

ANNUAL REPORT
2010-11



Madhusudan
Industries Limited

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, 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 Saturday,
the 17th day of September, 2011 at the Registered Office.**

N o t i c e

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 Saturday, the 17th day of September, 2011 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, 2011 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.
27th May, 2011

B. K. Patodia
Company Secretary

N O T E S

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 5th September, 2011 to 17th September, 2011 (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 2002-03 have been transferred to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956.
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	250	—

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, 2011.

Performance

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

	Year ended March 31, 2011 (Rs. in lacs)	Year ended March 31, 2010 (Rs. in lacs)
Profit before Depreciation and Taxes	66.85	33.95
Deducting therefrom Depreciation	23.05	24.36
Profit / Loss before tax	43.80	9.59
Deducting therefrom taxes of:		
- Current Tax	—	—
- Deferred Tax	—	—
Profit after tax	43.80	9.59
Add: Balance brought forward from previous year	(-)933.23	(-) 942.82
Amount available for Appropriations	(-)889.43	(-) 933.23
The proposed appropriations are :		
1. Proposed Dividend	—	—
2. Tax on proposed Dividend	—	—
3. Debenture Redemption Reserve	—	—
4. Balance carried to Balance Sheet	(-)889.43	(-) 933.23
Total	(-)889.43	(-) 933.23

Review of Company's Performance

The Company's turnaround story continued during the year under review. A number of favourable orders were received in the ongoing litigations. This has enabled the Company to look ahead at future with renewed vigour and hope. Consequently, the Company decided to scale down its horticulture operations. The Company also looked at option of renting out its godowns/offices to other agencies in addition to the Government agencies like the Cotton Corporation of India. This resulted in increase of rental income from Rs.48.86 lac to Rs.73.49 lac during the year. The rental income is likely to be a steady source of revenue in the foreseeable future.

Having scaled down horticulture operations, the Company has gone in for open field plantation of nearly six hundred Teak Saplings in its premises. The Saplings are growing well and are likely to survive the harsh summer months of June-July 2011.

The Company now looks forward to make a mark in logistics sector apart from aspiring to revert back to a manufacturing activity in future.

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

The Company always had an industrial infrastructure & its venturing into horticulture was an interim measure, till resolution of many pending litigations. Having been successful in resolution of most pending issues, the Company will capitalise on its infrastructure to revert back to a suitable manufacturing activity. The Company has already initiated action to identify suitable products which can be taken up for manufacturing. The Company has tentatively identified Logistics & Packaging materials as its areas of interest.

b) Opportunities and threats

The Company's experience of the last few years in horticulture field would enable it to ensure success of the Teak plantation in its open areas, brought under cultivation. The threat stem from the fact that the Company could not retain its senior horticulture staff. For the Teak plantation, the Company would bank on consultants as well as local talents and the past experience gained. The rental income would remain steady and is likely to increase in days to come due to fillip in transportation & logistic sector. The imminent conversion of MG Railway line to BG will also offer significant opportunities for the company, especially with the company having its own Railway gate.

c) Segment-wise/Product-wise performance

The Company's overall performance has been good. While the turnover from horticulture division decreased from Rs.41.21 lacs to Rs.27.17 lacs, the overall profit increased from Rs.9.59 lacs to Rs.43.80 lacs. This was mainly due to increased rental income and reduced expenditure.

d) Outlook

The future of the Company remains bright. The Company is considering plans to diversify into manufacturing and logistics to earn higher revenues. The Company is on the look out to diversify into newer areas to capitalise on its past track record and performance.

e) Risks and concerns

There would be some impact on the bottom line while liquidating the horticulture assets. The company has a proven track record of more than six decades to venture into new areas identified.

f) Internal control system and their adequacy

The Company has 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 Exchange, 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, 2011 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

Your Directors have not recommended any dividend, as consolidation and restructuring process is underway.

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.7.51 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 2011 was Rs.166.90 lacs. There are Forty Two Fixed Deposit holders with Rs.22.96 lacs of unclaimed / unrenewed deposits as on 31st March 2011. 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.402.59 lacs.

Subsidiary Company

There is one Subsidiary Company as on 31st March, 2011 viz. Madhusudan Fiscal Ltd. The financial details of the subsidiary company as well as the extent of holdings therein are provided as Annexure to this Annual Report.

The Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dated 8th February, 2011, granted general exemption for not attaching the annual accounts of the subsidiary company with the annual accounts of holding company.

Pursuant to the said Circular, the Board of Directors of your Company in their meeting held on 27th May, 2011 has given their consent, for not attaching the Annual Accounts of the Subsidiary Company with that of the Holding Company. Accordingly, Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the Subsidiary Company and other documents required to be attached under section 212(1) of the Act to the Balance Sheet of the Company, shall not be attached. However, these documents shall be made available upon request by any member of the Company interested in obtaining the same and shall also be kept for inspection at the Registered Office of your Company and that of Subsidiary Company concerned. Further, the financial data of the Subsidiary Company has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of this Annual Report.

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. 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 Exchange, 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.

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.

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.

Ahmedabad
27th May, 2011

For and on behalf of the Board of Directors,

Rajesh B. Shah
Sanwarmal Agarwal
Directors

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, 2011.

A. Conservation of Energy

Form - A : Nil

B. Technology Absorption

Form B : Nil

C. 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 and General Circular No. 2/2011 dated 08.02.2011 of Ministry of Corporate Affairs, Govt. of India. (For the year ended 31-03-2011)

1. Name of the Subsidiary	: Madhusudan Fiscal Limited
2. Financial year of the Subsidiary Company ended on	: 31st March, 2011
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 Profit of Madhusudan Fiscal Limited for the year ended 31st March, 2011. (Net of Deferred Tax Assets / Liability) and transfer to Statutory Reserve under RBI Act.	: Rs.69,956/-
5. The loss for previous Financial Years since it became the Company's subsidiary.	: Rs.65,94,269/-
6. No adjustment has been made in the books of Madhusudan Industries Ltd. in respect of the said loss of Madhusudan Fiscal Limited.	
7. Paid-up Share Capital	: Rs. 1,29,00,000
8. Reserves	: Rs. 3,36,765
9. Total Assets	: Rs. 1,32,36,765
10. Total Liabilities	: Rs. 1,32,36,765
11. Investments (other than in Subsidiaries)	: Rs. 72,081
12. Turnover	: Rs. 1,52,918
13. Profit (Loss) before taxation	: Rs. 87,445
14. Provision for taxation	: Rs. ---
15. Profit (Loss) after taxation	: Rs. 87,445
16. Proposed Dividend	: Rs. ---

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

Rajesh B. Shah
Sanwarmal D. Agarwal

Ahmedabad
27th May, 2011

Director
Director

Annexure to the Directors' Report

CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement of the Bombay Stock Exchange Ltd.,)

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, 4 Board Meetings were held – on 27.05.2010, 10.08.2010, 28.10.2010, and 08.02.2011.

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. Name of No. Director	Category of Directorship	No. of Board Meetings attended	At last AGM	No. of directorships	No. of Other Committee Memberships
1. Shri Rajesh B. Shah	Non-Executive Director	4	YES	3	-
2. Shri Bhagwan Das Sharma	Non-Executive Director	-	NO	-	-
3. Shri Shree Narayan Mohata	Non-Executive Director	-	NO	2	-
4. Shri Sanwermal Agarwal	Non-Executive Director	4	YES	-	-

Code of Conduct

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

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 – 27.05.2010, 10.08.2010, 28.10.2010 and 08.02.2011.

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.

4) Remuneration Committee

The Remuneration Committee consists of Shri Rajesh B. Shah – Chairman, Shri Bhagwan Das Sharma, Shri Shree Narayan 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 Executive / 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 31.03.2011

(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 31.03.2011 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 Rajesh B. Shah	8,000
Shri Bhagwan Das Sharma	0
Shri Shree Narayan Mohata	0
Shri S. M. Agarwal	8,000
Total	16,000

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Rajesh B. Shah	0	0.00
Shri Bhagwan Das Sharma	0	0.00
Shri Shree Narayan Mohata	250	0.00
Shri S. M. Agarwal	200	0.00

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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 Bhagwan Das Sharma, Shri Shree Narayan 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 Rajesh 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' / Investors' Grievance Committee for final settlement.

During the year, ended 31.03.2011, the Company had received 35 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2011, 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 31.03.2011, 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 27.05.2010.

9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2010	27.09.2010	11.30 a.m.	Rakhial Station, Tal : Dehgam, Dist. Gandhinagar, PIN:382315
31.03.2009	24.09.2009	11.30 a.m.	Rakhial Station, Tal : Dehgam, Dist. Gandhinagar, PIN:382315
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.

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.
- As per the amended Clause 5A of the Listing Agreement executed with Stock Exchange, the Company has no unclaimed shares, as the Company has not offered/issued any shares to the Public since 1993.

11) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Indian Express and a local language newspaper viz. Jai Hind / 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 submits its financial results, shareholding pattern and other information to the Bombay Stock Exchange Limited. These information are also uploaded by the Bombay Stock Exchange Ltd., on its website <http://www.bseindia.com>.

12) General Shareholder Information

1. Annual General Meeting :

Date and Time : 17.09.2011: 11.30 a.m.
Venue : Rakhial Station,
Taluka – Dehgam,
Dist. Gandhinagar, Pin – 382315.

2. Financial Calendar 2011-12 (tentative) :

Annual General Meeting	3rd / 4th week of September, 2012
Results for quarter ending	By 15th day of
June 30, 2011	August, 2011
September 30, 2011	November, 2011
December 31, 2011	February, 2012
Results for year ending	By 30th May, 2012
March 31, 2012 (Audited)	

3. Book Closure date 05.09.2011 to 17.09.2011

4. Dividend payment by the Company:

In view of insufficient profit and accumulated losses of previous years, no dividend is recommended by the Board of Directors for the year ended 31.03.2011.

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 2010-11 and 2011-12 to Bombay Stock Exchange Limited.

Stock Code:

Bombay Stock Exchange Ltd., Mumbai: 515059.

6. Share price on Bombay Stock Exchange Ltd.

Month	High (Rs.)	Low (Rs.)
April 2010	9.70	6.60
May 2010	8.79	6.62
June 2010	7.42	6.18
July 2010	8.41	5.86
August 2010	9.90	7.40
September 2010	10.75	7.40
October 2010	7.77	7.03
November 2010	9.31	6.81
December 2010	7.19	6.00
January 2011	9.93	6.35
February 2011	11.20	8.88
March 2011	11.32	9.32

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 31.03.2011

Shares	No. of Shareholders	Total No. of Shares
1-500	5187	675184
501 – 1000	133	108334
1001 – 2000	65	100515
2001 – 3000	17	43384
3001 – 4000	10	35320
4001 – 5000	8	37841
5001 – 10,000	16	117963
10,001 – 50,000	21	531364
50001-1,00,000	6	466848
1,00,000 And Above	10	3258247
Total	5473	5375000

15) Pattern of Shareholding as on 31.03.2011.

Sr. No.	Category	No. of Shares	(%)
1.	NRI	4443	0.08
2.	Financial Institutions/ Banks	271117	5.04
3.	Mutual Funds	275	0.01
4.	Promoters	3137980	58.38
5.	Body Corporate	232049	4.32
6.	Others	1729136	32.17
Total		5375000	100.00

16) Dematerialisation of Shares as on 31.03.2011

As on 31st March 2011, 31.99% of the Company's total shares representing 17,19,437 Shares were held in dematerialized form and the balance 68.01% representing 36,55,563 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, MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.

AUDITORS' 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, 2011 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
Firm Registration No. 131054W

Ahmedabad
27th May, 2011

Tushar H. Vasa
Proprietor
Membership No. 16831

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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, 2011, 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 2011;

- (ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended 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
Firm Registration No. 131054W

(Tushar H. Vasa)

Place : Ahmedabad
Date : 27th May, 2011

Proprietor
Membership No. 16831

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. 210.00 lacs from two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 210.00 lacs and at the year end balance of loans taken from such companies were 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 receipts of principal amounts and interest have been regular as per stipulations.
 - d. There were no overdue amounts remaining outstanding as at the year end.
 - e. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.