

MADHUSUDAN SECURITIES LIMITED

30TH ANNUAL REPORT

2012-2013

30th ANNUAL REPORT AND ACCOUNTS 2012-2013

BOARD OF DIRECTORS

Mr. Madhusudan Reddy
Mrs. Piya Reddy
Mr. Nitin Anand
Mr Harsh Javeri (W.e.f. 30-05-2013)
Mr. Abhilash Padmanabh (W.e.f.30-05-2013)

- Chairman
- Director
- Director
- Independent Director
- Independent 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 & SOLIITORS

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

AUDITORS

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

SECRETARIAL AUDITORS

M/s Sachin Chhadawa,
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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30TH ANNUAL GENERAL MEETING

Date: 30th September 2013

Day: Monday

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 (CDSL)

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 30th Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on September 30, 2013, 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 2013 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. Appointment of Director:

To appoint a Director in place of Mrs. Piya Reddy, who retires by rotation and expressed her unwillingness for reappointment.

To appoint a Director in place of Mr. Nitin Anand, who has expressed his unwillingness w.e.f. AGM of the Company.

3. Appointment of Auditors:

To reappoint 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.

SPECIAL BUSINESS:1. Appointment of Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any of the companies Act, 1956, Mr. Harsh Javeri, who was appointed by the Board of Director as an additional Director of the Company u/s 260 of the Companies Act, 1956, to hold office upto the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the director be and is hereby appointed as a director, liable to retire by rotation under the Articles of Association of the Company."

2. Appointment of Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any of the companies Act, 1956, Mr. Mr. Abhilash Padmanabh, who was appointed by the Board of Director as an additional Director of the Company u/s 260 of the Companies Act, 1956, to hold office upto the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the director be and is hereby appointed as a director, liable to retire by rotation under the Articles of Association of the Company"

3. Cancellation of Shares issued to Primus Retail Private Limited

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT pursuant to Sections 391 to 394 read with Section 100 of the Companies Act, 1956 (including any statutory re-enactment or amendment thereof) and subject to the confirmation of the

Hon'ble High Court of Judicature at Bombay, and other appropriate authorities in this regard, consent of the Company be and is hereby accorded to the Cancellation of 61,42,857 Equity Share Capital of ₹ 10/- each issued at a premium of ₹ 60/- each which will reduce the Capital of the Company from ₹ 8,69,54,870/- divided into 86,95,487 Equity Shares of ₹ 10 each fully paid up to ₹ 2,55,26,300 divided in to 25,52,630 Equity Shares of ₹10 each fully paid up and also the reduction of Share Premium Account from ₹ 45,0645,000/- to ₹ 8,20,73,580/- be reduced and effect such reduction by cancelling the balance in the Advance Recoverable in Kind Account to the extent of ₹ 42,99,99,990/- as on 31st March, 2013"

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 30th May 2013

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 30th 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 25th September 2013 to 30th September 2013 (Both days inclusive).

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY
CHAIRMAN

Mumbai
Dated: 30th May 2013

DIRECTORS' REPORT

To the Members,
MADHUSUDAN SECURITIES LIMITED

Your Directors have pleasure in presenting the 30th Annual Report on the business and operations of the company along with the audited Financial Statement of Accounts for the year ended March 31, 2013.

RESULTS OF OPERATION:

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

<u>Particulars</u>	<u>2012 - 2013</u> ₹	<u>2011 - 2012</u> ₹
Gross Receipts	26,37,769	23,50,122
Profit / (Loss) before tax	(63,30,251)	(13,09,999)
Less: Provision for Tax	NIL	NIL
(Excess) / Short Provision of Earlier Years	NIL	22,919
Profit / (Loss) available for appropriation	(63,30,251)	(12,87,080)
Add: Balance brought forward from Previous Year	1,27,45,852	1,40,32,932
Balance carried to Balance Sheet	64,15,600	1,27,45,852

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.

BUSINESS:

During the year under review, the Company has made surplus by trading in Shares and incurred losses due to credit crunches and bear market conditions, the sale of Investments resulting into a net loss of ₹. 63,30,251/-.

The Company has surrendered its membership of Bhubaneshwar Stock Exchange and OTC Exchange and notified to SEBI as per provisions of the SEBI Act. The year under review is not encouraging for the business of the company. The Company has continued its business of Investment activity.

During the year, Primus Retail P. L. has expressed their inability to transfer and sale the "Weekender" Brand as per the Business agreement dated 04/02/2011. Our Company has sought for cancellation of the agreement dated 04/02/2011. This shall result into cancellation of the consideration paid for other than cash of 61,42,857 Equity Shares issued of ₹. 10 each at a premium of ₹. 60 each totaling to ₹. 43 Crores, subject to completing statutory formalities and our Company has put a claim of recovery of ₹. 12 Crores paid to Primus Retail P. L. pursuant to BTA.

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

FUTURE OUTLOOK

The Company shall make appropriate submissions to Authorities for cancellation of the Share Capital. The Company shall continue its Investment activities and shall look forward for better yield on Investment.

FIXED DEPOSITS:

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

PRUDENTIAL NORMS:

Your Company is not registered as NBFC with RBI, however, they have complied the prudential Norms, as applicable.

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 partially 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 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:

The Board had invited Professional person to join as Independent Directors of the Company to comply with the statutory requirements of Corporate Governance of which the following persons have been appointed as Independent Directors of the Company w.e.f from 30.05.2013:

1. Mr. Harsh Javeri
2. Mr. Abhilash Padmanabh

Mrs. Piya Reddy, Director, retires by rotation, and has expressed her unwillingness for Directorship w.e.f. Annual general Meeting of the Company. The resignation shall be accepted in the AGM of the Company.

Mr. Nitin Yashpal Anand, Director, has expressed his unwillingness for Directorship w.e.f. Annual general Meeting of the Company. The resignation shall be accepted in the AGM of the Company.

COMPANY SECRETARY

Mr L. V. Veeranjanyulu, CS, has resigned as Company Secretary of the Company w.e.f. August 02, 2012 due to his personal reasons.

The Board shall appoint Chartered Secretary to comply the provisions of the Companies Act.

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, 2013, 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 judgments 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, 2013 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, 2013 are self explanatory and do not call for any further comments under Section 217(3) of the Companies Act, 1956. However, as regards note no 16 c, the Management has sought for cancellation of the Business Agreement dated 04/02/2011. This shall result into cancellation of the consideration paid for other than cash of 61,42,857 Equity Shares issued of ₹ 10 each at a premium of ₹ 60 each totaling to ₹ 43 Crores, subject to completing statutory formalities and our Company has put a claim of recovery of ₹ 12 Crores paid to Primus Retail P. L. pursuant to BTA. Consequently, If the Equity Shares are cancelled than the Equity Share capital shall be reduced by ₹ 6,14,28,570/- and securities premium shall be reduced by ₹ 36,85,71,420/-.

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: 30th May 2013

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN FINANCIAL STRUCTURE AND DEVELOPMENTS

The global economy in F.Y. 2012-13 improved slowly and did not recover to the extent anticipated in the beginning of the year. Indian economy also has been going through a sluggish period & has not seen any significant policy reform. 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 has become very volatile. The current retail business had been accelerated and is an upcoming market to get better opportunities for the Company.

The demand for finance is also expected to rise with the inflation & interest rates. Present level of inflation & interest rate structure, if not brought down soon, may adversely affect the finance sector. 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 Business Agreement entered with Primus Retail P. L. for “Weekender” Brand stands cancelled and the Company shall make appropriate submission for cancellation of Share Capital issued. The Company shall continue to carry on its Investment & Finance activity. 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.

The Company had filed its Balance Sheet and Profit & Loss A/c for the year ended 31st March, 2012 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: 30th May 2013