

# MADHUSUDAN SECURITIES LIMITED

27TH ANNUAL REPORT

2009-2010

CERTIFIED TO BE TRUE COPY

For Madhusudan Securities Ltd.

Director

## 27<sup>th</sup> ANNUAL REPORT AND ACCOUNTS 2009-2010

### BOARD OF DIRECTORS

Shri. K. Madhusudan Reddy - Chairman  
Smt. K.Sujatha Reddy - Director  
Smt. Piya Reddy - 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  
South Indian Bank

### ADVOCATE & SOLICITORS

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

### AUDITORS

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

### SECRETARIAL AUDITORS

M/s. VKM Associates,  
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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### **27<sup>TH</sup> ANNUAL GENERAL MEETING**

*Date:* 30<sup>th</sup> September 2010

*Day:* Thursday

*Time:* 3.30 P.M.

*Venue:* Regd. Office:

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

BSE Code No. 511000

SIN No. INE856D01011 (NSDL)

**SHAREHOLDERS ARE REQUESTED TO  
BRING THEIR COPIES OF ANNUAL REPORT  
ALONG WITH THEM AT THE ANNUAL  
GENERAL MEETING.**

## CERTIFICATE BY CEO

To,  
The Board of Directors of  
Madhusudan Securities Limited.

We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2010 and that to the best of our knowledge and belief.

1. These Statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading.
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31<sup>st</sup> March 2010, which is fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors, deficiency in the design or operation of the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors:

1. Significant changes in internal control over financial reporting during the year, if any.
2. Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the financial statements; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K.MADHUSUDAN REDDY  
CHAIRMAN

Place: Mumbai  
Date: 30<sup>th</sup> July 2010

## NOTICE TO MEMBERS

NOTICE is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of **MADHUSUDAN SECURITIES LIMITED** will be held on 30<sup>th</sup> September, 2010 at Registered Office: 6/A-2, Court Chambers, 6<sup>th</sup> Floor, 35, New Marine Lines, Mumbai - 400 020 at. To transact the following business

**ORDINARY BUSINESS****Adoption of Directors' Report and Annual Accounts:**

1. To receive, consider and adopt the statement of Balance Sheet as at 31<sup>st</sup> March 2010 and Profit and Loss Account for the year ended 31<sup>st</sup> March 2010 of the Company and the Reports of the Directors and Auditors thereon.

**Appointment of Director:**

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

**Appointment of Auditors:**

3. To appoint Auditors of the Company, M/s Vora & Associates, Chartered Accountants are retiring auditors of the Company and being eligible for reappointment, members are requested to reappoint them as an Auditors until conclusion of the next Annual General Meeting and fixed their remuneration.

By order of the Board of Directors  
MADHUSUDAN SECURITIES LIMITED

K.MADHUSUDAN REDDY  
CHAIRMAN

Place: Mumbai  
Dated: 30<sup>th</sup> July 2010

**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 Twenty Seventh Annual General Meeting.
  - d. Convert their shares in Demat form for easy liquidity or trade on Bombay stock exchange.
  - e. Members holding shares in physical form can avail of the nomination facility by filing Form 2B with the Company at its Registered Office, which will made available on request and in the case of shares held in demat form the nomination has to be lodged with their respective Depository Participants (DP).
- 5 Members register shall remain close for transfer of shares from 26<sup>th</sup> September to 30<sup>th</sup> September, 2010 (Both days inclusive).

By order of the Board of Directors  
MADHUSUDAN SECURITIES LIMITED

K.MADHUSUDAN REDDY  
CHAIRMAN

Place: Mumbai  
Dated: 30<sup>th</sup> July 2010

**DIRECTORS' REPORT**

To the members,  
**MADHUSUDAN SECURITIES LIMITED**

Your Directors have pleasure in presenting the 27<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, 2010.

**RESULTS OF OPERATION:**

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

<u>Particulars</u>	<u>Current Year</u> <u>2009 - 2010 (in</u> <u>Rs.)</u>	<u>Previous Year</u> <u>2008 - 2009</u> <u>(in Rs.)</u>
Business Income	44,42,700	31,31,717
Profit before Interest & Tax	32,32,331	16,86,708
Less: Interest	14,31,124	6,33,812
Profit before tax	18,01,207	10,52,896
Provision for Tax	4,25,000	2,99,500
Profit after tax but before Extraordinary items	13,76,207	7,53,396
Profit available for appropriation	13,44,564	7,70,415
Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997	3,00,000	4,50,000
	10,44,564	3,20,415
Balance brought forward from Previous Year	1,13,56,078	1,10,35,663
Balance carried to Balance Sheet	1,24,00,642	1,13,56,078

**DIVIDEND:**

To facilitate the working capital & strengthening the financial resources of the company, the board regrets their inability to recommend any dividend for the current year.

**TRANSFER TO RESERVES**

As per section 45IC of the Reserve Bank of India (Amendment) Act, 1997, applicable to Non Banking Financial Company for creation of Special Reserve Fund, the company has voluntarily transferred Rs.3,00,000/- to the Special Reserves of the Company.

**BUSINESS:**

After the end of the recessionary year, the year under review seemed to be stabilising in shares & improving in business activity. The present capital market has been improving but it is unpredictable due to international financial crises. During the year, the Company has earned Profit after tax of Rs. 13,76,207/- which has increased by 75% compared to previous year. The Company has invested its surplus funds in Bank Fixed Deposits and Debt Funds. During the year, the company has income on Capital leverage of funds. Barring unforeseen circumstances, your Directors are hopeful to have better performance in the year to follow.

**FUTURE OUTLOOK:**

The Company shall deploy its financial resources in better modes of Investment for better deals with the upcoming industrial organisations. The new financial policies and inflation control measure shall bring better prospectus in years to come. The performance of the industrial sector has improved markedly in recent months.

**REGISTRARS AND TRANSFER AGENTS:**

In compliance with directives of SEBI, requiring companies to provide single point service to shareholders of all work relating to share registry, in terms of both physical and electronics, your Company has appointed LINK INTIME INDIA PRIVATE LIMITED, C - 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai 400 078, as the Registrars and Transfer Agents. All your requests for dematerialisation, transfer of physical shares, etc., (and grievances related thereto) may be sent to the above address of the Registrars and Transfer agents.

**SHARE TRADING ON BSE**

Your Directors are glad to inform you that the equity shares of the Company are freely traded on the Bombay Stock Exchange as the Exchange has withdrawn the suspensions of trading of shares of the Company on 16/10/2009, after compliance of all statutory requirements of the listing Agreements of the Bombay Stock Exchange.

**FIXED DEPOSITS:**

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

**PRUDENTIAL NORMS:**

Your Company has, during the year under review, have complied with guidelines of Reserve Bank of India/ Government of India, as may be applicable. Reviews on the level of compliance have been made and reports were submitted to the Board.

**MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET:**

Pursuant to provisions of section 217 (1) (d) of the Companies Act, 1956, there has been no material changes and commitment affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

**CORPORATE GOVERNANCE:**

The Company has been practicing the principles of good corporate governance voluntarily over the years though not applicable, being the equity paid up capital is below Rs. 300 Lacs. However a separate section of voluntary compliance has been included as separate section of this annual 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:**

Mr. K. Madhusudan Reddy, Director, retires by rotation and being eligible, seeks reappointment at the ensuing Annual General Meeting. In view of the interest of the Company, your Board recommends his appointment.

**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 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March 2010 are prepared on a 'going concern' basis.

**AUDITORS:**

M/s. Vora & Associates, Chartered Accountants, 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, 2010 are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956

**ACKNOWLEDGMENTS:**

The Directors take this opportunity to express their appreciation for continued assistance and co-operation received from Banks, Brokers, Business Associates, Customers and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

For AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTORS

Place: Mumbai

Date: 30<sup>th</sup> July 2010



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

**PRUDENTIAL NORMS:**

Your Company has, during the year under review, have complied with guidelines of Reserve Bank of India/ Government of India, as may be applicable. Reviews on the level of compliance have been made and reports were submitted to the Board.

**MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET:**

Pursuant to provisions of section 217 (1) (d) of the Companies Act, 1956, there has been no material changes and commitment affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report.

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The Company has been practicing the principles of good corporate governance voluntarily over the years though not applicable, being the equity paid up capital is below Rs. 300 Lacs. However a separate section of voluntary compliance has been included as separate section of this annual report.

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1. That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March 2010 are prepared on a 'going concern' basis.

**MANAGEMENT DISCUSSION AND ANALYSIS****GLOBAL & INDIAN ECONOMY:**

Emerging strong even during the scariest phase of global financial meltdown, India has become one of the favorite investment destinations for the foreign investors across the globe. The Indian stock market is fast recovering and the emerging opportunities have led to the steady inflows of foreign investments. Investing in India has thus become a trend which is likely to gain more impetus in the near future. It is the promotion oriented user friendly policies of the Indian government that have led to this sudden surge. And owing to the increased quantum of foreign investment inflows, India is emerging as one of the best performing markets. The national economy continues to be among the fastest growing economies. The Valuation of the equity shares and yield thereon is rising towards north bound way which aids to the performance of our company.

**OPPORTUNITIES & THREATS:**

The Secular growth story of India, with GDP growing at around 7% – 8% and the consequent impact on the investment sector, remains intact. The rebound of the Indian economy has been quicker and surer than anticipated. The improving performance in the industrial sector opens new opportunities for the investments.

**RISKS AND CONCERNS:**

Despite the Indian economy has not been severely affected by the Global recession due to strong fundamentals and the inclusive growth of the economy, the major risks for 2010 towards conducting the business could be credit crunch, regulation and compliance, recession, developing a risk free business model, infrastructure lacking, industrial productions due to power shortage and managing talents.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company's system of financial, operational and compliance control and risk management is embedded in the business process by which the Company pursues its objectives. The established internal control system and organization structure is adequate commensurate with the size and nature of the business.

**FINANCIAL PERFORMANCE:**

With the efforts of the Directors and the professional advice, the company has increased the Profits of the company compared to the previous year. The Financial resources of the Company are invested in diversified sectors for better valuation and good returns.

**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.

**CORPORATE GOVERNANCE:**

The Company has been practicing the principles of good corporate governance over the years voluntarily though not applicable being the equity paid up capital is below Rs. 300 Lacs, However, the information of the Corporate Governance is voluntarily given in this annual report.

**GENERAL SHAREHOLDER INFORMATION:****NUMBER OF BOARD MEETINGS:**

Madhusudan Securities Ltd. Has held 4 Board Meetings during the financial year ended 31<sup>st</sup> March 2010. They were on 1) 1<sup>st</sup> July 2009, 2) 31<sup>st</sup> October 2009, 3) 20<sup>th</sup> January 2010, and 4) 30<sup>th</sup> April 2010.

Name of the Director	Category of Directorship	Total meetings attended
Shri. K. Madhusudan Reddy	Chairman	4
Smt. K. Sujatha Reddy	Director	3
Smt. Piya Reddy	Director	4

**BOARD COMMITTEES:**

For better and focused attention on the affairs of the Company, the Board conducts its Committee meetings after the end of the Board meeting. These Committees are serving an aid for better working of the Company. The Core Committees of the Company are:

1. Audit Committee
2. Management Committee
3. Shareholder's / Investors Grievance Committee

**GENERAL BOARD MEETINGS:**

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

Financial Year	Date	Time	Venue
2008-2009	July 31, 2009	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
2007-2008	July 31, 2008	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020
2006-2007	Sept 29, 2007	03.30 P.M.	6/A-2, Court Chambers, 35, New Marine Lines, Mumbai - 400 020

**BOOK VALUE OF EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP:**

Financial Year	Book Value per share (Rs.)
2009 - 2010	29.20
2008 - 2009	28.30
2007 - 2008	27.79
2006 - 2007	25.20

**SHARE HOLDING PATTERN AS ON MARCH 31, 2010**

Category	No. of Shares held Rs. 10/- each	Percentage of shareholding
Promoter's Holding	6,85,900	45.73%
Corporate Bodies	15,593	1.04%
Public	7,81,682	52.11%
NRI	16,825	1.12%
Total	15,00,000	100.00%

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

**DEMATERIALIZATION OF SHARES**

65.05% (P.Y. 28.46%) of the Company's paid up Equity Share Capital has been Dematerialized up to March 31, 2010. The members are requested to dematerialize their physical shares for free trading on the Bombay Stock Exchange.

The details of demat /physical of shares as on March 31, 2010 are as under:

Depository	No. of Shares	% of Capital
NSDL	8,75,146	58.34%
CDSL	1,00,604	6.71%
Physical*	5,24,250	34.95%
Total	15,00,000	100.00%

\*Further 4,00,000 no of physical shares are converted to demat on 29.07.2010, i.e. 91.72% of shares are dematerialised up to 30.07.2010.

**MARKET PRICE DATA OF THE COMPANY AND COMPARISON WITH BSE SENSEX:**

During the Financial year ended 31<sup>st</sup> March, 2010, the highest and lowest share price recorded for each month on BSE after the removal of suspension from October 2009 compared to the BSE Sensex

Month	High Price	Low Price	BSE Sensex	
			High	Low
Oct 2009	79	50	17326	15896
Nov 2009	96	54	17199	15405
Dec 2009	54	50	17465	16601
Jan 2010	51	45	17701	16496
Feb 2010	46	39	16496	15790
Mar 2010	42	39	17711	16773

**DISCLAIMER**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections and expectations may be "forward looking" 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DIRECTORS

Place: Mumbai

Date: 30<sup>th</sup> July 2010

**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, 2010, 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 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 are 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  
Date: 30<sup>th</sup> July 2010

**AUDITORS' REPORT**

To,  
THE MEMBERS OF  
MADHUSUDAN SECURITIES LIMITED.

1. We have audited the attached Balance Sheet of MADHUSUDAN SECURITIES LIMITED as at 31<sup>st</sup> March 2010 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date as annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India under sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the same order.
4. Further to our comments in the Annexure referred to in Paragraph (3) above; we report that;
  - (a) We have obtained all the information and explanations, which to best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) on the basis of the written representations from the Directors of the Company as at 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that as per the information and explanation given to us, none of the Directors are prima-facie disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
  - (f) in our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the notes to accounts, subject to note No. 'II' 2 thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In case of the Balance Sheet, of the State of affairs of the company as at March 31<sup>st</sup>, 2010, and;
    - (ii) In the case of Profit & Loss A/c of the PROFIT of the company for the year ended on that date.
    - (iii) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

BHARAT B. CHOVIATIA  
PARTNER  
(Membership No.31756)

Place: Mumbai  
Date: 30<sup>th</sup> July 2010

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our Report of even date on accounts of Madhusudan Securities Limited for the year ended 31<sup>st</sup> March 2010.)

1. In respect of its Fixed Assets  
During the year under audit, the Company does not have any Fixed Assets as on 31<sup>st</sup> March, 2010. Hence, the provisions of Clause 4(i) of the order are not applicable to the Company.
2. In respect of Inventory :  
During the year covered by our audit report, the company does not have any inventory, hence, provisions of clause 4(ii) of the order is not applicable to the company.
3. 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 the four of the parties, the parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 2,20,00,000/- & year-end balance is Rs. NIL.
  - (c) The company has paid the interest on the loan taken and rate of Interest and other terms and conditions of loan taken are not prejudicial to the interest of the company.
  - (d) The Company has repaid the amount of the Loan along with interest regularly.
4. 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 inventories, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(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 Rupees Five Lakhs 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.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA of the Companies Act 1956. Therefore the clause (vi) of paragraph 4 of the Order are not applicable to the company.
7. In our opinion and according to the information and explanation given to us, the Company has no formal internal audit system as such but its internal control procedures generally ensure reasonable internal check of its financial and other records, commensurate with the size of the Company and the nature of its business.
8. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956, in respect of activities carried on by the Company.
9. 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 Act and other material statutory dues as applicable to it. However, the provision of the Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues are not applicable.
  - (b) at the end of the financial year there were no undisputed amounts payable in respect of income tax and other statutory dues as applicable, for a period of more than six months from the date they become payable.
10. The Company has no accumulated losses as at 31<sup>st</sup> March, 2010 and it has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. The company has not defaulted in repayment of its dues to any bank or financial institution during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, reporting on paragraph 4 (xii) of the Order is not applicable.
13. The provisions of any special statute applicable to a chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, reporting under paragraph 4 (xiii) of the Order is not applicable.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing in shares, securities, debentures, mutual funds and other investments and timely entries have been made therein. All the shares, securities, debentures and other investments have been held by the Company in its own name.
15. The company has not given any guarantee for loans taken by others from bank and financial institutions. Accordingly, reporting on paragraph 4 (xv) of the Order is not applicable.
16. In our opinion and according to the information and explanation given to us, there was no term loans taken by the Company and hence provision of clause (xiv) of the order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. 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.
19. The company has not raised any funds by the way of debenture issue during the year. Accordingly, the provision of clause 4 (xix) of the Order is not applicable to the Company.
20. The Company has not raised any money by public issue during the year under review.
21. 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  
Date: 30<sup>th</sup> July 2010



**BALANCE SHEET AS AT MARCH 31, 2010**

<u>SOURCES OF FUNDS</u>	<u>SCH</u>	<u>As At</u> <u>31.03.2010</u> <u>Amount / Rs.</u>	<u>As At</u> <u>31.03.2009</u> <u>Amount / Rs.</u>
<b><u>Shareholders funds :</u></b>			
Share Capital	A	15,000,000	15,000,000
Reserves & Surplus	B	28,800,643	27,456,079
<b><u>Loan Funds:</u></b>			
Secured Loan	C	38,976,573	-
Unsecured Loan from Directors		-	22,000,000
	<b>Total Rs.</b>	<b>82,777,216</b>	<b>64,456,079</b>
<b><u>APPLICATION OF FUNDS :</u></b>			
<b><u>FIXED ASSETS</u></b>		<b>NIL</b>	<b>NIL</b>
<b><u>INVESTMENTS</u></b>	D	21,215,648	6,694,706
<b><u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>			
Cash & Bank Balances		57,684,772	54,429,883
Loans And Advances		4,903,966	4,363,985
		62,588,738	58,793,868
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Sundry Creditors	F	1,027,170	1,032,496
		1,027,170	1,032,496
Net Current Assets		61,561,568	57,761,372
	<b>Total Rs.</b>	<b>82,777,216</b>	<b>64,456,079</b>
<b><u>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</u></b>			
	I		

As per our attached reports on even date

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

BHARAT B. CHOVIATIA  
 PARTNER

(Membership No.31756)

Place: MUMBAI  
 Date: 30<sup>th</sup> July 2010

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

K. MADHUSUDAN REDDY  
 CHAIRMAN

MRS PIYA REDDY  
 DIRECTOR

Place: MUMBAI  
 Date: 30<sup>th</sup> July 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

PARTICULARS	SCH	As At	As At
		31.03.2010	31.03.2009
		Amount / Rs.	Amount / Rs.
<b>INCOME</b>			
Dividend		159,575	65,706
Interest Income		3,248,293	3,287,932
Long term Gain / (Loss) on sale of shares		659,577	(45,941)
Short Term Gain / (Loss) on sale of Shares		5,123	(31,103)
Gain / (Loss) on Share business		101,163	(144,877)
Short Term Gain on Mutual Funds		27,671	-
Other Income		241,298	-
	<b>Total</b>	<b>4,442,700</b>	<b>3,131,717</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	G	1,210,370	1,445,811
Financial Expenses	H	1,431,124	633,010
	<b>Total</b>	<b>2,641,494</b>	<b>2,078,821</b>
Profit Before Tax		1,801,207	1,052,896
Provision for Tax :			
Current (including FBT)		425,000	299,500
Profit after Tax		1,376,207	753,396
<b>Add / (Less): Prior period items</b>			
Prior period Tax adjustment		(31,643)	17,019
Profit available for Appropriation		1,344,564	770,415
<b>Less: Appropriation</b>			
Transfer to Special Reserve u/s. 45IC as per The Reserve Bank of India (Amendment) Act, 1997		300,000	450,000
Retained Earnings for the year		1,044,564	320,415
Balance brought forward from previous year		11,356,078	11,035,663
Balance carried to the Balance Sheet		12,400,642	11,356,078
Basic and Diluted Earnings per Share (Rs.)		0.90	0.51

**SIGNIFICANT ACCOUNTING POLICIES****AND NOTES ON ACCOUNTS**

As per our attached reports on even date

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

BHARAT B. CHOVATIA  
 PARTNER

(Membership No.31756)

Place: MUMBAI  
 Date: 30<sup>th</sup> July 2010

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

K. MADHUSUDAN REDDY  
 CHAIRMAN

MRS PIYA REDDY  
 DIRECTOR

Place: MUMBAI  
 Date: 30<sup>th</sup> July 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	<u>As At</u>	<u>As At</u>
	<u>31.03.2010</u>	<u>31.03.2009</u>
	<u>(in Rs.)</u>	<u>(in Rs.)</u>
<b>( I ) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	1,801,207	1,052,896
ADJUSTMENTS FOR:		
Less: Dividend	(159,575)	(65,706)
(Profit)/ Loss on sale of Investments	(692,371)	77,044
Interest Income	(3,248,293)	(3,287,932)
Interest Expenses	1,431,124	633,010
	<u>(867,908)</u>	<u>(1,590,687)</u>
Less: Income Taxes paid / (Refund)	691,979	728,467
Operating Profit before Working Capital Changes	(1,559,887)	(2,319,154)
(Increase) / Decrease in Loans & Advances	(304,646)	4,247,950
Increase / (Decrease) In Sundry Creditors / Others	<u>(5,326)</u>	<u>181,900</u>
	(309,972)	4,429,850
Cash generated from / (Used in ) Operations	(A) (1,869,859)	2,110,696
<b>( II ) CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) / Sale of Investment (Net)	(14,520,940)	(1,109,019)
Profit/ (loss) on Sale of Investments	692,371	(77,044)
Dividend	159,575	65,706
Net cash used in investing activities	(B) (13,668,994)	(1,120,357)
<b>( III ) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Income	3,248,293	3,287,932
Secured Loan	38,976,573	-
Unsecured loans	(22,000,000)	22,000,000
Interest Expenses	(1,431,124)	(633,010)
Net cash generated from Financial Activities	(C) 18,793,742	24,654,922
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>3,254,889</u>	<u>25,645,261</u>
Cash and cash equivalents at the beginning of the year	54,429,883	28,784,623
Cash and cash equivalents at the close of the year	57,684,772	54,429,883

## 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 year's classification.

As per our attached reports on even date

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

BHARAT B. CHOVIATIA  
PARTNER

(Membership No.31756)

Place: MUMBAI  
Date: 30<sup>th</sup> July 2010

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

K. MADHUSUDAN REDDY  
CHAIRMAN

MRS PIYA REDDY  
DIRECTOR

Place: MUMBAI  
Date: 30<sup>th</sup> July 2010

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2010**

	<u>As At</u> <u>31.03.2010</u> <u>Amount / Rs.</u>	<u>As At</u> <u>31.03.2009</u> <u>Amount / Rs.</u>			
<b>Schedule - " A " : Share Capital</b>					
<b>Authorised:</b>					
50,00,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000			
<b>Issued subscribed and paid up:</b>					
15,00,000 Equity shares of Rs. 10/- each fully paid - up.	15,000,000	15,000,000			
	<u>15,000,000</u>	<u>15,000,000</u>			
<b>Schedule - " B " : Reserves &amp; Surplus</b>					
Securities Premium	12,600,000	12,600,000			
Special Reserve u/s. 451C as per The Reserve Bank of India (Amendment) Act, 1997					
Balance as per last year	3,500,000	3,050,000			
Add : Transfer from Profit & Loss A/c.	<u>300,000</u>	<u>450,000</u>			
	3,800,000	3,500,000			
<b>Surplus:</b>					
Balance in Profit and Loss Account	11,356,079	11,035,664			
Add: Profit for the Year	<u>1,044,564</u>	<u>320,415</u>			
	12,400,643	11,356,079			
	<u>28,800,643</u>	<u>27,456,079</u>			
<b>Schedule - " C " : Loan Funds</b>					
<b>Secured Loans</b>					
South Indian Bank O/D	<u>38,976,573</u>	<u>-</u>			
<b>Unsecured Loans from Directors</b>					
K.Madhusudan Reddy, Karta, H.U.F.	-	12,000,000			
K.Sujatha Reddy	-	10,000,000			
	<u>-</u>	<u>22,000,000</u>			
<b>Schedule - " D " Investments</b>					
<b>Face</b>	<b>No. of</b>	<b>Cost</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	
<b>Value</b>	<b>Shares</b>	<b>Per Shares</b>	<b>Amount / Rs.</b>	<b>Amount / Rs.</b>	
<b>Unquoted Equity Shares - At Cost ( Physical)</b>					
Bhubaneswar Stock Exchange	1	20,000	1	20,000	20,000
Goa Invecast Ltd	10	10,000	10	100,000	100,000
Haryan Industries	10	4,100	1	4,100	4,100
Hitek Industries	10	3,000	1	3,000	3,000
Hope Leasing	10	200	1	200	200
Orkay Industries	10	2,050	1	2,050	2,050
Pooja Granites	10	4,000	1	4,000	4,000
Shubangini Holiday Resorts	10	5,000	10	50,000	50,000
Thapaer Ispat	10	200	1	200	200
Madhusudan Leasing & Fin Ltd	10	42,650	1	-	44,450
			(i)	<u>183,550</u>	<u>228,000</u>

Quoted Equity Shares- At Cost	Face Value	No.of Shares	Cost(Rs.) Per Share	Value As at 31.03.2010 Amount/Rs.	Value As At 31.03.2010 Amount/Rs.
ACC	10	500	702	350,843	350,842
Arcient Tecno Shares	10	1,620	10	16,200	16,200
Great Offshore Ltd.	10	100	105	10,492	10,492
Himachal Futuristic	10	11,950	48	575,995	577,500
Hindalco Industries	1	1,000	154	153,871	105,204
Hindustan Biotech	10	1,000	1	1,000	1,000
Indokem Ltd.	10	1,050	1	1,050	1,050
Magna Industries	10	9,500	1	8,550	8,550
Nilkamal Plastics	10	1,500	123	184,242	77,935
Pennar Aluminium Co. Ltd.	10	66,000	3	199,301	199,302
Reliance Capital Ltd.	10	230	1,657	381,087	381,087
Reliance Communication	5	600	176	105,700	93,690
Reliance Industrial	10	55	2,066	113,636	109,711
Reliance Industries Ltd.	10	1,804	1,179	2,127,450	1,265,264
Reliance Natural Resouces	10	1,600	100	159,985	159,985
Reliance Power	10	320	219	70,114	70,114
Shalibhadra Finance Ltd.	10	9,000	6	53,340	53,865
TISCO Ltd.	10	1,455	663	964,688	791,257
State Bank of India	10	50	2249	112444	112443
Sterlite Optical Industries Limited	5	500	799	399470	149422
Tata Motors	10	500	656	327781	327781
Bank of Baroda	10	950	520	494,040	-
Federal Bank Ltd	10	1,050	238	250,375	-
Fertilizers & Chemiclas	10	1,000	40	39,999	-
ITC Li mited	10	500	196	98,125	-
Joy Reality Ltd (MLFL)	10	42,650	1	44,450	-
Lic Housing Finance Limited	10	300	820	246,094	-
Mangalore Chemical Fertilizers	10	2,000	23	45,927	-
Mind Tree Shares	10	635	620	393,979	-
Niit Tecnologies	10	2,225	181	402,988	-
Pennar Insudtries Limited	10	28,851	34	974,347	-
Prime Property Dev. Corp. Ltd.	5	57,000	112	6,374,332	-
PTC India	10	500	87	43,342	-
Others	-	-	-	-	574,011
			(ii)	15,725,236	5,436,706
Market Value of above Quoted shares.				13,537,971	8,688,599
		Total	(i) + (ii)	15,908,786	5,664,706
Reliance Capital Assets Fund			(iii)	1,030,000	1,030,000
Citicorp finance debentures			(iv)	4,040,000	-
Mutual Fund - Kotak Floater Long Term (G)			(v)	236,861	-
Market NAV value of above fund				242,330	-
		Total	i+ii+iii+iv+v	21,215,646	6,694,706

Schedule - " E " : Current Assets Loans and Advances

	As at 31.03.2010	As at 31.03.2010
	Amount / Rs	Amount / Rs
<b>A) Current Assets</b>		
a. Cash & Bank Balances		
i. Cash & Current Account with Scheduled Banks	1,271,452	798,564
ii. Fixed Deposits with Banks	56,312,039	53,530,038
iii. Fixed Deposits pledged with Bhubaneswar Stock Exchange	101,281	101,281
	<b>57,684,772</b>	<b>54,429,883</b>
<b>B) Loans And Advances</b>		
i. Advances recoverable in cash or kind or for value to be received	3,321,596	3,016,950
ii. Refund Dues, T.D.S., Advance Payment of Taxes (Net of provision for Taxation)	1,582,370	1,347,035
	<b>4,903,966</b>	<b>4,363,985</b>

Schedule - " F " : Current Liabilities & ProvisionsCurrent Liabilities

Sundry Creditors for expenses	266,274	271,600
Sundry Creditors	760,896	760,896
	<b>1,027,170</b>	<b>1,032,496</b>

Schedule - " G " : Administrative & Other Expenses

Rent	15,000	15,000
Salaries, Bonus & Other Benefits	126,000	575,000
Legal & Professional Charges	13,236	8,990
Stock Exchange Listing fees	294,336	13,084
ROC filling fees	2,500	4,500
Office Expenses	1,700	3,755
Telephone Expenses	3,600	590
Postage & Courier Charges	2,410	2,145
Printing & Stationery	15,279	9,410
Travelling and Conveyance Expenses	11,090	2,449
Books & periodicals	7,940	2,436
Miscellaneous Expenses	32,883	24,056
Security Transaction Tax	14,026	165
Professional Fees	193,896	42,811
Demat Charges	4,690	5,944
Staff Welfare	2,240	-
Advertisement / Statutory	20,358	-
Insurance Premium	-	2,809
Bank Charges	41,051	802

Auditors Remuneration:

For Audit Fees	150,000	200,000
For Tax Matters	50,000	50,000
For Company Law	50,000	50,000
For Other Services	110,134	389,809
For Reimbursement of Expenses	48,000	42,056
	<b>408,134</b>	<b>42,056</b>
	<b>1,210,370</b>	<b>1,445,811</b>

Schedule " H " Financial Expenses

Interest paid on Loan	1,431,124	633,010
	<b>1,431,124</b>	<b>633,010</b>

## SCHEDULE - 'I'

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS:****I. ACCOUNTING POLICIES:****i. Basis of Accounting:**

The financial statements are prepared under the historical cost convention, on an accrual & on going concern basis, in accordance with generally accepted accounting principles in India and materially comply with mandatory accounting standards issued by the Institute of the Chartered Accountants of India and the provisions of the Companies Act 1956.

**ii. Other Accounting Policies:**

These are generally consistent with the well accepted accounting standard principles and practices.

**iii. Revenue Recognition:**

Revenue is recognised only when measurability and realisability is certain. In case of uncertainties revenue recognition is postponed to the year in which it is properly measured, and realisability is assured.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive dividend is established and/ or receipts.

**iv. Fixed Assets:**

Fixed Assets, if any are stated at historical cost of acquisition net of depreciation provided as per policy.

**v. Shares Investment:**

Investments are valued at cost plus brokerage and other charges. Profit or losses on investment are accounted as and when realised as Capital Gain/ Loss, if any. No Provisions is made for diminishing in value of investment being Long Term in nature as considered by the management.

**vi. Expenses:**

All expenses are accounted for on accrual basis.

**vii. Depreciation:**

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.

**viii. Retirement Benefits:**

The provisions of the Provident Fund Act 1952 are not applicable to the company, as number of employees does not exceed the statutory limits prescribed in the Act.

**ix. Events Occurring After the Balance Sheet Date**

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

**II. NOTES TO ACCOUNTS:**

1. In the opinion of the Directors there were no contingent liabilities as at the Balance Sheet date.
2. No Provision of interest accrued on advances of Rs.15,50,000/- is made since advance is doubtful in nature and legal proceedings are initiated and pending judgement of the Court.
3. No employee was in receipt of a remuneration aggregating to Rs. 24,00,000/- or more per annum, if employed for the whole year or Rs. 2,00,000/- or more per month, were employed for a part of the year.
4.
  - a) Investment made by the company being of long term nature, diminution in the value of quoted investments of Rs. 21, 87, 266/- are not considered, being permanent in nature and thus in the opinion of the management no provision for the same has been made thereon.
  - b) All the investments held by the Company in Shares and Debentures and others are long term in nature, are registered in its own name (physical / Demat form) and / or are under process of registration by the Company and free from any encumbrances.

5. Other information as required by Schedule VI, Part II of the Companies Act, 1956 relating to employees, Micro, Small & Medium Enterprises Development Act, 2006, exports, imports and earnings in foreign currency, remittance in foreign currency is not given, as the same is NOT APPLICABLE.

6. Sundry Debtors, Sundry Creditors and Loans & Advances are subject to Confirmation and Reconciliation, if any.

7. **Segment reporting as per A.S. 17 issued by ICAI:**

The Company has mainly one reportable business segment and hence no further disclosure is required under AS 17 on segment reporting.

8. **Related party Disclosures as per A.S.- 18 issued by ICAI:**

In accordance with the Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the company has complied and certified the required information as stated below:

a) **LIST OF RELATED PARTIES:**

S.No.	Particulars	Name of Related Parties
1.	Key Management Personnel	Shri. K. Madhusudan Reddy Smt. Piya Reddy Smt. Sujatha Reddy
2.	Enterprise owned or significantly influenced by Key Management Personnel or their relatives.	K.S.R. Clearing & Shipping Agents Pvt Ltd Nav Bharat Carrriers Pvt Ltd

b) **NATURE OF TRANSACTIONS:**

Particulars	Enterprise owned or controlled or significantly influenced by Key Management Personnel	Total (Rs.)	Maximum Due During the Year
Rent Paid	15,000	15,000	15,000
Interest Paid on Loans	12,49,615	12,49,615	12,49,615
Due to Related Parties (Balance At The Year End)	NIL	NIL	2,20,00,000

9. **Earning Per Share (EPS) under A.S. 20 issued by ICAI:**

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
(i) Profit after Tax	13,76,207	7,70,415
(ii) Weighted Average No. of Equity shares for basic E.P.S.	15,00,000	15,00,000
(iii) Nominal value of Equity shares	10	10
(iv) Basic / Diluted Earnings Per Equity Shares	0.90	0.51

10. Previous years' figures have been regrouped / recast wherever necessary and applicable.

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

Mr. K. Madhusudan Reddy  
CHAIRMAN

Mrs. Piya reddy  
DIRECTOR

Place: Mumbai  
Date: 30<sup>th</sup> July 2010



**STATEMENT PURSUANT TO PART-IV, SCHEDULE VI TO THE COMPANY ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1. REGISTRATION DETAILS**

Registration No.	2 9 9 2 9	State Code	1 1
Balance Sheet Date	3 1 0 3 1 0		
	Date Month Year		

**2. CAPITAL RAISED DURING THE YEAR  
(Amount in Rupees)**

Public Issue	N I L	Bonus Issue	N I L
Rights Issue	N I L	Private Placement	N I L

**3. DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)**

Total Liabilities and Shareholders Funds	<u>82,777,216</u>
Total Assets	<u>82,777,216</u>
<b><u>Sources of funds :</u></b>	
Paid-up Capital	15,000,000
Reserves & Surplus	28,800,643
Secured Loans	-
Unsecured Loans	-
	<u>43,800,643</u>
<b><u>Application of Funds :</u></b>	
Net Fixed Assets	-
Investments	21,215,648
Net Current Assets **	61,561,568
	<u>82,777,216</u>

\*\* Net of Current Liabilities

**4. PERFORMANCE OF THE COMPANY (Amount in Rupees)**

Total Income	4,442,700
Total expenditure	2,641,494
Profit Before Tax	1,801,207
Profit After Tax	1,344,564
Earning Per Share in Rs. (Weighted Average)	0.90
Dividend Rate %	-

**5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY  
(as per monetary terms)**

<b><u>Product Description</u></b>	<b><u>Item Code No.</u></b>
Securities and Investment Business	NOT APPLICABLE
Project Financing	NOT APPLICABLE
Lease Financing	NOT APPLICABLE

For and on behalf of the Board of Directors

MADHUSUDAN SECURITIES LIMITED

Mr. K. Madhusudan Reddy  
CHAIRMAN

Mrs. Piya reddy  
DIRECTOR

Place: Mumbai  
Date: 30<sup>th</sup> July 2010

**SEVEN YEAR FINANCIAL HIGHLIGHTS AT A GLANCE**

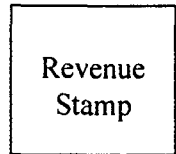
PARTICULARS	(Rs. in Lacs)						
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
SALES & OTHER RECIEPTS	44.43	31.32	229.31	67.11	55.89	16.35	26.80
PROFIT BEFORE TAXES	18.01	10.53	43.88	7.47	45.70	5.99	12.29
PROFIT AFTER TAXES	13.76	7.53	38.91	5.20	39.48	4.02	9.52
EQUITY SHARE CAPITAL	150.00	150.00	150.00	150.00	150.00	150.00	150.00
RESERVES & SURPLUS	288.01	274.55	266.86	228.03	222.87	183.97	180.52
TANGIBLE NET WORTH	438.01	424.55	416.86	378.03	372.87	333.97	330.52
BOOK VALUE PER SHARE OF Rs. 10	29.20	28.30	27.79	25.20	24.86	22.26	22.03
DEBT EQUITY RATIO	0:1	0.5 : 1	0:1	0:1	0:1	0:1	0:1
EPS (Rs) ON Rs. 10 PAID UP	0.92	0.51	2.59	0.35	2.63	0.27	0.63
DIVIDEND %	NIL	NIL	NIL	NIL	NIL	NIL	NIL
REVENUE EXPENSES TO GROSS RECIEPTS (%)	59.46	66.38	80.87	88.87	18.24	63.37	54.12
PROFIT AFTER TAX TO GROSS RECIEPTS (%)	30.98	24.06	16.97	7.75	70.63	24.61	35.51

**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 Twenty seventh Annual General Meeting of the Company to be held on 30<sup>th</sup> September, 2010 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 \_\_\_\_\_, 2010



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,  
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 Twenty Seventh 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 30<sup>th</sup> September, 2010 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