



Madhusudan

Industries Limited

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ANNUAL REPORT
2006-2007

Board of Directors

Shri Shree Narayan Mohata
 Shri Bhagwan Das Sharma
 Shri Rajesh B. Shah
 Shri Sanwarmal Agarwal

Auditors

M/s. H. V. Vasa & Co.,
 Chartered Accountants,
 B-2, "Usha Kiran", Opp. Khanpur Gate,
 Ahmedabad - 380 001.

Registered Office

11/2/3, GIDC Industrial Estate,
 Nr. Jai Bhavani Glass Works,
 Kadi - 382 715,
 Dist. Mehsana, Gujarat.

Ahmedabad Office

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

Registrar & Share Transfer Agent

MCS Limited,
 101, Shatdal Complex, 1st Floor,
 Opp. Bata Show Room, Ashram Road,
 Ahmedabad - 380 009.

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**Annual General Meeting at 11.30 a.m. on Thursday,
 the 27th day of September, 2007 at the Registered Office.**



Madhusudan
Industries Limited

Notice

Notice is hereby given that the Annual General Meeting of the Members of MADHUSUDAN INDUSTRIES LIMITED will be held at 11.30 a.m. on Thursday, the 27th day of September, 2007 at the Registered Office of the Company at 11-2-3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi - 382 715 Dist. Mehsana North Gujarat, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March 2007, and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri Shree Narayan Mohata, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Bhagwan Das Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Kadi - 382 715
25th August, 2007

B. K. Patodia
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to notify immediately the change of address, if any, to the Company OR M/s. MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 16th September, 2007 to 27th September, 2007 (both days inclusive)
4. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
5. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
6. Unpaid / Unclaimed Dividend, Share application money received and due for refund and matured deposits unclaimed and unpaid for a period of seven years have been transferred to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of seven years and transferred to the Fund.
7. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	Shri Shree Narayan Mohata	Shri Bhagwan Das Sharma
Date of Birth	03.12.1944	12.09.1930
Date of appointment	18.04.2006	18.04.2006
Expertise in specified Functional areas	Administration & Commercial	Administration & Commercial
List of other Directorships held	Cera Sanitaryware Ltd. Madhusudan Holdings Ltd.	—
Chairman / Member of the Committees of the Board of other Companies	—	—
Shareholding in the Company	50	—

Annual Report 2006-2007**Directors' Report**

To
The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2007.

Performance

The summary of your Company's financial performance is given below:

	Year ended March 31, 2007 (Rs. in lacs)	Year ended March 31, 2006 (Rs. in lacs)
Profit before Depreciation, Taxes and Exceptional Item	(-)97.95	(-) 676.93
Deducting therefrom Depreciation of	14.14	237.37
Profit / Loss before tax & exceptional item	(-)112.09	(-) 914.30
Deducting therefrom taxes of:		
- Current Tax	—	—
- Deferred Tax	(-)238.69	(-)116.80
- Fringe Benefit Tax	0.75	1.50
Profit after tax and excluding Exceptional item	125.85	(-) 799.00
Less : Exceptional item	(-)108.58	(-) 103.35
Profit after tax including exceptional item	17.27	(-) 902.35
Add: Balance brought forward from previous year	(-)847.71	54.64
Balance carried to Balance Sheet	(-)830.44	(-) 847.71

Brief on Restructuring

Your Company had initiated the process of exiting the Edible Oil Industry as a manufacturer two years ago. While the Company scrapped and disposed off the production facilities at Rakhial plant during the financial year 2004-05, the Company formally declared 'closure' of the Rakhial Unit in October, 2006. All the stake holders would be happy to note that the closure has been achieved conforming to all the norms prescribed in the labour laws and that there is no litigation on the issue of closure.

Moving a step ahead in our declared intention of disposing off Nimbahera Unit in the last year's Annual Report, the Company sold off the Nimbahera Unit as a going concern, in July 2006.

It is pertinent to mention here that the Nimbahera plant was always operated seasonally since inception and had operated for an average of 3-4 months every year. Further, as the plant was on a leasehold land, it was imperative to find a buyer willing to take the unit as a going concern, since scrapping the solvent plant would have fetched poor returns.

The company is satisfied that it could secure a better than expected price for its facilities at Nimbahera in rather adverse circumstances. While the solvent plant, as expected had to be sold at discount, the Company could get better realisation for its leasehold land and buildings, which finally ensured that the overall loss from the sale of assets at Nimbahera was restricted.

All the stake holders can now look forward to the diversification which your company may venture into as and when opportunity arises in the future.

Edible Oil Unit

The turnover of Vanaspati sales was 15 MT (4101 MT in the previous year). The sales figure of Laundry soap was 12 MT (732 MT in the previous year).

The company has further reduced its overhead costs and the company reiterates that all the assets of the company are free from any kind of encumbrance or mortgage whatsoever.

Management Discussion & Analysis Report

Your Company has been keeping its presence in the market through trading operations in Vanaspati and Laundry Soap. During the year, the trading operations of Vanaspati would be further increased.

a) Industry structure and development

The Company is continuing its presence in the market by trading in Vanaspati.

b) Opportunities and threat

Despite the disposal of plant and machinery at Rakhial and sale of wind farm unit, the Company continued to be financially sound and enjoys unblemished reputation in the market. The fact that the company has become leaner with greatly reduced overheads, coupled with the fact that its administrative and logistic infrastructure at Rakhial remains intact, can open up many opportunities. Further, the location of Rakhial unit, which is contiguous to a Railway Station in a rural area, makes it potentially suitable for logistic park/agro industries. The Ahmedabad-Udaipur meter gauge line is likely to be converted into broad gauge on priority as mentioned in the Rail Budget of February, 2007. The threat is that the Company may not be able to capitalize on its track record of five decades in oil industry in a different and an altogether newer field easily.

c) Segment-wise/Product-wise performance

The trading operations were seriously affected due to cheap imports making domestic operations unviable.

d) Outlook

The outlook of the company remains positive because of its inherent strength, availability of good infrastructure and presence in the market since long. Further, all its assets now are free from any encumbrance/ mortgage. This can be leveraged to finance/support future projects. The Company also hopes to generate revenue through lease or outright sale of its well established brands like Madhuram, Madhuras, Mahek.

e) Risks and concerns

The Company has mainly been in trading of Edible Oil products hence any new project or venture of the Company other than edible oil industry are bound to be appraised de novo rather than going by Company's past performance.

f) Internal control system and their adequacy

The Company has fully computerised its accounting system since many years which has proved versatile. The system of internal control of the company is commensurate with the size and complexity of the Company's business. In addition, the operations are subject to periodic internal audit by independent Auditors.

g) Financial performance with respect to Operational Performance is discussed in the main part of the Report.**h) Material development in Human Resources / Industrial Relations**

The Company values and nurtures its human resources and Company would continue to adopt and implement the best HRD practices in future.

Corporate Governance



Madhusudan
Industries Limited

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance has been included in this Annual Report as a separate section.

Directors' Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956, Directors of your Company confirm:

That the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;

That such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the profit of the Company for the year ended on that date;

That proper and sufficient care has been taken 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;

that the annual accounts have been prepared on a going concern basis.

Dividend

Due to operational loss your Directors have not recommended any dividend.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not given as the Company had no manufacturing activity during the year.

Exchequer

The Company has contributed Rs.31.64 lacs to the exchequer by way of Excise Duty, Custom Duty, Income tax, Sales tax and other fiscal levies.

Fixed Deposits

Fixed Deposits from the Public, outstanding as on 31st March, 2007 was Rs.248.65 lacs. There are twenty two Fixed Deposit holders with Rs.4.28 lacs of unclaimed/unrenewed deposits as on 31st March, 2007. The Company on the basis of the working results during the year under review, can accept deposits from the Public as well as from the shareholders to the extent of Rs.423.24 lacs.

Subsidiary Company

The particulars required under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company viz. Madhusudan Fiscal Limited is appended.

Finance

The Company has no secured loans.

Employees

The Company has no employee as specified under Section 217(2A) of the Companies Act, 1956, hence, there is no information required to be provided in this regard.

Directors

Shri Vikram Somany has resigned as chairman and director w.e.f. 07/08/2006.

Shri Dharam Prakash Goyal has resigned as an additional director with effect from 07.08.2006.

Your Board of directors places on record its appreciation for the contribution made by them to the Company.

Shri Rajesh B. Shah and Shri Sanwarmal Agarwal have been appointed as additional directors w.e.f. 07/08/2006.

Shri Shree Narayan Mohata and Shri Bhagwan Das Sharma are due to retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The brief resumes of Shri Shree Narayan Mohata and Shri Bhagwan Das Sharma, directors as required by clause 49 of the Listing Agreement with Stock Exchanges, is provided in the notice convening the Annual General Meeting of the Company.

Auditors

M/s. H.V. Vasa & Co., Statutory Auditors of the Company retire at the end of forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

Insurance

The Company has adequately insured all its assets.

Industrial Relations

The Company's relations with its employees remained by and large cordial during the year.

The Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963.

Appreciation

Your Directors would like to place on record their gratitude for the co-operation and assistance given by various departments of both State and Central Governments.

For and on behalf of the Board of Directors,

Ahmedabad
28th June, 2007

Rajesh B. Shah
Sanwarmal Agarwal
Shree Narayan Mohata
Bhagwan Das Sharma
Directors

Annual Report 2006-2007**Annexure to the Directors' Report**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2007.

Conservation of Energy

Form - A (For Vanaspati Unit) : Nil

Technology Absorption

Form B : Nil

Total Foreign Exchange used and earned

Total foreign exchange used : Rs. Nil

Total foreign exchange earned : Rs. Nil

Annexure to the Directors' Report**Statement of Holding Company's Interest in Subsidiary Company**

Statement pursuant to Section 212 of the Companies Act, 1956

1. Name of the Subsidiary : **Madhusudan Fiscal Limited**
2. Financial year of the Subsidiary Company ended on : 31st March, 2007
 - (i) Number of Shares in Subsidiary held by Madhusudan Industries Limited on the above date : 12,90,000 (Previous year 12,90,000) Equity Shares of Rs.10/- each
3. Holding Company's interest : 100 % (Previous year 100 %)
4. The Profit of Madhusudan Fiscal Limited for the year ended 31st March, 2007 (Net of Deferred Tax Asset / Liability) : Rs.59,483/-
5. The loss for previous Financial Years since it became the Company's subsidiary. : Rs.55,19,931/-
6. No adjustment has been made in the books of Madhusudan Industries Ltd. in respect of the said loss of Madhusudan Fiscal Limited.

B. K. Patodia
Company Secretary

Ahmedabad
28th June, 2007

Rajesh B. Shah
Sanwermal D. Agarwal

Ahmedabad
28th June, 2007

Director
Director



Annexure to the Directors' Report

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)

1) Company's Philosophy

The Company believes in the practice of good Corporate Governance and acting as a good corporate citizen.

The spirit of Corporate Governance has been prevailing in the Company for years together. The Company believes in the values of transparency, professionalism and accountability. The Company recognizes the accountability of the Board and importance of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company.

2) Board of Directors

The Board comprises of four non-executive directors.

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

During the year, 6 Board Meetings were held – on 18.04.2006, 29.06.2006, 31.07.2006, 07.08.2006, 31.10.2006 and 27.01.2007.

None of the directors on the Board are members in more than ten committees and they do not act as Chairmen of more than five committees across all companies in which they are directors.

The composition of directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships and Committee Memberships are given below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri Vikram Somany*	Chairman	3	NO	3	—
2.	Shri D.P. Goyal **	Director	2	NO	—	—
3.	Shri Sanjay Jhaveri***	Director	1	NO	7	—
4.	Shri R. B. Shah	Non-Executive Director	2	YES	3	—
5.	Shri Bhagwan Das Sharma	Non-Executive Director	2	NO	—	—
6.	Shri Shree Narayan Mohata	Non-Executive Director	2	NO	2	—
7.	Shri S. M. Agarwal	Non-Executive Director	2	YES	—	—

* Resigned as Chairman and Director with effect from 07.08.2006.

** Appointed as an additional director w.e.f. 01.04.2006 and resigned as additional director w.e.f. 07.08.2006

*** Resigned as Director w.e.f. 18.04.2006.

Code of Conduct

The Company has finalized model code of conduct for the Board members and senior Officers of the Company.

3) Audit Committee

The Audit Committee consists of 4 (four) independent directors, Shri Rajesh B. Shah – Chairman, Shri Bhagwan Das Sharma, Shri Shree Narayan Mohata and Shri S. M. Agarwal. The Company Secretary is also Secretary to the Audit Committee. During the year under review, 4 (four) Committee Meetings were held on – 28.06.2006, 31.07.2006, 31.10.2006 and 27.01.2007.

Terms of reference:

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

4) Remuneration Committee

The Remuneration Committee consists of Shri Rajesh B. Shah – Chairman, Shri B. D. Sharma, Shri S. N. Mohata and Shri S. M. Agarwal.

The Committee fixes the Remuneration of Executive / Whole-time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, pension, retirement scheme, share options and such other benefits.

The Committee also decides the fixed component and performance linked incentives, performance criteria, service contracts, notice period, severance fees etc. of the remuneration package of working directors, as and when necessary. Presently the Company has no whole time director.

5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and to retain talent in the organization and accord merit.

6) Details of remuneration for the year ended 31.03.2007**(i) Wholetime Directors**

The Company has no Whole-time Director

(ii) Non-Executive Directors

Remuneration by way of sitting fees for attending Board Meetings are paid to the non-executive directors. The non-executive directors are also entitled to a commission (to be distributed among them in equal proportion or in such proportion as the Board may determine from time to time) not exceeding 1% of the net profits. Due to operational loss for the year ended 31.03.2007 no commission was paid to the Non-Executive Directors. The details of remuneration paid to them during the year are as under:

Annual Report 2006-2007

Name	Sitting Fees Paid (Rs.)
Shri Vikram Somany*	6,000
Shri D.P. Goyal**	4,000
Shri Sanjay Jhaveri***	2,000
Shri R. B. Shah	4,000
Shri Bhagwan Das Sharma	4,000
Shri Shree Narayan Mohata	4,000
Shri S. M. Agarwal	4,000
TOTAL	28,000

* Resigned as Chairman and Director with effect from 07.08.2006.

** Appointed as an additional director w.e.f. 01.04.2006 and resigned as an additional director w.e.f. 07.08.2006

*** Resigned as Director w.e.f. 18.04.2006.

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri R. B. Shah	NIL	NIL
Shri Bhagwan Das Sharma	NIL	NIL
Shri Shree Narayan Mohata	50	0.00
Shri S. M. Agarwal	NIL	NIL

7) Share Transfer Committee

In accordance with Clause 49 para VI (D) of the Listing Agreement of the Stock Exchanges, the Board had delegated the powers of share transfers to the Share Transfer Committee. In order to expedite the process of share transfers/ transmissions / splits / consolidation, the Committee meets at least once in a fortnight.

The share transfer committee, consists of four directors Shri Rajesh B. Shah – Chairman, Shri B. D. Sharma, Shri S. N. Mohata and Shri S. M. Agarwal.

The Company has appointed M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent as Registrar and Share Transfer Agent.

8) Shareholders' / Investors' Grievance Committee

The Board has formed a Shareholders' / Investors' Grievance Committee consisting of the following directors:

Shri R. B. Shah	-	Chairman
Shri Bhagwan Das Sharma	-	Member
Shri Shree Narayan Mohata	-	Member
Shri S. M. Agarwal	-	Member

All investor complaints, which cannot be settled at the level of Company Secretary and Compliance Officer, will be forwarded to the Shareholders' Grievance Committee for final settlement.

During the year, ended 31.03.2007, the Company had received 28 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2007, which is not attended / replied by the Company.

The Company confirms that there were no share transfers lying pending as on date, which were received upto 31.03.2007, and all requests for dematerialisation and rematerialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system. During the year, one Committee Meeting was held on 28.06.2007.

9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2006	25.09.2006	11.30 a.m.	11/2/3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi-382 715, District Mehsana.
31.03.2005	02.09.2005	11.30 a. m.	Rakhial Station-382315, Tal. Dehgam Dist. Gandhinagar.
31.03.2004	30.09.2004	11.30 a. m.	Rakhial Station-382315, Tal. Dehgam Dist. Gandhinagar.

No resolution is required to be passed during current year and up to the date of Annual General Meeting through postal ballot.

10) Disclosures

- There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
- There were no instances of non-compliance of any matter related to the capital market, during the last three years.

11) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Economic Times / Indian Express and a local language newspaper viz. Jai Hind / Loksatta / Financial Express. The annual results (annual reports) are posted to all the members of the Company.
- Management's Discussion & Analysis forms part of this annual report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press.
- The Company uploads its financial results, shareholding pattern and other information on the EDIFAR website maintained by National Informatics Centre (NIC), which can be accessed through the website of the Securities and Exchange Board of India (SEBI) <http://www.sebi.gov.in>. These information are also uploaded by the Stock Exchange, Mumbai on the website <http://www.bseindia.com>.

12) General Shareholder Information**1. Annual General Meeting :**

Date and Time : 27th September 2007: 11.30 a.m.
Venue : 11/2/3 GIDC Industrial Estate, Kadi - 382 715 Dist. Mehsana (NG)

2. Financial Calendar 2007-08 (tentative) :

Annual General Meeting 3rd / 4th week of September, 2008

Results for quarter ending	By last week of
June 30, 2007	July 2007
September 30, 2007	October 2007
December 31, 2007	January 2008
Results for year ending March 31, 2008 (Audited)	3rd / 4th week of June 2008



3. **Book Closure date** 16th September, 2007 to 27th September, 2007 (both days inclusive)

4. **Dividend payment by the Company:**
In view of operational loss no dividend is recommended by the Board of Directors for the year ended 31.03.2007.

5. **Listing on Stock Exchanges**

The Company's shares are listed at Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited and company has paid listing fees for the year 2006-07 and 2007-08 to Bombay Stock Exchange Limited.

The company had applied for voluntary de-listing of equity shares from The Calcutta Stock Exchange Association Limited and the de-listing application is pending with them. Hence, no listing fee has been paid to them.

Stock Code: Bombay Stock Exchange, Limited : 515059.

6. **Share price on Bombay Stock Exchange Ltd.**

Month	High (Rs.)	Low (Rs.)
April 2006	10.50	9.23
May 2006	12.69	9.60
June 2006	12.64	9.79
July 2006	8.82	4.12
August 2006	6.27	4.40
September 2006	6.30	4.53
October 2006	5.36	3.90
November 2006	5.00	4.04
December 2006	10.47	3.91
January 2007	10.48	7.90
February 2007	11.51	7.96
March 2007	7.91	6.50

7. **Share Transfer**

Entire Share Transfer work and dematerialisation / rematerialisation work is assigned to R & T Agent, M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialisation and rematerialisation should be sent directly to M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009. Shareholders have option to open their accounts with either NSDL or CDSL as the Company has entered into agreements with both of these depositories.

13) **Share Transfer System**

The share transfer/s is normally effected within a period of 15-20 days from the date of receipt, provided the documents being complete in all respects. The Company has formed Share Transfer Committee of directors, which meets atleast once in a fortnight for effecting transfer of shares and other related matters.

14) **Distribution of Shareholding as on 31.03.2007**

Nominal value of shares (Rs.)	No. of Shareholders	No. of Shares
Upto 5,000	5613	840975
5,001 – 10,000	70	107100
10,001 – 20,000	35	105020
20,001 – 30,000	9	44809
30,001 – 40,000	5	34023
40,001 – 50,000	4	32656
50,001 – 1,00,000	8	131424
1,00,001 and above	28	4078993
TOTAL	5772	5375000

15) **Pattern of Shareholding as on 31.03.2007**

Sr. No.	Category	No. of Shares	(%)
1.	NRI	1,600	0.03
2.	Financial Institutions/ Banks	2,71,117	5.04
3.	Mutual Funds	275	0.01
4.	Promoters	31,37,980	58.38
5.	Body Corporate	1,53,042	2.85
6.	Others	18,10,986	33.69
Total		53,75,000	100.00

16) **Dematerialisation of Shares as on 31.03.2007**

As on 31st March, 2007, 30.36% of the Company's total shares representing 16,31,866 Shares were held in dematerialized form and the balance 69.64% representing 37,43,134 shares were in paper form.

The ISIN Number in NSDL and CDSL is "INE 469C01023".

17) **Locations**

The Company's Regd. Office is located at 11/2/3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi – 382 715, Dist. Mehsana and Ahmedabad office is located at 'Madhusudan House', Opp. Navrangpura Telephone Exchange, Ahmedabad-380 006.

18) **Address for Correspondence**

The Company's Registered Office is situated at 11-2-3, GIDC Industrial Estate, Near Jai Bhavani Glass Works, Kadi-382 715, Dist. Mehsana. Shareholders' correspondence should be addressed either to the Registered Office of the Company as stated above and / or to the Ahmedabad Office of the Company at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006 or to the Registrar and Share Transfer Agent, M/s. MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.

AUDITOR'S CERTIFICATE

To,

The Members of Madhusudan Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by **Madhusudan Industries Limited**, for the year ended 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 no investor grievances were pending for a period of one month against the company as per the records maintained by the Shareholders'/ Investor's Grievance 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 and on Behalf of

H. V. Vasa & Co.

Chartered Accountants

Tushar H. Vasa

Proprietor

Ahmedabad
28th June, 2007

Annual Report 2006-2007**Auditors' Report to the Members of Madhusudan Industries Limited****To the Members of Madhusudan Industries Limited**

1. We have audited the attached Balance Sheet of **Madhusudan Industries Limited** as at 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, 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 a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, 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.

(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 with the 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 account.

(d) In our opinion, the Balance Sheet, the 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 representation received from the Directors as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India:

(i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007; and

(ii) in the case of Profit and Loss Account, of the Profit of the Company for the year on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For H. V. Vasa & Co.
Chartered Accountants

(Tushar H. Vasa)

Proprietor

Membership No. 16831

Place : Ahmedabad
Date : 28th June, 2007

Annexure referred to in paragraph 3 of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information, other than furniture and fixtures.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in a phase periodical Manner, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

(c) The company has sold its Land, Buildings, Plant and Machineries, other fixed assets including its Nimbahera Unit. The company has also scrapped and discarded assets which is duly accounted and recorded in fixed assets register.

ii. In respect of inventories:

(a) As explained to us, inventories have been physically verified by the management at reasonable regular intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification.

iii. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies act. 1956:

a. The Company has granted loans to 6 parties aggregating to Rs. 399.50 lacs and taken loans from 2 parties aggregating to Rs. 12.00 lacs during the year.

b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.

c. In respect of loans granted by the Company to three parties, the amount has been repaid during the year. In respect of loans taken by the Company, the interest payments are regular and the principal amount is repayable on demand.