

MADHUSUDAN SECURITIES LIMITED

31ST ANNUAL REPORT

2013-2014

31st ANNUAL REPORT AND ACCOUNTS 2013-2014

BOARD OF DIRECTORS

Mr. Madhusudan Reddy
Mr Harsh Javeri (W.e.f. 30-05-2013)
Mr. Abhilash Padmanabh (W.e.f.30-05-2013)
Mrs. Piya Reddy (till 30-09-2013)
Mr. Nitin Anand (till 30-09-2013)

- Chairman
- Independent Director
- Independent 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

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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31ST ANNUAL GENERAL MEETING

Date: 30th September 2014

Day: Tuesday

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 31st Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on September 30, 2014, 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 2014 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 Mr. Madhusudan Reddy, who retires by rotation and being eligible offers himself for re-appointment.

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 (FRNo. 111612W) who has already completed more than ten years as Statutory Auditors of the company be and are hereby appointed as Statutory Auditors of the Company, for a further period of three years after commencement of the Companies Act, 2013 i.e. to hold office from the conclusion of this Annual General Meeting up to March 31, 2017 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: 30th May 2014

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 31st 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 2014 to 30th September 2014 (Both days inclusive).

By order of the Board of Directors
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY
CHAIRMAN

Mumbai
Dated: 30th May 2014

DIRECTORS' REPORT

To the Members,
MADHUSUDAN SECURITIES LIMITED

Your Directors have pleasure in presenting the 31st Annual Report on the business and operations of the company along with the audited Financial Statement of Accounts for the year ended March 31, 2014.

RESULTS OF OPERATION:

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

<u>Particulars</u>	<u>2013 - 2014</u> ₹	<u>2012 - 2013</u> ₹
Gross Receipts	9,36,907	26,37,769
Profit / (Loss) before tax	(7,81,604)	(63,30,251)
Less: Provision for Tax	NIL	NIL
(Excess) / Short Provision of Earlier Years	NIL	NIL
Profit / (Loss) available for appropriation	(7,81,604)	(63,30,251)
Add: Balance brought forward from Previous Year	64,15,600	1,27,45,852
Balance carried to Balance Sheet	56,33,995	64,15,600

DIVIDEND:

Due to losses incurred during the year by the Company, the Board regrets its inability to recommend any Dividend.

BUSINESS:

During the year under review, the Company has made meagre surplus by trading in Securities. However, it has suffered losses due to high fixed administrative expenses related to the Company. The net loss suffered by the Company is of ₹. 7,81,604/-.

The Company has paid ₹ 12 Crores to Primus Retail P. L. pursuant to the BTA agreement dated 04/02/2011 which stands cancelled due to non performance of the obligation by the party, hence, the said amount is due and recoverable, treated as advances for which Company shall initiate the recovery proceeding.

The BTA Agreement with Primus Retail P. L. stands cancelled for which necessary statutory compliances are under progress, therefore the 61,42,857 Equity Shares allotted of ₹ 10 each at a premium of ₹ 60 each amounting to ₹ 43 Crores on 16/05/2011 which allotment stands cancelled in view of the contract being void.

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

FUTURE OUTLOOK

The Company has started the process of making the appropriate documentation and the submissions to Authorities for cancellation of the Share Capital.

The Company new management shall carry the received of the Company Open Offer as per SEBI approval completes in due course. The business of the Company and its Investment Plan requires infusion of the funds which shall be mobilised by the incoming management to revive the Company.

FIXED DEPOSITS:

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

MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET:

There are no material changes occurred after the date of Balance Sheet Pursuant to provisions of section 217 (1) (d) of the Companies Act, 1956.

CORPORATE GOVERNANCE:

Your Company is generally compliant with the requirements of Clause 49 of the Listing Agreement. Necessary disclosures have been made in this regard in the Corporate Governance Report and Certificate from the Statutory Auditors 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.

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

Additional information required 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 offer himself for reappointment.

The Board had appointed following 2 Independent Directors of the Company to comply with the statutory requirements of Corporate Governance w.e.f. from 30.05.2013:

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

COMPANY SECRETARY

The Company is taking efforts to appoint a whole time Chartered Secretary to comply with the provisions of the new Companies Act, 2013 and however, the Company is taking services of Chartered Secretary for statutory Compliances.

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, 2014, 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, 2014 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. The Board has recommended their 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, 2014 are self explanatory and do not call for

any further comments under Section 217(3) of the Companies Act, 1956. However, as regards note 16b, the Company shall initiate the recovery proceedings for the amount paid of ₹ 12 Crores.

As regards note 16c, The BTA Agreement with Primus Retail P. L. stands cancelled for which necessary statutory compliances are under progress, therefore the 61,42,857 Equity Shares allotted of ₹10 each at a premium of ₹60 each amounting to ₹ 43 Crores on 16/05/2011, which allotment stands cancelled in view of the contract being void. 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:

Your Directors wish to place on record their deep sense of appreciation for the committed services of the employee and associates of the Company.

For AND ON BEHALF OF THE BOARD OF DIRECTORS

MR. MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Dated: 30th May 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN FINANCIAL STRUCTURE AND DEVELOPMENTS

The economy is expected to report a growth of 4.9% in 2013-14 compared to 4.5% in the previous fiscal. Though the price inflation was not comfortable, the fiscal deficit was contained around 4.6% of GDP. Indian economy also has been going through a sluggish period & has not seen any significant policy reform.

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 new Government is expected to bring reformatory changes in the interest of the citizens and in the business sectors. The current retail business had been accelerated and is an upcoming market to get better opportunities for the Company. The Indian Stock market has continued to be very volatile.

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.

The Company had filed its Balance Sheet and Profit & Loss A/c for the year ended 31st March, 2013 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 2014

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 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

During the year, The Company's Board consisted of 1 Executive Director and 2 Non Executive Director. However, Mr. Madhusudan Reddy, Executive Director, retires by rotation, to be reappointed w.e.f. AGM of the Company.

Further, the Company had appointed 2 Independent Directors in the Board meeting dated 30th May, 2013 which has complied with the statutory requirements of Corporate Governance.:

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

The Board has met on May 15, 2013; May 30, 2013; August 10, 2013; August 21, 2013; November 11, 2013; and February 10, 2014.

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

Name of the Director	Position	Date of Appointment /Resignation	Attendance at		Directorship in other Companies	Membership in Board Committees of other Companies
			Board Meeting	Last AGM		
Mr. Madhusudan Reddy	Executive / Promoter	Appointment on 17/08/1985	6	Yes	5	NIL
Mrs. Piya Reddy	Non executive / Promoter	Resignation on 30/09/2013	4	Yes	6	NIL
Mr. Nitin Anand	Non-executive Director	Resignation on 30/09/2013	2	Yes	1	NIL
Mr. Harsh Javeri	Independent Director	Appointment on 30/05/2013	3	Yes	3	
Mr. Abhilash Padmanabh	Independent Director	Appointment on 30/05/2013	2	No	2	