

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

Contents	Page No
Notice	02
Directors' Report	04
Management Discussion and Analysis Report	07
Report on Corporate Governance	08
CEO / CFO Certificate	14
Corporate Governance Certificate	15
Auditors' Report	16
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Notes Forming Part of the Financial Statement	25
Notes to Profit & Loss	29
Other Disclosure	30

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	

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, 2014, FOUR Committees meetings were held on May 30, 2013; August 10, 2013; November 11, 2013 and February 10, 2014.

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

i) For the meetings of May 30, 2013 and August 10, 2013

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. Nitin Anand	Non Executive Director	Chairman	2
Mr. Madhusudan Reddy	Executive / Promoter	Member	2
Mrs. Piya Reddy	Non Executive / Promoter	Member	2

ii) After the meetings of November 11, 2013 and February 10, 2014

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. Harsh Javeri	Non Executive Director/ Independent Director	Chairman	2
Mr. Madhusudan Reddy	Executive / Promoter	Member	2
Mr. Abhilash Padmanabh	Non Executive / Independent Director	Member	2

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 31/03/2014.

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

i) For the meetings of May 30, 2013 and August 10, 2013

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. Madhusudan Reddy	Executive/Promoter	Chairman	2
Mrs. Piya Reddy	Non Executive/Promoter	Member	2
Mr. Nitin Anand	Non Executive/Promoter	Member	2

ii) After the meetings of November 11, 2013 and February 10, 2014

Name of the Members	Composition and Category	Designation	Total Meetings Attended
Mr. Madhusudan Reddy	Executive/Promoter	Chairman	2
Mr. Harsh Javeri	NonExecutive/Independent Director	Member	2
Mr. Abhilash Padmanabh	Non Executive/Independent Director	Member	2

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 May 30, 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 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
2012-2013	Sept 30, 2013	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
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

5. DISCLOSURES

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

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. **31st Annual General Meeting** will be held on September 30, 2014 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 1st April and ends on 31st March
- c. **Financial Calendar:**

Results for the Quarter	Tentative Date
Results for Quarter ending June, 2014	Second Week of August, 2014
Results for Quarter ending September, 2014	Second week of November, 2014
Results for Quarter ending December, 2014	Second week of February, 2014
Results for Quarter ending March, 2015	Fourth week of May, 2015

- d. **Date of Book Closure:** 25/09/2014 – 30/09/2014
- 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 2013	61.20	60.00	19,623	18,144
May 2013	60.00	58.00	20,443	19,541
Jun 2013	59.00	59.00	19,860	18,467
Jul 2013	59.00	59.00	20,351	19,126
Aug 2013	59.00	56.10	19,569	17,448
Sep 2013	56.10	50.65	20,739	18,166
Oct 2013	48.15	45.75	21,205	19,264
Nov 2013	45.75	45.00	21,321	20,137
Dec 2013	45.00	41.35	21,483	20,568
Jan 2014	51.50	47.00	21,409	20,343
Feb 2014	56.20	51.00	21,140	19,963
Mar 2014	67.65	51.00	22,467	20,921

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
 Tel No.: 022 2596 3838

i. Distribution of Share Holding as on March 31, 2014

No. of Equity Shares held	Shareholders		No. of Shares	
	No.	% of Total	No. of Shares Held	% of Total
1 – 500	195	74.14	19,772	0.23
501 – 1000	19	7.22	17,308	0.20
1001 – 2000	11	4.18	16,005	0.18
2001 – 3000	5	1.90	11,432	0.13
3001 – 4000	3	1.14	10,261	0.12
4001 – 5000	2	0.76	8,950	0.10
5001 – 10000	7	2.67	50,187	0.58
10001 and Above	21	7.99	85,61,572	98.46
Total	263	100.00	86,95,487	100.00

j. Shareholding pattern as on March 31, 2014

Category	No. Of Shares	% of Shareholding
Promoter's Holding	1,98,300	2.28
Corporate Bodies	78,54,945	90.33
Public (In India)	5,96,687	6.90
NRIs	39,500	0.46
Clearing Members	2,705	0.03
Total	86,95,487	100.00

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, 2014. 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	1924549	22.13
CDSL	6767588	77.83
Physical	3,350	0.04
Total	86,95,487	100.00

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

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

Financial Year	Book Value per share (₹)
2013 – 2014	62.97
2012 – 2013	63.06
2011 – 2012	63.79
2010 – 2011	30.62
2009 – 2010	29.20

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MR. MADHUSUDAN REDDY
CHAIRMAN

Place: Mumbai
Date: 30th May 2014

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 31st March, 2014.

For and On Behalf of the Board of Directors

Mr. Madhusudan Reddy
Chairman

Place: Mumbai
Date: 30th May 2014

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, 2014, 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.

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: 30th May 2014

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, 2014, 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 notified in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 had passed the necessary resolution to cancel the Business Agreement (BA) dated 04/02/2011 for purchase of Brand "Weekender". The same will result into recovery of the consideration of ₹ 12 Crores paid and cancellation of the allotment of 61,42,857 Equity Shares of ₹ 10/- each issued at a premium of ₹ 60/- amounting to ₹ 43 Crores. Pending Completion of statutory formalities, no effect is given to the Board Resolution. We are unable to comment on the same.

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, 2014;
- 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 notified in sub section(3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

BHARAT B. CHOVATIA
PARTNER

(Membership No.31756)
Place: Mumbai
Dated: 30th May 2014

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 31st March, 2014. 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 are 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.
- b) The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is ₹.35,00,000/- & the year-end balance is ₹. 35,00,000/-
- c) The company has not paid any interest on the loan taken.
- d) 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 dues of Income Tax and other Taxes which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Disputed Tax amount
Income Tax Act, 1961	Income Tax Demand	Income Tax Tribunal	A.Y. 2009 – 2010	₹. 3 Lacs

- (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. CHOVATIA
 PARTNER
 (Membership No.31756)

Place: MUMBAI
 Dated: 30th May 2014

BALANCE SHEET AS AT MARCH 31, 2014

PARTICULARS	NOTES	As At 31.03.2014	As At 31.03.2013
		₹	₹
<u>EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS FUNDS</u>			
Share capital	2	8,69,54,870	8,69,54,870
Reserves and surplus	3	46,05,78,997	46,13,60,600
		54,75,33,867	54,83,15,470
<u>NON CURRENT LIABILITIES</u>			
Long-term borrowings	4	35,00,000	35,00,000
		35,00,000	35,00,000
<u>CURRENT LIABILITIES</u>			
Other current liabilities	5	19,91,835	16,98,940
		19,91,835	16,98,940
TOTAL ₹		55,30,25,702	55,35,14,410
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Non-current investments	6	1,87,032	1,87,032
Long-term loans and advances	7	55,22,59,717	55,22,59,717
Other non-current assets	8	50,000	50,000
		55,24,96,749	55,24,96,749
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	9	18,175	3,25,883
Other current assets	10	5,10,778	6,91,777
		5,28,953	10,17,661
TOTAL ₹		55,30,25,702	55,35,14,410

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 and on behalf of the Board of Directors
MADHUSUDAN SECURITIES LIMITED

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

Mr. K. Madhusudan Reddy
Mr. Harsh Javeri
Directors

BHARAT B. CHOVIATIA
PARTNER
(Membership No. 31756)
Place: Mumbai
Dated: 30th May 2014

Place: Mumbai
Dated: 30th May 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	NOTES	For the year ended 31.03.2014	For the year ended 31.03.2013
		₹	₹
INCOMES			
Revenue from operations	11	9,36,343	24,30,607
Other Income	12	564	2,07,161
TOTAL INCOME		9,36,907	26,37,729
EXPENSES			
Purchases	13	9,17,748	24,08,713
Employee benefits expense	14	1,000	8,000
Other expenses	15	7,99,763	8,49,574
Loss on Sale of Investments		-	57,01,732
TOTAL EXPENSES		17,18,511	89,68,019
(LOSS) BEFORE TAX		(7,81,604)	(63,30,251)
<u>Less: Tax expense</u>			
Current tax		-	-
(Excess)/Short Provision of Tax for earlier years		-	-
(LOSS) AFTER TAX		(7,81,604)	(63,30,251)
<u>Earnings per equity share (₹) Basic & Diluted</u>			
(Face Value of ₹ 10/- each)		(0.09)	(0.73)

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
Mr. Harsh Javeri
Directors

Place: Mumbai
Dated: 30th May 2014

Place: Mumbai
Dated: 30th May 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	<u>2013- 2014</u>	<u>2012 - 2013</u>
	₹	₹
(I) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Extraordinary items	(7,81,604)	(63,30,251)
ADJUSTMENTS FOR:		
Less: Dividend received	(564)	(679)
(Profit)/ Loss on sale of Investments	-	(55,23,966)
Interest Income (Net)	-	(28,716)
Share Issue Expenses written off	1,98,900	1,98,900
Operating Profit / (loss) before Working Capital Changes	(5,83,268)	(6,36,780)
(Increase) / Decrease in Other Non-Currents Assets	-	(1,15,000)
(Increase) / Decrease in Other Currents Assets	(17,901)	(45,381)
Increase / (Decrease) in Other Current Liabilities	2,92,895	(15,01,931)
Cash (used) / generated from Operations	(3,08,273)	(20,69,093)
Less: Net Income Taxes paid / (Refund)	-	-
Net Cash Flow from Operating Activities (A)	(3,08,273)	(20,69,093)
(II) CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Investment	-	33,50,641
Dividend	564	679
Net cash used in investing activities (B)	564	33,51,320
(III) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Income	-	28,716
Unsecured Long Term Borrowings	-	(12,00,000)
Net cash generated from Financial Activities (C)	-	11,71,284
NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,07,709)	1,10,943
Cash and cash equivalents at the beginning of the year	3,25,883	2,14,940
Cash and cash equivalents at the close of the year	18,175	3,25,883

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. CHOVIATIA
 PARTNER
 (Membership No. 31756)

Place: Mumbai
 Dated: 30th May 2014

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

Mr. K. Madhusudan Reddy
 Mr. Harsh Javeri
 Directors

Place: Mumbai
 Dated: 30th May 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES**a. BASIS OF PREPARATION**

The financial statements have been prepared to comply in all material respects with the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, section 133 of the Companies Act, 2013 read with the General Circular 15/2013 dated 13th September, 2013 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 31.03.2014	As At 31.03.2013
Authorised Capital		
1,50,00,000 Equity Shares (P.Y 1,50,00,000) of ₹ 10/- each	15,00,00,000	15,00,00,000
TOTAL ₹	15,00,00,000	15,00,00,000
Issued, Subscribed and Fully Paid Up		
86,95,487 Equity Shares (P.Y 86,95,487) of ₹ 10/- each fully paid up	8,69,54,870	8,69,54,870
TOTAL ₹	8,69,54,870	8,69,54,870

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

Particulars	As At 31.03.2014	As At 31.03.2013
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	86,95,487	86,95,487
Add: Addition during the year	-	-
Less: Deductions during the year	-	-
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 31.03.2014		As At 31.03.2013	
		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%
	TOTAL	66,82,133	76.85%	66,82,143	76.85%

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

c) 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.

Note 3- Reserves & Surplus	As At 31.03.2014	As At 31.03.2013
Securities Premium Account	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	64,15,600	1,27,45,852
Add: Loss for the period	<u>(7,81,604)</u>	<u>(63,30,251)</u>
Closing Balance	56,33,995	64,15,600
TOTAL ₹	46,05,78,995	46,13,60,600

* - 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.

			As At 31.03.2014	As At 31.03.2013
Note 4- Long Term Borrowings				
<u>Unsecured, Considered Good</u>				
Loans & Advances from related Parties	Nature of relationship	Volume of transactions		
Smt. Sujatha Reddy	Director's Relative	35,00,000	35,00,000	35,00,000
TOTAL ₹			35,00,000	35,00,000
Note 5 - Other Current Liabilities				
Other Payables			19,74,464	16,77,120
TDS Payable			17,371	21,819
TOTAL ₹			19,91,835	16,98,940

Note 6- Non Current Investment (Long Term)

Sr. No	Particulars	No. of Shares 31.03.2014	Cost per share	31.03.2014	31.03.2013
			₹	₹	₹
1	<u>Investment in Quoted Equity Shares (Fully Paid Up)</u>				
	Grasim Industries Ltd	25	10	250	250
	Total I			250	250
	Market value of Quoted Investment			72,164	70,298
	<u>Investment in Unquoted Equity Shares (Fully Paid Up)</u>				
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
	Total II			1,86,782	1,86,782
	Total I+II+III			1,87,032	1,87,032

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 & AdvancesAdvance Recoverable In Cash or Kind

Primus Retail Pvt. Ltd. (amount paid by equity shares for Brand value (See Note 16c)

Primus Retail Pvt Ltd.(amount paid in cash) (see Note 16b)

Other Advances

MAT Credit Entitlement

Income Tax Refund Dues

TOTAL ₹

As At 31.03.2014	As At 31.03.2013
42,99,99,990	42,99,99,990
12,00,00,000	12,00,00,000
16,42,696	16,42,696
22,406	22,406
5,94,625	5,94,625
55,22,59,717	55,22,59,717

Note 8- Other Non- Current Assets

Security Deposits

TOTAL ₹

As At 31.03.2014	As At 31.03.2013
50,000	50,000
50,000	50,000

Note 9 - Cash & Cash Equivalent**Cash on Hand****Balances with Bank**

In Current Accounts

TOTAL ₹

-	281
18,175	3,25,602
18,175	3,25,883

Note 10- Other Current Assets

Phillip Capital Service P.L (Share Broker)

Share Issue Expense

Less: 1/5th amount written off

TOTAL ₹

5,96,697

1,98,900

1,12,981	95,080
3,97,797	5,96,697
5,10,778	6,91,777

NOTES TO STATEMENT OF PROFIT & LOSS

PARTICULARS	For the year ended 31.03.2014	For the year ended 31.03.2013
Note 11- Revenue From Operations		
Sales of Shares (Futures)	9,36,343	24,30,607
TOTAL ₹	9,36,343	24,30,607
Note 12- Other Income		
Dividend on Shares	564	679
Interest Income (Net)	-	28,716
Gain on Sale of Investments	-	1,77,766
TOTAL ₹	564	2,07,161
Note 13- Purchases		
Purchase of Shares (Futures)	9,17,748	24,08,713
	9,17,748	24,08,713
Note 14- Employees Benefit Expense		
Salaries, Wages & Bonus	1,000	8,000
TOTAL ₹	8,000	8,000
Note 15- Other Expenses		
Advertisement Expenses	52,177	58,313
Appeal Fees	10,000	-
Bank & Demat Charges	1,050	5,359
Depository Fees	35,956	33,708
Insurance	3,371	3,371
Listing and stock exchange fees	28,090	28,090
Miscellaneous Expenses	10,563	15,538
Printing & Stationery	1,650	4,350
Registrar & Secretarial Fees	1,01,153	80,471
Rent *	16,854	16,854
ROC Filing Fees	3,500	4,600
Security Transaction Tax	94	94
Stock Exchange Membership Fees	-	21,500
Share Issue Expenses amortised Written off	1,98,900	1,98,900
<u>Auditors Remuneration:</u>		
- For Statutory Audit	1,20,000	1,50,000
- For Tax Matters	33,708	22,742
- For Company Law Matters	1,82,697	1,80,609
- Out of Pocket Expenses	-	25,000
TOTAL ₹	7,99,763	8,49,574

* - 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 & Capital Commitments to the company as on March 31, 2014.
- b. The Company has paid ₹ 12 Crores to Primus Retail (P) Ltd. pursuant to the BTA Agreement dated 04/02/2011. Due to non performance by Primus Retail (P) Ltd of their obligation, BTA Agreement stands cancelled. Consequently, the amount of ₹ 12 Crores is recoverable and is treated as Advance to be recovered.
- c. The BTA Agreement with Primus Retail (P) Ltd. stands cancelled for which necessary statutory compliances are under progress. Consequently, the allotment of 61,42,857 Equity Shares allotted of ₹ 10 each at a premium of ₹ 60 each amounting to ₹ 43 Crores on 16/05/2011 stands cancelled in view of the contract being void.
- d. The Company has not provided for any deferred taxes on Business losses made during the year.
- e. 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.
- f. 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.
- g. 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.
- h. 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)

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

BHARAT B. CHOVATIA
PARTNER
(Membership No. 31756)

Mr. K. Madhusudan Reddy
Mr. Harsh Javeri
Directors

Place: Mumbai
Dated: 30th May 2014

Place: Mumbai
Dated: 30th May 2014

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 Thirty first Annual General Meeting of the Company to be held on September 30, 2014 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 _____, 2014

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.

MADHUSUDAN SECURITIES LIMITED
Registered Office: 6/A-2, Court Chambers,
6th 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 Thirty first Annual General Meeting of the Company at Regd. Office: Registered Office: 6/A-2, Court Chambers, 6th Floor, 35, New Marine Lines, Mumbai - 400 020, on September 30, 2014 at 3.30 P.M.

Folio No _____

Full name of the Shareholder/Proxy _____

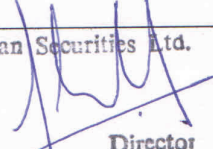

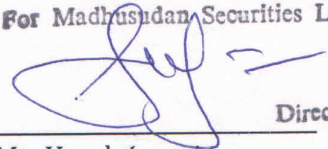
(IN BLOCK LETTERS)

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 st March, 2014
3.	Type of Audit Qualification	Disclaimer of Opinion
4.	Frequency of Qualification	2 year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report	<p><u>Notes to Financial Statement:</u> Note 16 c: The BTA Agreement with Primus Retail (P) Ltd. stands cancelled for which necessary statutory compliances are under progress. Consequently, the allotment of 61,42,857 Equity Shares allotted of ₹ 10 each at a premium of ₹ 60 each amounting to ₹ 43 Crores on 16/05/2011 stands cancelled in view of the contract being void.</p> <p><u>Management Response</u> <u>Directors Report:</u> <u>"AUDITORS' REPORT:</u> "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 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/-.</p>
	Additional Comments from	In respect of the observation made by the Auditors

6.	the Board/ Audit Committee Chair	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	<p>For Madhusudan Securities Ltd.</p>  <p>Director</p> <p>Mr. Madhusudan Reddy</p>
	(b) Auditor of the Company	 <p>Mr. Bharat B. Chovatia (Membership No. 31756) Partner M/s Vora & Associates Chartered Accountants, Mumbai (FRNo: 111612W)</p>
	(c) Audit Committee Chairman	<p>For Madhusudan Securities Ltd.</p>  <p>Director</p> <p>Mr. Harsh Javeri</p>