

MADHUSUDAN SECURITIES LIMITED

29TH ANNUAL REPORT

2011-2012

29th ANNUAL REPORT AND ACCOUNTS 2011-2012

BOARD OF DIRECTORS

Shri. Madhusudan Reddy	- Chairman
Smt. Piya Reddy	- Director
Shri. Nitin Anand	- Director

REGISTERED OFFICE

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

BANKERS

Axis Bank
Canara Bank

ADVOCATE & SOLITORS

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

AUDITORS

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

SECRETARIAL AUDITORS

M/s Sachin Chhadawa,
Company Secretaries,
Mumbai

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr L. V. Veeranjanyulu

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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29TH ANNUAL GENERAL MEETING

Date: 28th September 2012

Day: Friday

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.

NOTICE TO MEMBERS

NOTICE is hereby given that the 29th Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on September 28, 2012, at the Registered Office: 6/A-2, Court Chambers, 6th Floor, 35, New Marine Lines, Mumbai – 400 020 at 03:30 P.M. to transact the following business

ORDINARY BUSINESS:

1. Adoption of Directors' Report and Annual Accounts:

To receive, consider and adopt the Balance Sheet as at 31st March 2012 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. Re-Appointment of Director:

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

3. Appointment of Auditors:

To appoint Statutory Auditors of the Company 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 the retiring Auditors, M/s Vora & Associates, Chartered Accountants (FR No. 111612W) be and are hereby appointed as Statutory 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 may be mutually decided by the Board of Directors and the Auditors.

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 31st July 2012

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 29th Annual General Meeting.
 - d) Members holding physical shares are requested to convert their shares into Demat Form for easy liquidity and trading facility on Stock Exchange.
 - e) Members can avail the facility of nominations by submitting the Form with the Company at its Registered Office.
- 5 Members register shall remain close for transfer of shares from 24/09/2012 to 28/09/2012 (Both days inclusive).

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY
CHAIRMAN

Mumbai
Dated: 31st July 2012

DIRECTORS' REPORT

To the Members,
MADHUSUDAN SECURITIES LIMITED

Your Directors have pleasure in presenting the 29th Annual Report on the business and operations of the company along with the audited Financial Statement of Accounts for the year ended March 31, 2012.

RESULTS OF OPERATION:

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

<u>Particulars</u>	<u>2011 - 2012</u> ₹	<u>2010 - 2011</u> ₹
Gross Receipts	23,50,122	32,93,263
Profit / (Loss) before tax	(13,09,999)	24,30,493
Less: Provision for Tax	NIL	4,25,000
(Excess) / Short Provision of Earlier Years	22,928	1,26,798
Profit / (Loss) available for appropriation	(12,87,071)	21,32,291
Less: Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997	-	5,00,000
Add: Balance brought forward from Previous Year	1,40,32,932	1,24,00,642
Balance carried to Balance Sheet	1,27,45,851	1,40,32,932

DIVIDEND:

Due to losses incurred by the Company during the current year, the Board regrets its inability to recommend any Dividend to strengthen the financial resources of the company.

TRANSFER TO RESERVES

The Special Reserve was created as per the RBI Regulation u/s 45 (IC) in the past. The Company has changed its Main Object to Dealing in Textile Garments. Therefore, application of provisions of NBFC will not be applicable and the said reserve shall be part of General Reserve, henceforth.

BUSINESS:

The year under review is not encouraging for the business of the company. During the year, the formalities of open Offer and reconstitution of the Management were under process awaiting necessary approval from the authorities. The Company has continued its business of Investment activity. However, due to unstable equity market and the fixed overheads of the company, the company has incurred Net Loss of ₹ 13,09,999/- in the current year. The New Management shall turn around the company in future years after takeover of the management.

Barring unforeseen circumstances, your Directors are hopeful to have better performance in the year to follow.

FUTURE OUTLOOK:

During the year, the Company has changed its Main Object to deal with Readymade or made to measure garments as regards the takeover of Business of Weekender vide Agreement dated 04/02/2011. However, the revenue figures of the business takeover are not included above since requisites permission are under process and is yet to be received from the statutory authorities and pending balance payment thereof. The Company will soon start its Business in the Brand name of Weekender after receipt of requisite permissions.

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, 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:

Your Company is compliant with the requirements of Clause 49 of the Listing Agreement. Necessary disclosures have been made in this regard in the Corporate Governance Report. A Certificate from the Statutory Auditors of your Company regarding compliance of Corporate Governance with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this 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 there under 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. Madhusudan Reddy, Director, retires by rotation, and being eligible offers himself for reappointment.

Mr. Nitin Anand has been appointed in the previous AGM dated September 30, 2011 as Director.

Mr. Thadakamanalu V. Gopinath was appointed as Additional Director in the Board and he resigned due to his pre occupations on March 21, 2012. The Board appreciated his service as Independent Director.

Mrs. Y. N. Radhika was appointed as Additional Director in the Board and she resigned due to her pre occupations on March 21, 2012. The Board appreciated her service as Independent Director.

The Board has invited Professional person to join as Independent Directors of the Company to comply with the statutory requirements of Corporate Governance.

COMPANY SECRETARY

Mr L. V. Veeranjanyulu, CS, was appointed as Company Secretary of the Company in the Board Meeting dated August 5, 2011.

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 March 31, 2012, 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 March 31, 2012 are prepared on a 'going concern' basis.

AUDITORS:

M/s. Vora & Associates, Chartered Accountants, ICAI FRNo. - 111612W, 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, 2012 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

MR. MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: July 31, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN FINANCIAL STRUCTURE AND DEVELOPMENTS

Global uncertainties & domestic cyclical and structural factors lowered the growth of Indian Economy to below 7% in 2011-12 as compared to the growth rate of 8.4% for 2010-11. The growth slowdown has been driven by a sharp fall in investment, some moderation in private consumption and a fall in net external demand.

In the wake of the recent global financial crisis and its fall out on the financial institutions (FIs), the Reserve Bank and SEBI have taken a number of measures to preserve financial stability and arrest the moderation in the growth momentum.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The Indian Stock market is fast recovering and the emerging opportunities have led to the steady inflows of foreign investments. The current retail business had been accelerated and is an upcoming market to get better opportunities for the Company.

The Indian Capital Market has been very volatile. The Investments options available to the Company are decided after proper due diligence and considering the current economic and political scenario in India and abroad.

FUTURE OUTLOOK

The Company is planning to carry out the business in the Brand name of “Weekender” after acquiring the requisite permissions from the Government authorities. Your Directors are hopeful to get better opportunities in the retail market in the year to come.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems, which ensures proper recording of financial, operational and compliance control transactions. The Company also makes risk assessment from time to time in the interest of the company. The established internal control system and organization structure is adequate and commensurate with the size and nature of the business.

STATUTORY & LISTING COMPLIANCE

The company has been adequately complying the necessary applicable statutory requirements of The Income Tax Act, 1961, Reserve Bank of India, Companies Act, 1956, SEBI guidelines, provisions of the Listing Agreements with Bombay Stock Exchange and other government authorities.

During the year, Company has surrendered the Memberships of OTC Exchange and Bhubaneswar Stock Exchange due to change in main business object of the Company.

The Company had filed its Balance Sheet and Profit & Loss A/c for the year ended 31st March, 2011 in XBRL Form to the Registrar of Companies.

DISCLAIMER

Statements in this Management Discussion and Analysis describing the Company’s objectives, projections and expectations may be “forward looking statements” within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Important factors that might materially affect the future performance of the Company include the state of the Indian economy, changes in government regulations, tax laws and the state of the financial markets and other factors such as litigation over which the company does not have direct control.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MR. MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 31st July 2012

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Code is a professional system framed for directing and controlling the organization. The purpose is to ensure compliance of local statutes and ensure safeguard and value addition in long term to the interest of its members, creditors, customers and employees.

The Company has been practicing the principles of good corporate governance voluntarily over the years as the paid up capital of the Company was below ₹ 300 Lacs. However, the company has further issued Equity Share Capital of ₹ 614 Lacs vide Board meeting dated 16/05/2011. Hence, thereafter Corporate Governance is applicable to the Company.

The Company has initiated the practice of incorporating the Corporate Governance Report in the Annual Report in compliance with Clause 49 of Listing Agreement of BSE. A concerted attempt has been made to bring in transparency and professionalism to ensure ethical standard in business activities while implementing the Corporate Governance Code. The management places on record that the mandatory compliances to constitute various committees as required by Clause 49 of the Listing Agreement of BSE, are in place.

The Detailed Report on Corporate Governance as per the Format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement as applicable to the Company is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to good Corporate Governance and has implemented the Corporate Governance as prescribed by SEBI. The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct which enhances the efficiency of the Board and inculcates a culture of transparency, accountability and integrity across the Company.

2. BOARD OF DIRECTORS

The Company's Board consisted of 4 Non-Executive Directors and 1 Executive Director till 21/03/2012. Mr. Thadakamanalu V. Gopinath and Mrs. Y. N. Radhika, Non-executive Directors, were appointed on 21/10/2011 and have resigned due to their pre occupations w.e.f. 21/03/2012.

The Board has invited Professional person to join as Independent Directors of the Company to comply with the statutory requirements of Corporate Governance.

The Board has met on April 28, 2011; May 16, 2011; June 6, 2011; July 12, 2011; August 5, 2011; October 21, 2011; October 31, 2011; November 28, 2011; January 30, 2012 and March 3, 2012.

The Constituents of the Board and other relevant documents details are given below:

Name of the Director	Position	Attendance at		Directorship in other Companies	Membership in Board Committees of other Companies
		Board Meeting	Last AGM		
Mr. Madhusudan Reddy	Executive / Promoter	10	Yes	5	NIL
Mrs. Piya Reddy	Non-executive / Promoter	10	Yes	6	NIL
Smt. Sujatha Reddy (till 09/07/2011)	Non-executive / Promoter	NIL	NA	NIL	NIL
Nitin Anand (w.e.f - 05/08/2011)	Non-executive Director	5	Yes	1	NIL
Mr. Thadakamanalu V. Gopinath (21/10/2011 - 21/03/2012)	Non-executive / Independent	3	NA	NIL	NIL
Mrs. Y. N. Radhika (21/10/2011 - 21/03/2012)	Non-executive / Independent	2	NA	NIL	NIL

3. COMMITTEE MEETING

a. Audit Committee

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as section 292A of the Companies Act, 1956.

The primary role of the Audit Committee is:

- To oversee the Company's Financial Reporting process and disclosure of financial information.
- To review the financial statements, adequacy of internal control systems and periodic audit reports.
- To recommend to the Board the matters relating to the financial management of the Company.
- To recommend appointment / re-appointment of Statutory Auditors and fixation of their remuneration.
- To hold discussions with Statutory Auditors periodically.

The Statutory Auditors of the Company are invited to attend Audit Committee Meeting, to discuss and review the Quarterly / Half yearly unaudited results, Annual Audited Accounts, Internal Audit, matters relating to the Compliance with Accounting Standards, auditor's observations arising from the audit of the Company's accounts and other related matters.

During the financial year ended March 31, 2012, FOUR Committees meetings were held on April 28, 2011; August 05, 2011; October 21, 2011 and January 30, 2012.

The names of the Committee Members and the Number of Meetings attended during the year are as follows:

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. NitinAnand	Non-Executive Director	Chairman	4
Mr. Madhusudan Reddy	Executive / Promoter	Member	4
Mrs. Piya Reddy	Non-Executive / Promoter	Member	4

b. Shareholders / Investors Grievance Committee

The Committee reviews all matters connected with the physical securities transfer. The Committee also looks into redressal of Shareholders Complaints related to securities of the Company.

There were no investor's complaint pending as on 31/03/2012.

The names of the Committee Members and the Number of Meetings attended during the year are as follows:

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. Madhusudan Reddy	Executive / Promoter	Chairman	4
Mrs. Piya Reddy	Non-Executive / Promoter	Member	4
Mr. NitinAnand	Non-Executive / Promoter	Member	4

c. Management Remuneration Committee

The terms of reference of the Remuneration Committee is to determine, review and recommend the Company's policy on specific remuneration packages. The recommendations of the Committee are put up to the Board of Directors and Shareholders of the Company.

The Remuneration Committee met once in the year on August 5, 2011.

The names of the Committee Members and the Number of Meetings attended during the year are as follows:

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mrs. Piya Reddy	Non-Executive / Promoter	Chairperson	1
Mr. Madhusudan Reddy	Executive / Promoter	Member	1
Mr. Nitin Anand	Non-Executive / Promoter	Member	1

4. ANNUAL GENERAL MEETINGS

The last three Annual General Meetings of the shareholders of the Company were held as under:

Financial Year	Date	Time	Venue
2010-2011	Sept 30, 2011	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
2009-2010	Sept 30, 2010	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
2008-2009	July 31, 2009	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020