

**ANNUAL REPORT
2008-2009**

Report



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For, Madhusudan Industries Ltd.

Thomas Koshy
Asst. General Manager-Corp. Admn.



Madhusudan
Industries Limited

Annual Report 2008-2009

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

Rakhial Station - 382 315
Taluka - Dehgam,
Dist. Gandhinagar, Gujarat.

Ahmedabad Office

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

Registrar & Share Transfer Agent

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

Contents	Page No.
Notice	1
Director's Report	2
Corporate Governance Report	5
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules 1 to 17	12
Cash Flow Statement	23
General Business Profile	24
Consolidated Accounts	25
Annual Report - Madhusudan Fiscal Ltd.	40

**Annual General Meeting at 11.30 a.m. on Thursday,
the 24th day of September, 2009 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 24th day of September, 2009 at the Registered Office of the Company at Rakhial Station, Taluka Dehgam, District Gandhinagar - 382 315, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2009 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

Regd. Office :
Rakhial Station - 382 315
Taluka - Dehgam,
Dist. Gandhinagar.
17th August, 2009

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, 2009 to 24th September, 2009 (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 up to the financial year 2000-01 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 Limited Madhusudan Holdings Ltd	—
Chairman / Member of the Committees of the Board of other Companies	—	—
Shareholding in the Company	250	—

Annual Report 2008-2009**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 2009.

Performance

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

	Year ended March 31, 2009 (Rs. in lacs)	Year ended March 31, 2008 (Rs. in lacs)
Profit before Depreciation and Taxes	(-) 122.58	30.69
Deducting therefrom Depreciation	14.36	4.30
Profit / Loss before tax	(-) 136.94	26.39
Deducting therefrom taxes of:		
- Current Tax	—	—
- Deferred Tax	—	—
- Fringe Benefit Tax	1.20	0.63
Profit after tax	(-) 138.14	25.76
Add: Balance brought forward from previous year	(-) 804.68	(-) 830.44
Amount available for Appropriations	(-) 942.82	(-) 804.68
The proposed appropriations are :		
1. Proposed Dividend	—	—
2. Tax on proposed Dividend	—	—
3. Debenture Redemption Reserve	—	—
4. Balance carried forward	(-) 942.82	(-) 804.68
	(-) 942.82	(-) 804.68

Horticulture Division

The Company's maiden venture into horticulture has been successful and in many ways a landmark event in the region. The Company successfully commissioned the pilot project of three green houses, spread over nearly 2.2 acres and have started growing and marketing Gerbera Flowers, Dutch Roses and coloured Capsicum. Sales of Gerbera and coloured Capsicum started in December, 2008, while Dutch Roses sales commenced in February, 2009. Our turnover in Horticulture during the year 2008-09 (four months) has been 8.85 lakhs. Considering that this was a pilot project and the fact that the project has been accomplished in an industrial land, which virtually considered a waste land, the Company has reasons to be satisfied with the progress of the project so far. The Company has received a subsidy of Rs.14.63 lakhs from the National Horticulture Board for the project.

All the stakeholders would be happy to know that our efforts have been recognised by the officials of National Horticulture Board as well as Gujarat State Horticulture Board. Especially our efforts at Rain Water Harvesting, using existing facilities, have been widely appreciated. The Company hosted a Horticulture Seminar-cum-Exhibition for the Gujarat Horticulture department in February, 2009. The 'state of the art' infrastructure was appreciated by all and the Company's flowers won prizes in State wide competition organised by the department.

The Company has requested Government of Gujarat for acquiring additional land. The efforts are continuing and the Company is hopeful that the Company would be able to obtain land from the Gujarat Government.

Trading Division

During the year, the Company gradually quit trading operations in Vanaspati. The turnover of Vanaspati was Rs.12.03 crores (2180 MT). The Company has decided to completely quit trading operations of Vanaspati. This will enable the Company to focus on the newly identified thrust areas.

Management Discussion and Analysis Report**a) Industry structure and development**

The Company has successfully forayed into Horticulture, and has started doing pioneering work in the field. Since the Company aspires to become a prominent player in the Horticulture business, the Company has decided to quit the Vanaspati operations. The Government of India has come out with progressive policies for encouraging Horticulture and the Company would perform better in the days ahead, taking advantage of the changing environment.

b) Opportunities and threat

Agro industries in general and Horticulture in particular is considered a sunshine sector and has a bright future. Your Company would take advantage of being one of the first to venture into this area in the region. The Company has maintained its erstwhile infrastructural godowns, which has been leased out to Gujarat Government fetching a monthly income of Rs.1.67 lakhs. The availability of warehouses, on a Rail Head, with an official Entry Gate to Rakhial Railway Station, will also open up newer opportunities, especially in view of the progressive policies of the Central Government. The threat stems from the fact that your Company has not yet been able to acquire additional land for the planned expansion from Government of Gujarat and may need to acquire it directly at market price.

c) Segment-wise/Product-wise performance

The Company has performed reasonably well in Horticulture considering that this was the first year of operation. The Company has finally decided to quit trading operations of vanaspati and hence the performance was adversely impacted as a prelude to quitting the business.



Madhusudan
Industries Limited

d) Outlook

The future of the Company is bright. The Company hopes to perform better in the coming months, as the Horticulture project has proved successful. The Company will focus more in retail sales of flower with value addition to increase realisation. The potential in warehousing and establishment of cold chain storage also offers immense potential for future. The Company also sees great potential in the field of Renewable Sources of Energy and may venture into generation of Solar Energy.

e) Risks and concerns

The Horticulture project is vulnerable to various environmental factors and hence the plantations needs to be nurtured very carefully. The project also needs a larger scale of operation, for which the Company is trying to acquire additional land.

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

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, 2009 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 annexed to this report.

Exchequer

The Company has contributed Rs.23.38 lacs to the exchequer by way of Excise Duty, Customs duty, Income tax, VAT and other fiscal levies.

Fixed Deposits

Fixed Deposits from the Public, outstanding as on 31st March 2009 was Rs.261.01 lacs. There are Twenty Three Fixed Deposit holders with Rs.4.20 lacs of unclaimed / unrenewed deposits as on 31st March 2009. 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. 383.91 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 obtained credit facilities from Bank of Baroda.

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 Shree Narayan Mohata and Shri Bhagwan Das Sharma, directors are due to retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. 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, are 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.

Annual Report 2008-2009**Industrial Relations**

The Company's relations with its employees remained 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 Bank of Baroda and various departments of both State and Central Governments.

For and on behalf of the Board of Directors,

Sanwarmal Agarwal

Rajesh B. Shah

Directors

Ahmedabad

29th June, 2009

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, 2009.

Conservation of Energy

Form - A : 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, 2009
 - (i) Number of Shares in Subsidiary held by Madhusudan Industries Limited on 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 Loss of Madhusudan Fiscal Limited for the year ended 31st March, 2009. : Rs.5,403/-
5. The loss for previous Financial Years since it became the Company's subsidiary. : Rs.66,93,914/-
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
29th June, 2009

Rajesh B. Shah
Sanwarmal D. Agarwal

Director
Director

Ahmedabad
29th June, 2009



Madhusudan
Industries Limited

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 21.05.2008, 06.06.2008, 31.07.2008, 24.10.2008, 29.01.2009 and 05.03.2009.

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 Meetings attended	Attendance at last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri R. B. Shah	Non-Executive Director	6	YES	3	-
2.	Shri Bhagwan Das Sharma	Non-Executive Director	-	NO	-	-
3.	Shri Shree Narayan Mohata	Non-Executive Director	-	NO	2	-
4.	Shri S. M. Agarwal	Non-Executive Director	6	YES	-	-

Code of Conduct

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

CEO / CFO Certification

As per clause 49 of Listing agreement with Stock Exchange, the Company has not appointed CEO / CFO.

Whistle Blower Policy

The Company has not implemented a whistle-Blower policy.

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 – 06.06.2008, 31.07.2008, 24.10.2008 and 29.01.2009.

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 31.03.2009

(i) Whole-time 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. Due to inadequate profit for the year ended 31.03.2009 no commission was paid to the Non-Executive Directors. The details of remuneration paid to them during the year are as under:

Name	Sitting Fees (Rs.)
Shri R. B. Shah	12,000
Shri Bhagwan Das Sharma	---
Shri Shree Narayan Mohata	---
Shri S. M. Agarwal	12,000
Total	24,000

(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	250	0.00
Shri S. M. Agarwal	NIL	NIL

Annual Report 2008-2009

7) Share Transfer Committee

In accordance with the Listing Agreement with the Stock Exchange, 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 31.03.2009, the Company had received 14 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2009, 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 31.03.2009, 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 06.06.2008.

9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2008	31.07.2008	11.30 a.m.	11/2/3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi-382 715, District Mehsana.
31.03.2007	27.09.2007	11.30 a.m.	11/2/3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi-382 715, District Mehsana.
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.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, special resolutions for Shifting of registered office of the company, alteration of object clause of Memorandum of association of the Company and commencement of new business were approved through postal ballot by the shareholders effective from 31.07.2008.

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

10) Disclosures

1. 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.
2. There were no instances of non-compliance of any matter related to the capital market, during the last three years.

11) Means of Communication

1. 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/Economic Times. The annual results (annual reports) are posted to all the members of the Company.
2. Management's Discussion & Analysis forms part of this annual report, which is also being posted to all the members of the Company.
3. The official news releases, if any, are given directly to the press.
4. 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 : 24th September, 2009: 11.30

Venue : Rakhial Station, Taluka – Dehgam, Dist. Gandhinagar, Pin – 382315.

2. Financial Calendar 2009-10 (tentative) :

Annual General Meeting : 3rd / 4th week of September, 2010

Results for quarter ending : By last week of

June 30, 2009 : July, 2009

September 30, 2009 : October, 2009

December 31, 2009 : January, 2010

Results for year ending : 3rd / 4th week of June 2010

March 31, 2010 (Audited)

3. Book Closure date : 16th September, 2009 to 24th September, 2009 (both days inclusive)

4. Dividend payment by the Company:

In view of Net loss no dividend is recommended by the Board of Directors for the year ended 31.03.2009.

5. Listing on Stock Exchanges

The Company's shares are listed at Bombay Stock Exchange Limited and company has paid listing fees for the year 2008-09 and 2009-10 to Bombay Stock Exchange Limited.

The Shares of the Company are voluntarily de-listed from The Calcutta Stock Exchange Association Ltd. w.e.f. 27-01-2009 under SEBI (delisting of Securities) Guidelines, 2003.

Stock Code:

The Stock Exchange, Mumbai: 515059.



Madhusudan
Industries Limited

6. Share price on Bombay Stock Exchange Ltd.

Month	High (Rs.)	Low (Rs.)
April 2008	10.39	8.92
May 2008	10.16	8.07
June 2008	10.54	8.66
July 2008	9.47	7.69
August 2008	10.97	7.77
September 2008	10.44	9.00
October 2008	9.65	8.36
November 2008	8.60	6.96
December 2008	7.30	6.94
January 2009	7.35	6.25
February 2009	7.04	6.36
March 2009	7.24	6.04

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 31.03.2009

Shares	No. of Shareholders	Total No. of Shares
1-500	5331	700752
501 - 1000	141	115703
1001 - 2000	67	101228
2001 - 3000	25	65197
3001 - 4000	11	39558
4001 - 5000	9	43604
5001 - 10,000	14	100383
10,001 - 50,000	17	483280
50001-1,00,000	6	467048
And Above	10	3258247
Total	5631	5375000

15) Pattern of Shareholding as on 31.03.2009

Sr. No.	Category	No. of Shares	(%)
1.	NRI	1,346	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	2,88,348	5.36
6.	Others	16,75,934	31.13
	Total	53,75,000	100.00

16) Dematerialisation of Shares as on 31.03.2009

As on 31st March, 2009, 31.48% of the Company's total shares representing 16,91,857 Shares were held in dematerialized form and the balance 68.52% representing 36,83,143 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 Rakhaial Station, Taluka Dehgam, Dist. Gandhinagar, Pin - 382315 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 Rakhaial Station, Taluka Dehgam, Dist. Gandhinagar, Pin - 382315. 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, 2009 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

Ahmedabad
29th June, 2009

Tushar H. Vasa
Proprietor
Membership No. 16831

Annual Report 2008-2009**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 2009, 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 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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, 2009;

(ii) in the case of Profit and Loss Account, of the loss 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 : 29th June, 2009

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) In our opinion, there was no substantial disposal of fixed assets during the year which would affect the going concern of the company.
- 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 had taken unsecured loans aggregating to Rs. 46.60 lacs from one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 46.60 lacs and at the year end balance of loans taken from such company was Rs. 45.00 lacs.
 - 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. The Company had granted loans aggregating to Rs. 85.00 lacs to one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 85.00 lacs and at the year end balance of loans outstanding from such company was Rs. 0.90 lacs.