

# MADHUSUDAN SECURITIES LIMITED

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30TH ANNUAL REPORT

**2012-2013**

## 30<sup>th</sup> 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](mailto: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](mailto:mumbai@linktime.co.in)  
Telephone: (022) 2596 3838  
Fax No: (022) 2594 6969

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### **30TH ANNUAL GENERAL MEETING**

*Date:* 30<sup>th</sup> September 2013

*Day:* Monday

*Time:* 3.30 P.M.

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

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BSE Code No. 511000

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SIN No. INE856D01011 (CDSL)

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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 30<sup>th</sup> 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, 6<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2013"

By order of the Board of Directors  
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY  
CHAIRMAN

Place: Mumbai  
Dated: 30<sup>th</sup> 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 30<sup>th</sup> 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 25<sup>th</sup> September 2013 to 30<sup>th</sup> September 2013 (Both days inclusive).

By order of the Board of Directors  
For MADHUSUDAN SECURITIES LIMITED

MADHUSUDAN REDDY  
CHAIRMAN

Mumbai  
Dated: 30<sup>th</sup> May 2013

DIRECTORS' REPORT

To the Members,  
**MADHUSUDAN SECURITIES LIMITED**

Your Directors have pleasure in presenting the 30<sup>th</sup> 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 31<sup>st</sup> 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: 30<sup>th</sup> 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 31<sup>st</sup> 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: 30<sup>th</sup> May 2013

## **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.

The Code of Conduct as adopted in the Board meeting is enclosed after this report for the benefit of the members.

### **2. BOARD OF DIRECTORS**

During the year, The Company's Board consisted of 1 Executive Director and 2 Non Executive Director. However, Mrs. Piya Reddy, Non-Executive Director, retires by rotation, has expressed her unwillingness to be reappointed w.e.f. AGM of the Company. The resignation shall be accepted in the AGM of the Company. Also, Mr. Nitin Anand, Non-Executive Director, has expressed his unwillingness for being Director w.e.f. AGM of the Company. The resignation shall be accepted in the AGM of the Company.

Further, the Company has appointed 2 Independent Directors in the Board meeting dated 30<sup>th</sup> May, 2013:

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

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

The Board has met on May 15, 2012; July 31, 2012; August 2, 2012; October 31, 2012 and February 8, 2013.

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	5	Yes	5	NIL
Mrs. Piya Reddy	Non executive / Promoter	4	Yes	6	NIL
Nitin Anand	Non-executive Director	5	Yes	1	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, 2013, FOUR Committees meetings were held on May 15, 2012; July 31, 2012; October 31, 2012 and February 8, 2013.

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. Nitin Anand	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 31/03/2013.

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. Nitin Anand	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 July 31, 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 Meeting 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
2011-2012	Sept 28, 2012	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
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

#### 5. DISCLOSURES

There are no materially significant related party transactions, which have the potential to conflict with the interest of the Company at large.

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.

#### 6. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for all Board members and Senior management of the Company which is in compliance with Clause 49 (1) (D) of Listing Agreement.

#### 7. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Company are sent to the Bombay Stock Exchange immediately after they are approved by the Board and these are published in the leading newspapers.

#### 8. GENERAL SHAREHOLDER INFORMATION:

a. **30<sup>th</sup> Annual General Meeting** will be held on September 30, 2013 at 03.30 P.M. at the registered Office at 6/A-2, Court Chambers, 35, New Marine Lines, Mumbai – 400 020.

b. The **Company's Financial Year** begins on 1<sup>st</sup> April and ends on 31<sup>st</sup> March

c. **Financial Calendar:**

Results for the Quarter	Tentative Date
Results for Quarter ending June, 2013	Second Week of August, 2013
Results for Quarter ending September, 2013	Second week of November, 2013
Results for Quarter ending December, 2013	Second week of February, 2014
Results for Quarter ending March, 2014	Second week of May, 2014

- d. **Date of Book Closure:** 25/09/2013 – 30/09/2013
- e. **Listing on Stock Exchanges** – Only on Bombay Stock Exchange
- f. **Stock Code:**  
 The Stock Exchange Code, Mumbai: 511000  
 Bombay Stock Exchange of India Ltd: MADHUSE  
 Demat ISIN No. in NSDL& CDSL: INE856D01011

g. **Market Price Data of the Company and Comparison with BSE Sensex**

Month	High Price (₹)	Low Price (₹)	BSE Sensex	
			High	Low
Apr 2012	65.00	59.00	17,664	17,010
May 2012	66.50	59.00	17,432	15,810
Jun 2012	63.00	58.25	17,448	15,749
Jul 2012	67.80	60.00	17,631	16,599
Aug 2012	59.95	58.00	17,973	17,027
Sep 2012	67.00	58.00	18,870	17,251
Oct 2012	65.00	58.00	19,137	18,393
Nov 2012	71.00	58.75	19,373	18,256
Dec 2012	74.00	62.15	19,612	19,149
Jan 2013	71.85	68.30	20,204	19,509
Feb 2013	75.40	65.45	19,967	18,794
Mar 2013	71.30	58.95	19,755	18,568

Source: BSE Website

- h. **Registrar and Transfer Agents:**  
 M/s. Link Intime India Private Limited  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (W),  
 Mumbai – 400 078.  
 Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)  
 Tel No.: 022 2596 3838

i. **Distribution of Share Holding as on March 31, 2013**

No. of Equity Shares held	Shareholders		No. of Shares	
	No.	% of Total	No. of Shares Held	% of Total
1 – 501	204	76.41	21,423	0.25
501 – 1000	18	6.74	15,811	0.18
1001 – 2000	9	3.37	13,305	0.15
2001 – 3000	2	0.75	4,500	0.05
3001 – 4000	4	1.50	14,744	0.17
4001 – 5000	1	0.37	4,650	0.05
5001 – 10000	7	2.62	50,967	0.59
10001 and Above	22	8.24	85,70,087	98.56
<b>Total</b>	<b>267</b>	<b>100.00</b>	<b>86,95,487</b>	<b>100.00</b>

j. **Shareholding pattern as on March 31, 2013**

Category	No. Of Shares	% of Shareholding
Promoter's Holding	1,98,300	2.28
Corporate Bodies	78,42,373	90.19
Public (In India)	6,14,184	7.06
NRIs	39,500	0.46
Clearing Members	1,130	0.01
<b>Total</b>	<b>86,95,487</b>	<b>100.00</b>

The Promoter and promoter Group has NOT PLEDGED any shares of the Company.

k. **Dematerialization of Shares**

99.96% (P.Y. 99.96%) of the Company's paid up equity Shares Capital has been Dematerialized upto March 31, 2013. The Board expresses its grateful appreciation to the members for their cooperation for dematerializing their physical shares for free trading on the Bombay Stock Exchange.

Depository	No. of Shares	% of Capital
NSDL	1685596	19.38
CDSL	7006541	80.58
Physical	3,350	0.04
<b>Total</b>	<b>86,95,487</b>	<b>100.00</b>

l. **Address for Correspondence**

MADHUSUDAN SECURITIES LIMITED

6/A-2, Court Chambers,

35, New Marine Lines,

Mumbai – 400 020.

Tel No.: 022 22009290

Email – [mslsecurities@yahoo.com](mailto:mslsecurities@yahoo.com)

m. **Book Value of Equity Shares of ₹ 10/- Each Fully Paid Up:**

Financial Year	Book Value per share (₹)
2012 – 2013	63.06
2011 – 2012	63.79
2010 – 2011	30.62
2009 – 2010	29.20
2008 – 2009	28.30

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MR. MADHUSUDAN REDDY  
CHAIRMAN

Place: Mumbai  
Date: 30<sup>th</sup> May 2013

## CEO / CFO CERTIFICATE

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members have confirmed compliance with the Code of Conduct and Ethics for the year ended 31<sup>st</sup> March, 2013.

For and On Behalf of the Board of Directors

Mr. Madhusudan Reddy  
Chairman

Place: Mumbai  
Date: 30<sup>th</sup> May 2013

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of,  
**MADHUSUDAN SECURITIES LIMITED.**

We have examined the compliance of conditions of Corporate Governance by Madhusudan Securities Limited, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors, Management and the records produced, we certify that the Company has adequately complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement *except for the appointment of Independent Directors and full time Company Secretary* for the Company.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the company, there were no Investor's grievance pending for a period extending 30 days against the Company as per the records maintained by Shareholder's / Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm. Reg. 111612W)

BHARAT B. CHOVATIA  
PARTNER  
(Membership No. 31756)

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013



## **INDEPENDENT AUDITORS' REPORT**

To,  
THE MEMBERS OF  
MADHUSUDAN SECURITIES LIMITED

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **MADHUSUDAN SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Due to matter described in the Basis for Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

*The Board has passed the necessary resolution to cancel the Business Agreement (BA) dated 04/02/2011 for purchase of Brand "Weekender". The same will result into cancellation of the consideration paid other than cash of 61,42,857 Equity Shares of ₹ 10/- each issued at a premium of ₹ 60/- amounting to ₹ 43 Crores and claim of recovery of ₹ 12 Crores paid towards consideration pursuant to BA, pending completion of statutory formalities for the same, no effect is given to the Board Resolution for cancellation of the Equity Shares. We are unable to comment in the matter.*

### ***Disclaimer of Opinion***

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of The Statement Profit and Loss Account, of the LOSS for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit *except for the matter described in the Basis for Disclaimer of Opinion paragraph*;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit & Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
  - d. *Except for the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph*, In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274 (1)(g) of the Act.

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm Reg. No.: 111612W)

BHARAT B. CHOVIATIA  
PARTNER

(Membership No.31756)  
Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

(i) In respect of its Fixed Assets

During the year under review, the Company does not have any Fixed Assets as on 31<sup>st</sup> March, 2013. Hence, the provisions of Clause 4(i) of the order are not applicable to the Company

(ii) In respect of inventories

During the year under review, the company does not have any inventory. Hence, provisions of clause 4(ii) of the order is not applicable to the company

(iii) In respect of the loans, Secured or Unsecured, granted or taken by the company to/from companies, firms or other parties covered under register maintained u/s 301 of The Companies Act, 1956:

- a) The company has not granted any loan during the year under review. Consequently, the requirements of Clause (iii) b, c & d of order are not applicable to the company.
- e) The Company has taken unsecured loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹47,00,000/- & the year-end balance is ₹ 35,00,000/-
- f) The company has not paid any interest on the loan taken.
- g) The Company has repaid the Loan amount as stipulated.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for purchase of fixed assets, inventories and for sale of goods, if any. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) (a) In our opinion and according to the information and explanations given to us, during the year there are transaction made in pursuance of contracts or arrangements that needs to be entered in the register maintained under Section 301 of the Companies Act, 1956, we report that the same is maintained .

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

(vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act 1956 and the rules framed there under.

(vii) As informed to us, the Company has no formal internal audit system as such but its internal control procedures ensure reasonable internal check of its financial and other records, commensurate with the size of the company and nature of its business.

(viii) As informed to us, Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in respect of activities carried on by the Company.

(ix) According to information and explanation given to us, in respect to statutory dues:

- (a) The company is generally regular in depositing with the appropriate authorities in India the undisputed statutory dues under Income tax and other taxes as applicable to it. As at the end of the financial year there were no undisputed amounts payable for a period of more than six months from the date they become payable.

- (b) There were no dues of Income Tax and other Taxes which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has incurred cash losses in this year. But the losses are less than fifty per cent of Company's net worth at the end of the financial year.
- (xi) The company has not defaulted in repayment of its dues to any bank or financial institution during the year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, The Company is not a chit fund / nidhi / mutual benefit fund / society.
- (xiv) The Company has, in our opinion maintained proper records of the transactions and contracts in respect of dealing in shares, securities, mutual funds and other investments during the year and timely entries have been made therein. All the shares, securities and other investments have been held by the Company in its own name.
- (xv) According to the information and explanation given to us, In our opinion the Company has not given any guarantee for loans taken by others from bank and financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- (xvi) The Company has not taken any term loans and hence provision of clause (xvi) of the Order is not applicable.
- (xvii) The Company has not raised any funds on short term basis.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956, during the year.
- (xix) The Company has not raised any funds by the way of debenture issue during the year.
- (xx) The Company has not raised any money by way of public issue during the year under review.
- (xxi) During the year covered by our audit report and as explained to us, to the best of our knowledge and belief, no material fraud has been noticed or reported by the company.

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm Reg. No.: 111612W)

BHARAT B. CHOVIATIA  
PARTNER

(Membership No.31756)

Place: MUMBAI  
Dated: 30<sup>th</sup> May 2013

BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	NOTES	As At 31.03.2013	As At 31.03.2012
		₹	₹
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>SHAREHOLDERS FUNDS</u></b>			
Share capital	2	8,69,54,870	8,69,54,870
Reserves and surplus	3	46,13,60,600	46,76,90,852
		54,83,15,470	55,46,45,722
<b><u>NON CURRENT LIABILITIES</u></b>			
Long-term borrowings	4	35,00,000	47,00,000
		35,00,000	47,00,000
<b><u>CURRENT LIABILITIES</u></b>			
Other current liabilities	5	16,98,940	32,00,871
		16,98,940	32,00,871
<b>TOTAL ₹</b>		55,35,14,410	56,25,46,593
<b><u>ASSETS</u></b>			
<b><u>NON CURRENT ASSETS</u></b>			
Non-current investments	6	1,87,032	90,61,639
Long-term loans and advances	7	55,22,59,717	55,22,59,717
Other non-current assets	8	50,000	1,65,000
		55,24,96,749	56,14,86,356
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	9	3,25,883	2,14,940
Other current assets	10	6,91,777	8,45,297
		10,17,661	10,60,237
<b>TOTAL ₹</b>		55,35,14,410	56,25,46,593

The notes are an integral part of the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES & 01  
OTHER DISCLOSURES 16

As per our attached Reports of even date

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm Reg. No. 111612W)

BHARAT B. CHOVIATIA  
PARTNER  
(Membership No. 31756)  
Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

For and on behalf of the Board of Directors  
MADHUSUDAN SECURITIES LIMITED

Mr. K. Madhusudan Reddy  
Mrs. Piya Reddy  
Mr. Nitin Anand  
Directors

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

<b>PARTICULARS</b>	<b>NOTES</b>	<b>For the year ended 31.03.2013</b>	<b>For the year ended 31.03.2012</b>
		<b>₹</b>	<b>₹</b>
<b>INCOMES</b>			
Revenue from operations	11	24,30,607	22,88,755
Other Income	12	2,07,161	61,367
<b>TOTAL INCOME</b>		<b>26,37,769</b>	<b>23,50,122</b>
<b>EXPENSES</b>			
Purchases	13	24,08,713	22,89,618
Employee benefits expense	14	8,000	1,78,370
Other expenses	15	8,49,574	11,92,134
Loss on Sale of Investments		57,01,732	-
<b>TOTAL EXPENSES</b>		<b>89,68,019</b>	<b>36,60,122</b>
<b>(LOSS) BEFORE TAX</b>		<b>(63,30,251)</b>	<b>(13,09,999)</b>
<u>Less: Tax expense</u>			
Current tax		-	-
(Excess)/Short Provision of Tax for earlier years		-	(22,919)
<b>(LOSS) AFTER TAX</b>		<b>(63,30,251)</b>	<b>(12,87,080)</b>
<u>Earnings per equity share (₹) Basic &amp; Diluted</u>			
(Face Value of ₹ 10/- each)		<b>(0.73)</b>	<b>(0.19)</b>

The notes are an integral part of the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

1

OTHER DISCLOSURES

16

As per our attached Reports of even date

For and on behalf of the Board of Directors  
MADHUSUDAN SECURITIES LIMITED

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm Reg. No. 111612W)

BHARAT B. CHOVATIA  
PARTNER  
(Membership No. 31756)

Mr. K. Madhusudan Reddy  
Mrs. Piya Reddy  
Mr. NitinAnand  
Directors

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	<u>2012 - 2013</u>	<u>2011 - 2012</u>
	₹	₹
<b>( I ) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and Extraordinary items	(63,30,251)	(13,09,999)
<b>ADJUSTMENTS FOR:</b>		
Less: Dividend received	(679)	(29,084)
(Profit)/ Loss on sale of Investments	55,23,966	(32)
Interest Income (Net)	(28,716)	(32,251)
Share Issue Expenses written off	1,98,900	1,98,899
Operating Profit / (loss) before Working Capital Changes	(6,36,780)	(11,72,467)
(Increase) / Decrease in Long Term Loans & Advances	-	(47,92,34,272)
(Increase) / Decrease in Other Non-Currents Assets	1,15,000	(1,00,000)
(Increase) / Decrease in Other Currents Assets	(45,381)	(10,38,746)
Increase / (Decrease) in Other Current Liabilities	(15,01,931)	(2,93,19,055)
Cash (used) / generated from Operations	(20,69,093)	(51,08,64,540)
Less: Net Income Taxes paid / (Refund)	-	4,88,429
Net Cash Flow from Operating Activities (A)	(20,69,093)	(51,13,52,969)
<b>( II ) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Investment	33,50,641	32
Dividend	679	29,084
Net cash used in investing activities (B)	33,51,320	29,116
<b>( III ) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Income	28,716	32,251
Unsecured Long Term Borrowings	(12,00,000)	12,00,000
Issue of Share Capital	-	50,99,99,870
Net cash generated from Financial Activities (C)	(11,71,284)	51,12,32,121
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,10,943</b>	<b>(91,732)</b>
Cash and cash equivalents at the beginning of the year	2,14,940	3,06,672
Cash and cash equivalents at the close of the year	3,25,883	2,14,940

**Notes**

1. The Cash flow statement has been prepared under the indirect method as set out in Accounting standard 3 cash Flow Statement' issued by The Institute of Chartered Accountants of India.
2. Cash and Cash Equivalents include Cash and Bank Balance.
3. Figures of Previous years have been regrouped and rearranged wherever necessary to confirm with current years Classification

As per our attached Reports of even date

For VORA & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 (ICAI Firm Reg. No. 111612W)

BHARAT B. CHOVATIA  
 PARTNER  
 (Membership No. 31756)

Place: Mumbai  
 Dated: 30<sup>th</sup> May 2013

For and on behalf of the Board of Directors  
 MADHUSUDAN SECURITIES LIMITED

Mr. K. Madhusudan Reddy  
 Mrs. Piya Reddy  
 Mr. NitinAnand  
 Directors

Place: Mumbai  
 Dated: 30<sup>th</sup> May 2013

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES****1.1. SIGNIFICANT ACCOUNTING POLICIES****a. BASIS OF PREPARATION**

The financial statements are prepared under the historical cost convention on an accrual & going concern basis of accounting, in accordance with the generally accepted Accounting Principles, Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

**b. USE OF ESTIMATES**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**c. Tangible Fixed Assets & Depreciation**

Tangible Fixed Assets, if any, are stated at cost of acquisition net of accumulated depreciation. Cost comprises purchase price and directly attributable cost incurred for bringing the asset for its intended use.

Depreciation on fixed assets, if any, shall be provided as per Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**d. REVENUE RECOGNITION**

The Revenue is recognized on accrual basis. However, the recognition of revenue is restricted to the extent it is probable or there is a certainty that the economic benefits will flow to the Company and the revenue can be reliably measured. The Revenue shall be accounted on the basis of prudence to the extent it is quantifiable.

Interest is recognized on a time proportionate basis taking into account the amount outstanding and the rate as applicable.

Dividend is recognized when Company's right to receive dividend is established and / or receipts, whichever is earlier.

**e. Investments**

Investments, which are readily realizable and intended to be held for not more than 12 months from the date on which such investments are made, are classified as Current Investments. All other Investments are classified as Non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.



Non-current Investments are carried at cost. However, provision in diminution in the value is made to recognize a decline, other than temporary, in the carrying value of each investment.

Profit or Loss on sale of investments is recorded at the time of transfer of title from the company and is determined as the amount of difference between the sale proceeds and the carrying value of investment as on that date.

#### **f. TAX EXPENSES**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company

#### **g. RETIREMENT AND OTHER EMPLOYEE BENEFITS**

The provisions of Provident Fund Act, 1952 and Payment of Gratuity Act, 1972 are not applicable to the Company at present as the number of employees does not exceed the statutory limits prescribed in the Act.

#### **h. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Where material, events occurring after the Balance Sheet Date are considered up to the date of approval of accounts by the Board of Directors

#### **i. PROVISIONS**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at the required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

#### **j. CONTINGENT LIABILITIES**

The company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2- Share Capital	As At 31.03.2013	As At 31.03.2012
<b>Authorised Capital</b>		
1,50,00,000 Equity Shares (P.Y 1,50,00,000) of ₹ 10/- each	15,00,00,000	15,00,00,000
<b>TOTAL ₹</b>	<b>15,00,00,000</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Fully Paid Up</b>		
86,95,487 Equity Shares (P.Y 86,95,487) of ₹ 10/- each fully paid up	8,69,54,870	8,69,54,870
<b>TOTAL ₹</b>	<b>8,69,54,870</b>	<b>8,69,54,870</b>

**a) Reconciliation of number of shares outstanding at the beginning and at the end of the year**

Particulars	As At 31.03.2013	As At 31.03.2012
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	86,95,487	15,00,000
Add: Shares issued during the year (For Cash)		10,52,630
Add: Shares issued during the year (For Other than Cash) (See Note 16c)		61,42,857
Equity Shares at the end of the year	86,95,487	86,95,487

**b) Details of shareholders holding more than 5% of equity shares of the company#**

Sr. No	Name of the Shareholder	As At 31.03.2013		As At 31.03.2012	
		No. of Shares Held	Percentage of Shareholding	No. of Shares Held	Percentage of Shareholding
1	PRIMUS RETAIL PVT LTD (See Note 16c)	61,42,847	70.64%	61,42,857	70.64%
2	FORESIGHT HOLDING PVT LTD	5,39,286	6.20%	5,39,286	6.20%
	<b>TOTAL</b>	<b>66,82,133</b>	<b>76.85%</b>	<b>66,82,143</b>	<b>76.85%</b>

# As per the records of the company, including the register of members

**c) Details of Equity Shares allotted in the previous year**

61,42,857 Equity Shares of ₹ 10/- each have been allotted to Primus Retail Pvt Ltd at a premium of ₹ 60, as fully paid up, pursuant to Takeover agreement dated 04/02/2011, for consideration other than cash on 16/05/2011.

**d) Terms / rights attached to the equity shares**

The Company has equity shares having a Face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

<b>Note 3- Reserves &amp; Surplus</b>	<b>As At 31.03.2013</b>	<b>As At 31.03.2012</b>
Securities Premium Account		
As per Last Balance Sheet	45,06,45,000	1,26,00,000
Add: Received during the year on further issue of equity shares for cash		6,94,73,580
Add: Received during the year on further issue of equity shares other than cash (See Note 16c)	-	<u>36,85,71,420</u>
Closing Balance	45,06,45,000	45,06,45,000
Special Reserve *	43,00,000	43,00,000
Surplus in Profit & Loss		
As per Last Balance Sheet	1,27,45,852	1,40,32,932
Add: Profit for the period	<u>(63,30,251)</u>	<u>(12,87,080)</u>
Closing Balance	64,15,600	1,27,45,852
<b>TOTAL ₹</b>	<b>46,13,60,600</b>	<b>46,76,90,852</b>

\* - The Special Reserve was created as per the RBI Regulation u/s 45 (IC) in the past. The Company has further added in 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.

#### Note 4- Long Term Borrowings

##### Unsecured, Considered Good

<b>Loans &amp; Advances from related Parties</b>	<b>Nature of relationship</b>	<b>Volume of transactions</b>	<b>As At 31.03.2013</b>	<b>As At 31.03.2012</b>
Smt. Sujatha Reddy	Director's Relative	45,00,000	35,00,000	45,00,000
Mr. Madhusudan Reddy	Director	2,17,166	-	2,00,000
<b>TOTAL ₹</b>			<b>35,00,000</b>	<b>47,00,000</b>

#### Note 5 - Other Current Liabilities

Other Payables

TDS Payable

**TOTAL ₹**

16,77,120	31,77,120
21,819	23,751
<b>16,98,940</b>	<b>32,00,871</b>

**Note 6- Non Current Investment (Long Term)**

Sr. No	Particulars	No. of Shares 31.03.2013	Cost per share	31.03.2013	31.03.2012
			₹	₹	₹
	<b>Investment in Quoted Equity Shares (Fully Paid Up)</b>				
1	Grasim Industries Ltd	25	10	250	250
2	Prime Property Dev. Corp. Ltd.	-	-	-	63,74,332
3	Ultratech Cement Ltd	-	-	-	140
	<b>Total I</b>			250	63,74,722
	Market value of Quoted Investment			70,298	9,41,831
	<b>Investment in Unquoted Equity Shares (Fully Paid Up)</b>				
4	Bhubaneswar Stock Exchange	20,000	1	20,000	20,000
5	Baroda Rayon Corporation Ltd	155	10	1,550	1,550
6	Goa Invecast Ltd	10,000	10	1,00,000	1,00,000
7	Gold star Steel & Alloy Ltd	160	10	1,600	1,600
8	Haryan Industries	4,100	1	4,100	4,100
9	Hitek Industries	3,000	1	3,000	3,000
10	Hope Leasing	200	1	200	200
11	Orkay Industries	2,136	1	2,132	2,132
12	Pooja Granites	4,000	1	4,000	4,000
13	Shubangini Holiday Resorts	5,000	10	50,000	50,000
14	Thapaer Ispat	200	1	200	200
15	Farm Enterprises Ltd	-	-	-	10
16	Samruddhi Cements Ltd	-	-	-	125
	<b>Total II</b>			1,86,782	1,86,917
	<b>Investment in PMS Fund</b>				
1	Deutsche Investments India P. L.	-	-	-	25,00,000
	<b>Total III</b>			-	25,00,000
	Market Value of the above Investment			-	25,00,000
	<b>Total I+II+III</b>			<b>1,87,032</b>	<b>90,61,639</b>

Note: All the investments held by the Company in Shares and others are long term in nature, are registered in its own name (Physical / Demat form) or are under process of registration by the Company and are free from any encumbrances.

No Provisions is made for diminishing in value of investment being Long Term in nature as considered by the management

**Note 7 - Long Term Loans & Advances**Advances recoverable in Cash or Kind

Primus Retail Pvt. Ltd. (amount paid in cash)

Primus Retail Pvt. Ltd. (amount paid by equity shares)

(See Note 16c)

Other Advances

MAT Credit Entitlement

Income Tax Refund Dues

**TOTAL ₹****Note 8- Other Non- Current Assets**

Security Deposits

**TOTAL ₹****Note 9 - Cash & Cash Equivalents**Cash on HandBalances with Bank

In Current Accounts

In Deposit Accounts

**TOTAL ₹****Note 10- Other Current Assets**

Other Receivables from Share Broker

Share Issue Expense

Less: 1/5th amount written off

**TOTAL ₹**

<b>As At 31.03.2013</b>	<b>As At 31.03.2012</b>
12,00,00,000	12,00,00,000
42,99,99,990	42,99,99,990
16,42,696	16,42,696
22,406	22,406
5,94,625	5,94,625
<b>55,22,59,717</b>	<b>55,22,59,717</b>
50,000	1,65,000
<b>50,000</b>	<b>1,65,000</b>
281	-
3,25,602	88,634
-	1,26,306
<b>3,25,883</b>	<b>2,14,940</b>
95,080	49,700
7,95,597	
1,98,900	7,95,597
<b>6,91,777</b>	<b>8,45,297</b>

## NOTES TO STATEMENT OF PROFIT &amp; LOSS

PARTICULARS	For the year ended 31.03.2013	For the year ended 31.03.2012
<b>Note 11- Revenue From Operations</b>		
Sales of Shares (Futures)	24,30,607	22,88,755
<b>TOTAL ₹</b>	24,30,607	1,94,885
<b>Note 12- Other Income</b>		
Interest Income (Net)	28,716	5,563
Gain on Sale of Investments	1,77,766	32
Dividend on Shares	679	29,084
Interest on Income Tax Refund	-	26,688
<b>TOTAL ₹</b>	2,07,161	61,367
<b>Note 13 - Purchases</b>		
Purchase of Shares (Futures)	24,08,713	22,89,618
	24,08,713	22,89,618
<b>Note 14- Employees Benefit Expense</b>		
Salaries, Wages & Bonus	8,000	1,78,370
<b>TOTAL ₹</b>	8,000	1,78,370
<b>Note 15- Other Expenses</b>		
Advertisement Expenses	58,313	42,103
Bank & Demat Charges	5,359	958
Conveyance & Traveling expenses	13,519	4,321
Depository Fees	33,708	13,236
Stock Exchange Membership Fees	21,500	1,27,494
Insurance	3,371	3,309
Listing and stock exchange fees	28,090	57,053
Miscellaneous Expenses	2,019	6,256
Printing & Stationery	4,350	12,600
Rent *	16,854	15,000
Registrar & Secretarial Fees	80,471	1,35,975
ROC Filing Fees	4,600	12,500
Security Transaction Tax	439	344
Shop & Establishment Fees	-	1,440
Appeal Fees	-	1,000
Share Issue Expenses amortised Written off	1,98,900	1,98,899
<b>Auditors Remuneration:</b>		
- For Statutory Audit	1,50,000	1,50,000
- For Tax Matters	22,472	81,695
- For Company Law Matters	1,80,609	2,94,861
- Out of Pocket Expenses	25,000	33,090
<b>TOTAL ₹</b>	8,49,574	11,92,134

\* - Rent of ₹ 16,854/- (P.Y. ₹ 15,000/-) is Paid to Nav Bharat Carriers Pvt Ltd, Concern in which Directors are interested.

**16. OTHER DISCLOSURES**

- a. There are no contingent liabilities to the company as on March 31, 2013.
- b. Capital Commitment:  
The Company had taken over the business of Weekender from Primus Retail P. L. vide agreement dated 04/02/2011 for ₹ 100 Crores and part payment of ₹ 12 Crores is made in cash and Equity Shares for 61,42,857 shares of ₹ 10 each at a premium of ₹ 60 each totalling to ₹ 43 Crores are issued for consideration other than cash, balance about ₹ 45 Crores remained outstanding in the previous year.
- c. 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. Madhusudan Securities Limited 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 totalling to ₹ 43 Crores, subject to completing statutory formalities and Madhusudan Securities Limited has put a claim of recovery of ₹ 12 Crores paid to Primus Retail P. L. pursuant to BTA.
- d. The revenue figures of the business takeover are not included above since requisites permissions are under process, to be received from the statutory Authorities and pending compliance of the Agreement.
- e. The Company has not provided for any deferred taxes on Business losses made during the year.
- f. **SEGMENT REPORTING** (as per AS-17 issued by I.C.A.I.):  
The Company has mainly one reportable business segment and hence no further disclosures is required under Accounting Standard (AS) -17 on segment reporting.

**g. Earnings Per Share (E.P.S) (as per AS-20 issued by I.C.A.I.):**

Particulars	2012-13 ₹	2011-12 ₹
(Loss) attributable to Equity Shareholders	(63,30,251)	(12,87,071)
Weighted No. Of Equity Shares	86,95,487	68,31,134
Earnings Per Share of ₹ 10/- Per Share (E.P.S)	(0.73)	(0.19)

- h. No employee was in receipt of a remuneration aggregating to ₹ 60,00,000/- or more per annum, if employed for the whole year or ₹ 5,00,000/- or more per month, were employed for a part of the year.
- i. The outstanding balance of assets and liabilities are accepted as they appear in the books of accounts and are subject to reconciliation / adjustments, if any, and confirmation by respective parties
- j. Previous year's figures are regrouped and/or rearranged, wherever necessary

As per our attached Reports of even date

For VORA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(ICAI Firm Reg. No. 111612W)

BHARAT B. CHOVIATIA  
PARTNER  
(Membership No. 31756)

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

For and on behalf of the Board of Directors  
MADHUSUDAN SECURITIES LIMITED

Mr. K. Madhusudan Reddy  
Mrs. Piya Reddy  
Mr. NitinAnand  
Directors

Place: Mumbai  
Dated: 30<sup>th</sup> May 2013

PROXY FORM

I/We \_\_\_\_\_ of  
\_\_\_\_\_ being a member/members of MADHUSUDAN SECURITIES LIMITED hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our  
proxy to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held  
on September 30, 2013 at Regd. Office: 6/A-2, Court Chambers, 35, New Marine Lines, Mumbai : 400 020, at 3.30  
P.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Revenue  
Stamp

Folio No:

Signature of Shareholder

NOTE: This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the  
meeting. A Proxy need not be a Member.

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MADHUSUDAN SECURITIES LIMITED  
Registered Office: 6/A-2, Court Chambers,  
6<sup>th</sup> Floor, 35, New Marine Lines,  
Mumbai - 400 020

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand  
over at the entrance of the Meeting Hall)

I hereby record my presence at the Thirtieth Annual General Meeting of the Company at Regd. Office: Registered  
Office: 6/A-2, Court Chambers, 6<sup>th</sup> Floor, 35, New Marine Lines, Mumbai - 400 020, on September 30, 2013 at 3.30  
P.M.

Folio No \_\_\_\_\_

Full name of the Shareholder/Proxy \_\_\_\_\_  
(IN BLOCK LETTERS)

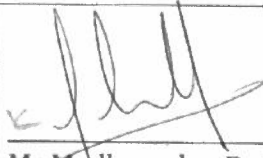

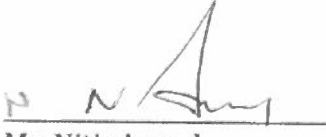

Signature:

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING



**FORM B****Format of covering letter of the annual audit report to be filed with the Stock Exchange**

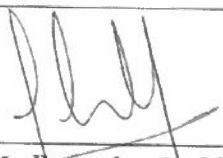


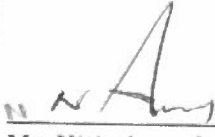
1.	Name of the Company	MADHUSUDAN SECURITIES LIMITED
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Qualification	Disclaimer of Opinion
4.	Frequency of Qualification	1 year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report	<p><b><u>Notes to Financial Statement:</u></b> Note 16 c: "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. Madhusudan Securities Limited 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 Madhusudan Securities Limited has put a claim of recovery of ₹12 Crores paid to Primus Retail P. L. pursuant to BTA."</p> <p><b><u>Management Response</u></b> <b><u>Directors Report:</u></b> <b><u>"AUDITORS' REPORT:</u></b> 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 31<sup>st</sup> 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</p>

		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/-."
6.	Additional Comments from the Board/ Audit Committee Chair	In respect of the observation made by the Auditors in their Report, the comment given in Directors Report is self-explanatory and does not call for any additional comments.
7.	To be signed by;	
	<p>(a) Director</p> <p>(b) Auditor of the Company</p> <p>(c) Audit Committee Chairman</p>	<p> Mr. Madhusudan Reddy</p> <p> Mr. Bharat B. Chovatia (Membership No. 31756) Partner M/s Vora &amp; Associates Chartered Accountants, Mumbai (FRNo: 111612W)</p> <p> Mr. Nitin Anand</p> <p></p>

**FORM B**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the Company	MADHUSUDAN SECURITIES LIMITED
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Qualification	Disclaimer of Opinion
4.	Frequency of Qualification	1 year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report	<p><b><u>Notes to Financial Statement:</u></b></p> <p>Note 16 c: "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. Madhusudan Securities Limited 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 Madhusudan Securities Limited has put a claim of recovery of ₹12 Crores paid to Primus Retail P. L. pursuant to BTA."</p> <p><b><u>Management Response</u></b></p> <p><b><u>Directors Report:</u></b></p> <p><b><u>"AUDITORS' REPORT:</u></b></p> <p>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 31<sup>st</sup> 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</p>

		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/-."
6.	Additional Comments from the Board/ Audit Committee Chair	In respect of the observation made by the Auditors in their Report, the comment given in Directors Report is self-explanatory and does not call for any additional comments.
7.	To be signed by;	
	(a) Director	 Mr. Madhusudan Reddy
	(b) Auditor of the Company	 Mr. Bharat B. Chovatia (Membership No. 31756) Partner M/s Vora & Associates Chartered Accountants, Mumbai (FRNo: 111612W) 
	(c) Audit Committee Chairman	 Mr. Nitin Anand