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27TH ANNUAL GENERAL MEETING

Date: 30th September 2010

Day: Thursday

Time: 3.30 P.M.

Venue: Regd. Office:

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

BSE Code No. 511000

SIN No. INE856D01011 (NSDL)

SHAREHOLDERS ARE REQUESTED TO
BRING THEIR COPIES OF ANNUAL REPORT
ALONG WITH THEM AT THE ANNUAL
GENERAL MEETING.

CERTIFICATE BY CEO

To,
The Board of Directors of
Madhusudan Securities Limited.

We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief.

1. These Statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading.
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March 2010, which is fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors, deficiency in the design or operation of the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors:

1. Significant changes in internal control over financial reporting during the year, if any.
2. Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the financial statements; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K.MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Date: 30th July 2010

NOTICE TO MEMBERS

NOTICE is hereby given that the 27th Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on 30th September, 2010 at Registered Office: 6/A-2, Court Chambers, 6th Floor, 35, New Marine Lines, Mumbai - 400 020 at. To transact the following business

ORDINARY BUSINESSAdoption of Directors' Report and Annual Accounts:

1. To receive, consider and adopt the statement of Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended 31st March 2010 of the Company and the Reports of the Directors and Auditors thereon.

Appointment of Director:

2. To appoint a Director in place of Mr. K. Madhusudan Reddy, who retires by rotation and, being eligible, offers himself for reappointment.

Appointment of Auditors:

3. To appoint Auditors of the Company, M/s Vora & Associates, Chartered Accountants are retiring auditors of the Company and being eligible for reappointment, members are requested to reappoint them as an Auditors until conclusion of the next Annual General Meeting and fixed their remuneration.

By order of the Board of Directors
MADHUSUDAN SECURITIES LIMITED

K.MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 30th July 2010

NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH 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 not less than 48 hours before the Annual General Meeting, 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 Seventh Annual General Meeting.
 - d. Convert their shares in Demat form for easy liquidity or trade on Bombay stock exchange.
 - 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 from 26th September to 30th September, 2010 (Both days inclusive).

By order of the Board of Directors
MADHUSUDAN SECURITIES LIMITED

K.MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 30th July 2010

DIRECTORS' REPORT

To the members,
MADHUSUDAN SECURITIES LIMITED

Your Directors have pleasure in presenting the 27th Annual Report on the business and operations of the company along with the audited Financial Statement of Accounts for the year ended March 31, 2010.

RESULTS OF OPERATION:

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

<u>Particulars</u>	<u>Current Year</u> <u>2009 - 2010 (in</u> <u>Rs.)</u>	<u>Previous Year</u> <u>2008 - 2009</u> <u>(in Rs.)</u>
Business Income	44,42,700	31,31,717
Profit before Interest & Tax	32,32,331	16,86,708
Less: Interest	14,31,124	6,33,812
Profit before tax	18,01,207	10,52,896
Provision for Tax	4,25,000	2,99,500
Profit after tax but before Extraordinary items	13,76,207	7,53,396
Profit available for appropriation	13,44,564	7,70,415
Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997	3,00,000	4,50,000
	10,44,564	3,20,415
Balance brought forward from Previous Year	1,13,56,078	1,10,35,663
Balance carried to Balance Sheet	1,24,00,642	1,13,56,078

DIVIDEND:

To facilitate the working capital & strengthening the financial resources of the company, the board regrets their inability to recommend any dividend for the current year.

TRANSFER TO RESERVES

As per section 45IC of the Reserve Bank of India (Amendment) Act, 1997, applicable to Non Banking Financial Company for creation of Special Reserve Fund, the company has voluntarily transferred Rs.3,00,000/- to the Special Reserves of the Company.

BUSINESS:

After the end of the recessionary year, the year under review seemed to be stabilising in shares & improving in business activity. The present capital market has been improving but it is unpredictable due to international financial crises. During the year, the Company has earned Profit after tax of Rs. 13,76,207/- which has increased by 75% compared to previous year. The Company has invested its surplus funds in Bank Fixed Deposits and Debt Funds. During the year, the company has income on Capital leverage of funds. Barring unforeseen circumstances, your Directors are hopeful to have better performance in the year to follow.

FUTURE OUTLOOK:

The Company shall deploy its financial resources in better modes of Investment for better deals with the upcoming industrial organisations. The new financial policies and inflation control measure shall bring better prospectus in years to come. The performance of the industrial sector has improved markedly in recent months.

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 LINK INTIME INDIA PRIVATE 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.

SHARE TRADING ON BSE

Your Directors are glad to inform you that the equity shares of the Company are freely traded on the Bombay Stock Exchange as the Exchange has withdrawn the suspensions of trading of shares of the Company on 16/10/2009, after compliance of all statutory requirements of the listing Agreements of the Bombay Stock Exchange.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits from public, during the year under review.

PRUDENTIAL NORMS:

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

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 changes 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.

CORPORATE GOVERNANCE:

The Company has been practicing the principles of good corporate governance voluntarily over the years though not applicable, being the equity paid up capital is below Rs. 300 Lacs. However a separate section of voluntary compliance has been included as separate section of this annual report.

PARTICULARS OF EMPLOYEES:

There are no employees in receipt of remuneration exceeding the limit as prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, and rules framed thereunder read with the Companies (Particulars of Employees) Rules, 1975.

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 GO OUT:

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

DIRECTORS:

Mr. K. Madhusudan Reddy, Director, retires by rotation and being eligible, seeks reappointment at the ensuing Annual General Meeting. In view of the interest of the Company, your Board recommends his appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

1. That in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent to maintain the matching revenue concept, 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 Profit or loss 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; and
4. That the annual accounts for the financial year ended 31st March 2010 are prepared on a 'going concern' basis.

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.

AUDITORS' REPORT:

The observation made by the Statutory Auditors in their Report read together with the relevant notes as given in the Notes to Accounts for the financial year ended 31st March, 2010 are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956

ACKNOWLEDGMENTS:

The Directors take this opportunity to express their appreciation for continued assistance and co-operation received from Banks, Brokers, Business Associates, Customers and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

For AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTORS

Place: Mumbai

Date: 30th July 2010