

**ANNUAL REPORT**  
**2009-2010**



**Madhusudan**  
Industries Limited

## ***Annual Report 2009-2010***

---

### **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.

<b>Contents</b>	<b>Page No.</b>
Notice	1
Directors' 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 Monday,  
the 27th day of September, 2010 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 Monday, the 27<sup>th</sup> day of September, 2010 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 31<sup>st</sup> March, 2010 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri Sanwar Mal Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Rajesh B. Shah, 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.  
9<sup>th</sup> August, 2010

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 9<sup>th</sup> September, 2010 to 16<sup>th</sup> September, 2010 (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 2001-02 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	<b>Shri Sanwar Mal Agarwal</b>	<b>Shri Rajesh B. Shah</b>
Date of Birth	11.07.1953	11.11.1958
Date of appointment	07.08.2006	07.08.2006
Expertise in specified Functional areas	Commercial	Finance
List of other Directorships held	Gujarat Soaps Pvt. Ltd.	Madhusudan Fiscal Ltd. Madhusudan Cybernetic Pvt. Ltd. Goodluck Ceramics Pvt. Ltd.
Chairman / Member of the Committees of the Board of other Companies	---	---
Shareholding in the Company	200	---

## Annual Report 2009-2010

### 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 31<sup>st</sup> March, 2010.

#### Performance

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

	Year ended March 31, 2010 (Rs. in lacs)	Year ended March 31, 2009 (Rs. in lacs)
Profit before Depreciation and Taxes	33.95	(-) 122.58
Deducting therefrom Depreciation	24.36	14.36
Profit / Loss before tax	9.59	(-) 136.94
Deducting therefrom taxes of:		
- Current Tax	—	—
- Deferred Tax	—	—
- Fringe Benefit Tax	—	1.20
Profit after tax	9.59	(-) 138.14
Add: Balance brought forward from previous year	(-) 942.82	(-) 804.68
Amount available for Appropriations	<u>(-) 933.23</u>	<u>(-) 942.82</u>
The proposed appropriations are :		
1. Proposed Dividend	—	—
2. Tax on proposed Dividend	—	—
3. Debenture Redemption Reserve	—	—
4. Balance carried to Balance Sheet	<u>(-) 933.23</u>	<u>(-) 942.82</u>
	<u>(-) 933.23</u>	<u>(-) 942.82</u>

#### Review of Company's Performance

The Company continued consolidation in the field of Horticulture by bringing additional 7200 sq. mtrs. of land under Net house cultivation, wherein soilless cultivation of colour Capsicum in growbags was undertaken. The Company brought additional area of nearly 3000 sq. mtrs. under open cultivation of Tube Rose. Further, Golden Rod plantation was carried out in 5600 sq. mtrs. on erstwhile waste land. With all these efforts the Company's income from Horticulture increased compared to the first year of operation. The Company has rented part of the premises and godowns which are not put to horticulture operations.

#### Management Discussion and Analysis Report

##### a) Industry structure and development

The Company has reasons to be satisfied with its performance in the field of Horticulture, especially as the venture has been undertaken in erstwhile industrial land, overcoming the inherent drawback of poor quality soil. The Company is focusing more and more on soilless cultivation and hydroponics. Hydroponics and soilless cultivation are especially suitable for growing medicinal plants as well as other crops free from any heavy metallic impurities. The Company is going to focus on growing vegetables in the days to come to generate more revenues.

##### b) Opportunities and threat

The future of agro industries and horticulture remains bright. The Company would gradually move towards growing vegetables and medicinal plants to earn higher revenues. The ready availability of infrastructure would permit the Company to get into processing and packing of agricultural products. However, the extreme weather conditions and poor quality of water continue to pose a threat, which has to be countered by use of R.O. Plant with resultant significant cost additions.

##### c) Segment-wise/Product-wise performance

The Company has performed satisfactorily in the Horticulture in its second year of operations. The turnover is Rs.41.21 lacs as against Rs.8.85 lacs last year.

##### d) Outlook

The future of the Company is bright. The Company is considering plans to diversify into medicinal plants and vegetables 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

The marketing of horticulture products is a challenging task, as apart from being a perishable commodity, the market is very volatile. The Company is leveraging on its past marketing experience to overcome these problems by exploring possibility of tying up with dedicated vendors and long term contracts.

##### 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, 2010 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.5.84 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 31<sup>st</sup> March 2010 was Rs.232.84 lacs. There are Forty Four Fixed Deposit holders with Rs.19.43 lacs of unclaimed / unrenewed deposits as on 31<sup>st</sup> March 2010. 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.387.32 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 Sanwarmal Agarwal and Shri Rajesh B. Shah, 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 Sanwarmal Agarwal and Shri Rajesh B. Shah, 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  
27<sup>th</sup> May, 2010

For and on behalf of the Board of Directors,  
**Rajesh B. Shah**  
**Sanwarmal D. 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 31<sup>st</sup> March 2010.

**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, 2010
  - (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 Profit of Madhusudan Fiscal Limited for the year ended 31st March, 2010. (Net of Deferred Tax Assets / Liability) : Rs.1,05,048/-
5. The loss for previous Financial Years since it became the Company's subsidiary. : Rs.66,99,317/-
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  
27<sup>th</sup> May, 2010

**Rajesh B. Shah**  
**Sanwamal D. Agarwal**

Ahmedabad  
27<sup>th</sup> May, 2010

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 29.06.2009, 30.07.2009, 30.10.2009, and 29.01.2010.

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. of Director	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance	No. of Other 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 Sanwarmal Agarwal	Non-Executive Director	4	YES	1	-

**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 Sanwarmal Agarwal. The Company Secretary is also Secretary to the Audit Committee. During the year under review, 4 (four) Committee Meetings were held on – 29.06.2009, 30.07.2009, 30.10.2009 and 29.01.2010.

**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 Sanwarmal 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 31.03.2010**

**(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 31.03.2010 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	---
Shri Shree Narayan Mohata	---
Shri Sanwarmal Agarwal	8,000
<b>Total</b>	<b>16,000</b>

**(iii) Shareholding of Non-Executive Directors**

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

## Annual Report 2009-2010

### 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 Sanwarmal 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 Sanwarmal 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 31.03.2010, the Company had received 16 complaints / queries from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2010, 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 31.03.2010, 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 29.06.2009.

### 9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
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.
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.

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 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 : 27.09.2010: 11.30 a.m.  
Venue : Rakhial Station, Taluka – Dehgam, Dist. Gandhinagar, Pin – 382315.

#### 2. Financial Calendar 2010-11 (tentative) :

Annual General Meeting	3rd / 4th week of September, 2011
Results for quarter ending	By 15th day of
June 30, 2010	August, 2010
September 30, 2010	November, 2010
December 31, 2010	February, 2011
March 31, 2011 (Unaudited)	May, 2011
Results for year ending	By 30th May, 2011
March 31, 2011 (Audited)	

#### 3. Book Closure date

09.09.2010 to 16.09.2010 (both days inclusive)

#### 4. Dividend payment by the Company:

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

#### 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 2009-10 and 2010-11 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 2009	7.55	6.55
May 2009	6.90	5.62
June 2009	7.93	6.01
July 2009	6.90	4.81
August 2009	9.99	6.50
September 2009	9.30	8.90
October 2009	9.30	8.50
November 2009	9.28	7.65
December 2009	8.32	6.62
January 2010	7.82	6.20
February 2010	5.90	5.41
March 2010	8.09	5.22



## 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, 1<sup>st</sup> 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 31.03.2010

Shares	No. of Shareholders	Total No. of Shares
1-500	5,293	6,93,795
501 – 1000	141	1,15,993
1001 – 2000	64	98,718
2001 – 3000	23	57,363
3001 – 4000	11	39,665
4001 – 5000	7	32,899
5001 – 10,000	18	1,29,691
10,001 – 50,000	18	4,81,581
50001-1,00,000	6	4,67,048
And Above	10	32,58,247
<b>Total</b>	<b>5,591</b>	<b>53,75,000</b>

## 15) Pattern of Shareholding as on 31.03.2010

Sr. No.	Category	No. of Shares	(%)
1.	NRI	2,650	0.05
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	2,58,187	4.80
6.	Others	17,04,791	31.72
	<b>Total</b>	<b>53,75,000</b>	<b>100.00</b>

## 16) Dematerialisation of Shares as on 31.03.2010

As on 31<sup>st</sup> March 2010, 31.64% of the Company's total shares representing 17,00,887 Shares were held in dematerialized form and the balance 68.36% representing 36,74,113 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 Rakhial 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 Rakhial 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, 1<sup>st</sup> 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 31<sup>st</sup> March, 2010 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  
27<sup>th</sup> May, 2010

**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

## Annual Report 2009-2010

### 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 31<sup>st</sup> March 2010, 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 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010;

(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

**(Tushar H. Vasa)**

Proprietor

Membership No. 16831

Place : Ahmedabad

Date : 27<sup>th</sup> May, 2010

#### 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. 210.00 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.

- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, Sale of goods, fixed assets and scrap of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act transactions that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase and sale exceeding the value of Rupees five lacs entered into during the financial year.
- vi. In respect of the deposits, in our opinion and accordingly to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, The Central Government has not prescribed the maintenance of cost records for the Company under section 209(1)(d) of the Companies Act, 1956, in respect of business activities of the Company in previous year.
- ix. (a) The company has generally been regular in depositing undisputed dues of Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities.
- (b) There are no undisputed amounts outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date of becoming payable.
- (c) Dues relating to items as listed below which have not been deposited as on 31<sup>st</sup> March, 2010 on account of disputes with related authorities :

Sr. No.	Name of the Statute	Nature of the Dues	Forum where dispute is pending	Amount (Rs.) In Lacs
1	Gujarat Sales Tax Act	Sales-tax	Gujarat Sales Tax Tribunal	139.34
2	Central Excise Act	Central Excise Duty	CESTAT	97.76

- x. The Company has no accumulated losses at the end of the financial year. The Company had incurred cash loss in the immediately preceding financial year.
- xi. As per the books and records maintained by the company and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to Banks.
- xii. According to the information and explanations given to us and based on the documents and records produced, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- xvi. On the basis of the records examined by us and according to information and explanations given to us, in our opinion, term loan availed by the Company was, prima facie, applied by the company during the year for the purpose for which the loan was obtained.
- xvii. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have, prima facie, not been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The company did not have any outstanding debentures at the end of the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. Based upon the audit procedures performed and on the basis of information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For H. V. Vasa & Co.**  
Chartered Accountants

**(Tushar H. Vasa)**

Proprietor

Membership No. 16831

Place : Ahmedabad  
Date : 27<sup>th</sup> May, 2010

**Annual Report 2009-2010**

Balance Sheet as at 31st March, 2010

	Schedule	31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. Sources of Funds</b>					
1. Shareholders' Funds					
(a) Share Capital	1	2,68,75,000		2,68,75,000	
(b) Reserves & Surplus	2	8,52,35,348		8,42,76,412	
			11,21,10,348		11,11,51,412
2. Loan Funds :					
(a) Secured Loans	3	1,36,88,980		2,65,81,796	
(b) Unsecured Loans	4	5,02,66,346		3,45,98,829	
			6,39,55,326		6,11,80,625
Total			17,60,65,674		17,23,32,037
<b>II. Application of Funds</b>					
1. Fixed Assets :	5				
(a) Gross Block		3,67,81,534		3,38,64,924	
(b) Less : Depreciation		1,53,57,310		1,30,47,979	
(c) Net Block		2,14,24,224		2,08,16,945	
(d) Capital Work-in-progress		---		---	
			2,14,24,224		2,08,16,945
2. Investments	6		1,37,09,056		1,37,84,056
3. Current Assets, Loans & Advances					
(a) Inventories	7	6,77,033		32,58,938	
(b) Sundry Debtors	8	1,97,92,546		2,06,70,598	
(c) Cash & Bank Balances	9	69,87,777		74,14,059	
(d) Other Current Assets :					
Interest accrued on deposits		1,30,42,445		1,03,40,073	
(e) Loans & Advances	10	11,67,72,828		10,94,22,668	
		15,72,72,629		15,11,06,336	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	1,10,05,360		80,79,675	
(b) Provisions	12	53,50,125		53,50,125	
		1,63,55,485		1,34,29,800	
			14,09,17,144		13,76,76,536
4. Miscellaneous Expenditure			15,250		54,500
(To the extent not written off or adjusted)					
Total			17,60,65,674		17,23,32,037
Notes forming part of the Accounts	17				

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

**Rajesh B. Shah**

Director

**Sanwarmal D. Agarwal**

Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010



Profit and Loss Account for the year ended 31st March, 2010

		2009-2010		2008-2009	
	Schedule	Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Sales		<b>93,27,815</b>		12,23,31,831	
Less : Excise Duty		---		---	
Net Sales		<u><b>93,27,815</b></u>		<u>12,23,31,831</u>	
Other Income	13	<u><b>1,76,88,477</b></u>		<u>1,10,22,566</u>	
			<b>2,70,16,292</b>		13,33,54,397
Increase (Decrease) in Finished Goods and Work-in-process	14		<u><b>-25,20,446</b></u>		<u>-35,90,365</u>
			<u><b>2,44,95,846</b></u>		<u>12,97,64,032</u>
<b>Expenditure</b>					
Purchases (Trading)			<b>30,61,810</b>		12,07,33,109
Payments to and provision for Employees	15		<b>52,65,167</b>		47,91,224
Other Expenses	16		<b>63,53,879</b>		1,14,02,637
Interest :					
on Term Loans		<b>8,15,213</b>		5,82,132	
on Others		<u><b>56,04,855</b></u>		<u>45,13,373</u>	
			<b>64,20,068</b>		50,95,505
Depreciation			<u><b>24,35,986</b></u>		<u>14,35,924</u>
Total Expenditure			<u><b>2,35,36,910</b></u>		<u>14,34,58,399</u>
<b>Profit for the year before Taxation</b>			<b>9,58,936</b>		-1,36,94,367
Provision for taxation					
- Current Tax			---		---
- Deferred Tax			---		---
- Fringe Benefit Tax			---		<u>1,20,000</u>
<b>Profit after Taxation</b>			<b>9,58,936</b>		-1,38,14,367
Add : Surplus of Loss / Profit brought forward from previous year			<u><b>-9,42,81,799</b></u>		<u>-8,04,67,432</u>
Balance carried to Balance Sheet			<u><u><b>-9,33,22,863</b></u></u>		<u><u>-9,42,81,799</u></u>
Notes forming part of the Accounts	17				
No. of Equity Shares (Face Value Rs. 5/- each)			<b>53,75,000</b>		53,75,000
Basic and diluted earning after extra ordinary item per share (in Rs.)			<b>0.18</b>		-2.57
Basic and diluted earning before extra ordinary item per share (in Rs.)			<b>0.18</b>		-2.57

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**  
Chartered Accountants

**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010

## Annual Report 2009-2010

Schedules 1 to 17 Annexed to And Forming Part of The Accounts As At 31st March, 2010

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
<b>1. Share Capital</b>				
<b>Authorised</b>				
2,60,00,000 (2,60,00,000) Equity shares of Rs. 5/- each		<b>13,00,00,000</b>		13,00,00,000
Total		<u><b>13,00,00,000</b></u>		<u>13,00,00,000</u>
<b>Issued, Subscribed &amp; Paid Up</b>				
53,75,000 (53,75,000) Equity shares of Rs. 5/- each fully paid		<b>2,68,75,000</b>		2,68,75,000
i) Of the above				
15,00,000 Equity Shares allotted as fully paid				
Bonus Shares by capitalisation of General Reserve.				
ii) See note - 2 Schedule 17				
Total		<u><b>2,68,75,000</b></u>		<u>2,68,75,000</u>
<b>2. Reserves and Surplus</b>				
1. Capital Reserve				
Subsidy from Government		<b>14,63,400</b>		14,63,400
2. General Reserve				
As per last Balance Sheet		<b>17,70,94,811</b>		17,70,94,811
3. Profit and Loss Account		<b>-9,33,22,863</b>		-9,42,81,799
Total		<u><b>8,52,35,348</b></u>		<u>8,42,76,412</u>
<b>3. Secured Loans</b>				
From a Bank				
i) Cash Credit : (See note 1)		<b>54,55,544</b>		1,68,11,430
ii) Term Loan (See note 2)		<b>82,33,436</b>		97,70,366
Total		<u><b>1,36,88,980</b></u>		<u>2,65,81,796</u>
<b>Notes :</b>				
1. Cash Credit facilities are secured by hypothecation of Stocks, Book Debts, all movable assets and by mortgage of fixed assets of the company situated at Village Rakhial, Dehgam, Gujarat and guarantee of two directors.				
2. Term Loan from a bank is secured by land of the company situated at Village Sagdalpur, Dehgam, Gujarat.				
<b>4. Unsecured Loans</b>				
Fixed Deposits	<b>2,32,84,000</b>		2,61,01,000	
Interest Accrued and Due	<b>3,74,061</b>		3,94,136	
		<b>2,36,58,061</b>		2,64,95,136
Inter Corporate loan from Subsidiary Company		<b>45,00,037</b>		45,00,037
Inter Corporate Deposits		<b>2,21,08,248</b>		36,03,656
Total		<u><b>5,02,66,346</b></u>		<u>3,45,98,829</u>



**5. Fixed Assets**

Sr. No.	Name of Assets	Gross Block				Depreciation				Net Block	
		As at 1-4-2009	Additions	Deduction/ Adjustments	As on 31-3-2010	Upto 2009-10	For the year 2009-10	Deductions/ Adjustments	Upto 31-3-2010	As on 31-3-2010	As on 31-3-2009
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	Land - Free hold	844888	---	---	<b>844888</b>	---	---	---	---	<b>844888</b>	844888
B.	Buildings	21132020	2152923	---	<b>23284943</b>	7693561	1255406	---	<b>8948967</b>	<b>14335976</b>	13438459
C.	Plant & Machinery	5300861	656581	204546	<b>5752896</b>	430351	732979	84527	<b>1078803</b>	<b>4674093</b>	4870510
	Electric Plant & Installation	113188	---	---	<b>113188</b>	106429	856	---	<b>107285</b>	<b>5903</b>	6759
	Laboratory Equipments	538827	---	---	<b>538827</b>	495984	11919	---	<b>507903</b>	<b>30924</b>	42843
	Weighing Machinery	387654	---	---	<b>387654</b>	220081	23309	---	<b>243390</b>	<b>144264</b>	167573
D.	Furniture, Fixtures and Equipments	4467120	56844	9390	<b>4514574</b>	3487927	217376	7610	<b>3697693</b>	<b>816881</b>	979193
E.	Vehicles	1080366	302800	38602	<b>1344564</b>	613646	194141	34518	<b>773269</b>	<b>571295</b>	466720
	<b>Total</b>	<b>33864924</b>	<b>3169148</b>	<b>252538</b>	<b>36781534</b>	<b>13047979</b>	<b>2435986</b>	<b>126655</b>	<b>15357310</b>	<b>21424224</b>	<b>20816945</b>
	<b>Previous Year</b>	<b>18091022</b>	<b>16115153</b>	<b>341251</b>	<b>33864924</b>	<b>11922396</b>	<b>1435924</b>	<b>310341</b>	<b>13047979</b>	<b>20816945</b>	

**Annual Report 2009-2010**

		31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>6.</b>	<b>Investments (At Cost)</b>				
A.	Government Securities : (Unquoted) (Deposited with Government Departments) National Savings Certificates		<b>37,000</b>		37,000
B.	Investment in Subsidiary Company : 12,90,000 (12,90,000) Fully paid Equity shares of Madhusudan Fiscal Ltd. of Rs 10/- each (unquoted)		<b>1,29,00,000</b>		1,29,00,000
C.	Non-trade other investments (Quoted) (Long Term) In fully paid Equity Shares of Rs. 10/- each				
	37 (37) Aditya Birla Nevo Limited		<b>3,172</b>		3,172
	300 (300) Dynamatic Forgings India Ltd.		<b>5,736</b>		5,736
	100 (100) Eicher Motors Ltd.		<b>4,465</b>		4,465
	322 (322) Essar Steels Limited		<b>28,207</b>		28,207
	69 (69) Eurotex Ltd.		<b>4,140</b>		4,140
	10 (10) Euro Ceramics Ltd.		<b>639</b>		639
	200 (200) Gujarat Refractories Ltd.		<b>3,370</b>		3,370
	50 (50) Hanuman Tea Co. Ltd.		<b>2,224</b>		2,224
	1,300 (1,300) I G Petro Ltd.		<b>1,13,874</b>		1,13,874
	200 (200) Lan Esseda Software Systems Ltd.		<b>27,104</b>		27,104
	9,000 (12,500) Nagarjuna Fertilisers & Chemicals Ltd.		<b>3,05,183</b>		4,23,868
	10 (10) Nitco Limited		<b>953</b>		953
	300 (300) Orkay Silk Mills Ltd.		<b>11,841</b>		11,841
	100 (100) Orient Ceramics Limited		<b>5,210</b>		5,210
	670 (670) Premier Ind. (India) Ltd.		<b>29,762</b>		29,762
	500 (500) Rama News Print Ltd.		<b>30,000</b>		30,000
	572 (572) Reliance Ind. Ltd.		<b>88,698</b>		88,698
	100 (100) Somany Ceramics Limited		<b>2,624</b>		2,624
	36 (36) Ultra Tech Cement Limited.		<b>11,365</b>		11,365
	1,000 (1,000) Unicorn Organics Ltd.		<b>35,509</b>		35,509
	200 (200) Western India Sugar & Chem. Ltd.		<b>8,000</b>		8,000
	200 (200) XLO Machine Ltd.		<b>4,180</b>		4,180
			<b>7,26,256</b>		8,44,941
	In fully paid Equity Shares of Rs.5/- each				
	100 (100) Cera Sanitaryware Ltd.		<b>8,067</b>		8,067
	In fully paid Equity Shares of Rs.2/- each				
	180 (90) Larsen & Toubro Ltd.		<b>2,273</b>		2,273
	--- (15) Coromandal Fertilizers Ltd.		<b>---</b>		186
	--- (50) EID Parry Limited		<b>---</b>		436
	415 (415) Hindustan Sanitaryware Limited		<b>13,315</b>		13,315
	10 (10) Kajaria Ceramics Limited		<b>339</b>		339
			<b>15,927</b>		16,549
	In fully paid Equity Shares of Re.1/- each				
	2,000 (1,000) Electro Steel & Casting Ltd.		<b>1,25,902</b>		81,595
	In units of Mutual Funds of Rs. 10/- each				
	700 (700) Master Gain of Unit Trust of India		<b>8,826</b>		8,826
	1,200 (1,200) Master plus of Unit Trust of India		<b>23,353</b>		23,353
	1,427 (1,427) Master Share of Unit Trust of India		<b>30,233</b>		30,233
			<b>62,412</b>		62,412
D.	Debentures				
	Fully Paid Non-Convertible				
	40 (40) Western India Sugar & Chem. Ltd. of Rs. 50 each.		<b>2,000</b>		2,000
			<b>1,38,77,564</b>		1,39,52,564
	Less : Provision in Diminution in value of Investments		<b>1,68,508</b>		1,68,508
	Total		<b>1,37,09,056</b>		1,37,84,056
	Aggregate Book Value - Quoted		<b>7,72,056</b>		8,47,056
	- Unquoted		<b>1,29,37,000</b>		1,29,37,000
	Aggregate Market Value - Quoted		<b>16,15,014</b>		13,76,457





	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
<b>7. Inventories</b> <b>(Certified and valued by a Director)</b> (As lower of Cost or Net Realisable Value)				
Stores, Chemicals & Coal etc. (at cost)		<b>3,21,015</b>		3,82,474
Stock-in-Process		<b>3,54,039</b>		5,24,203
Finished Goods		<b>1,979</b>		23,52,261
Total		<b>6,77,033</b>		<b>32,58,938</b>
<b>8. Sundry Debtors (Unsecured-Considered Good)</b>				
A. Debts outstanding for a period exceeding 6 months		<b>1,85,09,490</b>		1,95,20,363
B. Others		<b>12,83,056</b>		11,50,235
Total		<b>1,97,92,546</b>		<b>2,06,70,598</b>
<b>9. Cash and Bank Balances</b>				
A. Cash on Hand		<b>87,645</b>		40,376
B. Balances with Scheduled Banks:				
On Current Accounts	<b>19,73,381</b>		14,88,343	
On Unclaimed Dividend Accounts	<b>66,751</b>		1,11,940	
On Fixed Deposit Accounts	<b>48,60,000</b>		57,73,400	
Total		<b>69,00,132</b>		73,73,683
		<b>69,87,777</b>		<b>74,14,059</b>
<b>10. Loans and Advances</b> <b>(Unsecured-considered Good Unless otherwise stated)</b>				
Inter Corporate Loans		<b>8,72,00,000</b>		8,16,90,000
Advances recoverable in cash or in kind or for value to be received (Includes - Secured Rs. 21,428/- (21,428/-))		<b>41,69,269</b>		50,37,638
Advance payment of Income-tax		<b>2,52,41,349</b>		2,25,32,820
Balance with Excise Authorities		<b>1,62,210</b>		1,62,210
Total		<b>11,67,72,828</b>		<b>10,94,22,668</b>
<b>11. Current Liabilities</b>				
Sundry Creditors		<b>95,37,455</b>		68,30,473
Advance from Customers		<b>1,35,731</b>		1,69,846
Unclaimed *				
- Dividend	<b>66,751</b>		1,12,166	
- Redeemable Preference Share	<b>29,000</b>		29,000	
Deposit by Dealers		<b>95,751</b>		1,41,166
Interest accrued but not due		<b>1,38,000</b>		1,59,000
		<b>10,98,423</b>		7,79,190
Total		<b>1,10,05,360</b>		<b>80,79,675</b>
* These figures do not include any amount, due and outstanding, to be credited to Investors Education & Protection Fund.				
<b>12. Provisions</b>				
For Taxation		<b>53,50,125</b>		53,50,125
Total		<b>53,50,125</b>		<b>53,50,125</b>

## Annual Report 2009-2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
<b>13. Other Income</b>				
Interest (Non Trade Investments) (Gross)				
1. On Government Securities	7,162		512	
2. From Others (including tax deducted at source Rs. 10,84,790/- previous year Rs. 22,36,374/-)	<u>1,16,58,265</u>		<u>1,00,76,779</u>	
		<b>1,16,65,427</b>		<b>1,00,77,291</b>
Dividend (Non Trade Investments)		<b>29,645</b>		<b>25,038</b>
Rent Income		<b>48,85,546</b>		<b>2,59,180</b>
Profit on Sale of Investments		<b>20,253</b>		<b>---</b>
Profit on Sale of Fixed Assets (net)		<b>93,236</b>		<b>9,590</b>
Miscellaneous Income		<b>2,26,400</b>		<b>61,500</b>
Items pertaining to previous years / Unspent liabilities and provisions no longer required written back (net)		<b>7,67,970</b>		<b>5,89,967</b>
Total		<u><b>1,76,88,477</b></u>		<u><b>1,10,22,566</b></u>
<b>14. Increase (Decrease) in Finished Goods and Work-in Process</b>				
Stock at Commencement				
Finished Goods (Traded Goods)	23,52,261		64,66,829	
Stock in Process	<u>5,24,203</u>		<u>---</u>	
		<b>28,76,464</b>		<b>64,66,829</b>
Stock at Close				
Finished Goods (Traded Goods)	1,979		23,52,261	
Stock in Process	<u>3,54,039</u>		<u>5,24,203</u>	
		<b>3,56,018</b>		<b>28,76,464</b>
Total		<u><b>-25,20,446</b></u>		<u><b>-35,90,365</b></u>
<b>15. Payment to and Provision for Employees</b>				
Salaries, Wages, and Bonus		<b>41,29,065</b>		<b>32,39,168</b>
Contribution to Provident and other funds		<b>3,79,507</b>		<b>8,36,002</b>
Staff and Labour Welfare Expenses		<b>7,56,595</b>		<b>7,16,054</b>
Total		<u><b>52,65,167</b></u>		<u><b>47,91,224</b></u>
<b>16. Other Expenses</b>				
Stores, Spare Parts and Packing Materials		<b>12,35,684</b>		<b>14,76,727</b>
Power, Fuel and Electricity Expenses		<b>2,83,647</b>		<b>2,09,063</b>
Rent		<b>79,508</b>		<b>2,32,970</b>
Repairs to:				
Building	1,78,275		5,21,788	
Plant and Machinery	<u>21,202</u>		<u>19,148</u>	
Others	<u>32,792</u>		<u>6,12,742</u>	
		<b>2,32,269</b>		<b>11,53,678</b>
Insurance		<b>38,739</b>		<b>64,673</b>
Rates and Taxes		<b>2,57,340</b>		<b>1,18,569</b>
Brokerage, Commission and discounts on Sales & Publicity, Advertisement & Selling Expenses		<b>2,23,655</b>		<b>8,14,395</b>
Legal & Professional Fees Expenses		<b>5,55,890</b>		<b>6,45,158</b>
Labour Charges		<b>4,37,507</b>		<b>2,02,520</b>
Telephone Expenses		<b>2,74,426</b>		<b>3,83,168</b>
Vehicle Expenses		<b>3,29,848</b>		<b>4,46,816</b>
Miscellaneous Expenses		<b>19,23,295</b>		<b>32,45,065</b>
Directors' sitting Fees		<b>16,000</b>		<b>24,000</b>
Loss on Sale of Investments		<b>---</b>		<b>19,681</b>
Amount Written off (net)		<b>4,66,071</b>		<b>23,66,154</b>
Total		<u><b>63,53,879</b></u>		<u><b>1,14,02,637</b></u>

**17. Notes forming part of the Accounts for the year ended 31st March, 2010.**

**1. Significant Accounting Policies**

\* **Basis of Accounting**

The Company prepares its financial statements on accrual basis in accordance with generally accepted accounting principles and comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

\* **Sales**

Sales is net of discounts and Value Added Tax

\* **Retirement Benefits**

- (i) Contribution to Provident Fund is made at applicable rates.
- (ii) Contribution to approved Gratuity Fund is made of the present liability for future Gratuity as determined on an actuarial valuation. The Company has no further obligation except contribution to the fund.
- (iii) Leave encashment benefit is accounted for on the basis of actuarial valuation.

\* **Fixed Assets & Depreciation**

- (a) Fixed Assets are stated at cost. The Company capitalises all costs relating to the acquisition and installation of Fixed Assets.
- (b) Assets acquired under hire purchase instalment credit scheme, the cost of asset is capitalised while the annual financial charges at equated instalments are charged to revenue.
- (c) Depreciation for the year is provided at the rates and in the manner specified in Schedule-XIV of the Companies Act, 1956 as under:
  - (1) On Plant & Machinery and Electric Plant & Installation on straight-line method.
  - (2) On other assets on written down value method.
- (d) Leasehold land is amortised over the period of lease. In respect of other assets taken on lease before 01.04.2001, the value thereof is not capitalised, but the contracted lease rentals are charged to revenue on accrual basis.
- (e) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realisable value.

\* **Inventories**

- (a) Raw-materials, packing materials, stores, coal and chemicals are taken at lower of cost or net realisable value following (FIFO Method)
- (b) Stock-in-Process is valued at cost.
- (c) Finished goods are valued at lower of cost and net realisable value.
- (d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.
- (e) By-products are valued at - net realisable value.

\* **Investments**

Investments are stated at cost.

\* **Foreign Currency Transactions**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing before December 2006 were capitalised as part of fixed assets.

\* **Borrowing Cost**

Borrowing Costs that are attributable to the acquisition or construction of assets are capitalised as part of the cost of such assets.

\* **Taxation**

Provision for tax for the year comprises current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s).

\* **Contingent Liability**

Contingent liabilities determined on the basis of available information; wherever material are provided for and Contingent liabilities not provided for in the accounts are disclosed by way of notes to the accounts.

## Annual Report 2009-2010

### 2. Transfer of Ceramic Division to Madhusudan Oils and Fats Limited (MOFL)

The Honourable High Court of Judicature at Gujarat vide its order dated 30.10.2001 has sanctioned Scheme of Arrangement (the Scheme) as approved by the shareholders in the Court-convened meeting held on 13.10.2001 under which all the assets (movable or immovable) as per Clause 2 of Scheme, liabilities and debts as described in the Scheme pertaining to the Ceramic business (described as the "Ceramic Division" in the Scheme) have been transferred to Cera Sanitaryware Limited [Madhusudan Oils and Fats Limited (MOFL) at book value w.e.f. 01.04.2001.

### 3. Contingent liability in respect of :

	31.03.2010 Rs.	31.03.2009 Rs.
Disputed Claims against the Company not acknowledged as debts.	2,42,57,476	3,05,12,520

4. The Company has yet to obtain balance confirmations from few parties. Due adjustments will be made on receipt thereof, if necessary.

### 5. Miscellaneous expenses include payment to Auditors as under :

	Current year Rs.	Previous year Rs.
Statutory Auditors		
- Audit Fees	33,090	33,090
- Taxation work	63,090	47,500
- Certificate etc.	5,515	5,618
	<b>1,01,695</b>	<b>86,208</b>

### 6. A Particulars in respect of goods manufactured : (On triple shift basis in tons per annum)

#### A. Capacity (in M.T.)

	Licensed	Installed (as certified by Management)
1. Vanaspati and Refined Oils	72,200 (72,200)	- (-)
2. Oil Mill Expelling (Seeds)	- (-)	- (-)
3. Oil cake Extraction	1,80,000 (1,80,000)	- (-)
4. Soap	336 (336)	- (-)
5. Refined Vegetable Oils	18,000 (18,000)	- (-)

#### B. Actual Production

1. Flowers (Qty. in Bunch) (Qty. in Kgs.) (Qty. in Bunch)	<b>1,21,799</b> 45 (30,432)
2. Vegetables (Qty. in Kgs.) (Qty. in Kgs)	<b>11,586</b> (1,643)
3. Others (Qty. in Bunch) (Qty. in Nos) (Qty. in Kgs) (Qty. in Bunch)	<b>32,404</b> 82,471 <b>9</b> (9,237)

### 7. (a) Sales and Stock of Goods Traded

	Unit	Opening Stock		Closing Stock		Sales	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Vanaspati & Ref. Oil	MT	60 (112)	22,82,141 (64,66,829)	— (60)	— (22,82,141)	122 (2,180)	51,67,205 (12,03,56,802)
Soap	MT	3 (—)	70,120 (—)	— (3)	— (70,120)	3 (50)	35,357 (10,89,824)
Flowers	Bunch	—	—	—	—	1,27,799	35,31,270
	Kgs.	—	—	—	—	45	873
	Kgs.	(—)	(—)	(—)	(—)	(30,432)	(7,44,428)
Fruits & Vegetables	Kgs.	—	—	—	—	11,586	2,76,419
	Kgs.	(—)	(—)	(—)	(—)	(1,643)	(57,049)
Others	Bunch	—	—	—	—	32,404	2,18,536
	Nos.	(—)	(—)	(—)	(—)	82,471	97,938
	Kgs.	—	—	—	—	9	217
	Bunch	—	—	—	—	(9,237)	(83,728)
						<b>93,27,815</b>	<b>12,23,31,831</b>

**(b) Purchases**

Goods	Unit	Quantity	Value Rs.
Vanaspati	MT	<u>62</u>	<u>30,06,760</u>
		(2,128)	(11,90,77,912)
Soap	MT	—	—
		(53)	(11,30,994)
Others	Nos	<u>641</u>	<u>55,050</u>
		(—)	(—)
	MT	<u>62</u>	<u>30,06,760</u>
	Nos	<u>641</u>	<u>55,050</u>
		(2,181)	(12,02,08,906)

8. (a) Current liabilities - Sundry Creditors include amount payable to SSI Units :	31.03.2010 Rs.	31.03.2009 Rs.
a. Amount due to SSI units	—	—
b. Others	<b>95,37,455</b>	68,30,473
c. Amount payable to SSI units :	—	—

**(b) Disclosures required for small enterprises and Micro enterprises for the year ended March 31,2010**

Particulars	As on 31-03-2010		As on 31-03-2009	
	Principal Amt.(Rs.)	Interest Amt.(Rs.)	Principal Amt.(Rs.)	Interest Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2010	Nil	Nil	Nil	Nil
Delayed payments due as at March 31, 2010	Nil	Nil	Nil	Nil
Interest paid on delay payment during the year	Nil	Nil	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year	Nil	Nil	Nil	Nil
Interest accrued but not due	Nil	Nil	Nil	Nil
Total Interest due but not paid	Nil	Nil	Nil	Nil

Note : The above disclosure has been made based on the information provided by the management.

**9. (a) Employee Benefits**

The company has with effect from 1st April ,2007, adopted Accounting standard 15, Employee benefits (revised 2005), issued by the Institute of Chartered Accountants of India (the revised AS 15'). Consequently, the disclosure as required as per revised AS15 are as under :

**1) Brief description of the plans :**

The company has various schemes for long-term benefits such as provident fund, gratuity and leave encashment. In case of funded scheme, the funds are recognised by the income tax authorities and administered through trustees / appropriate authorities.

The company defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. Since the company has no further obligation beyond making contributions and interest shortfall. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

The company's other defined contribution plans are Provident Fund (non exempted employees), Employees' Pension Scheme (under the Provisions of the employees' Provident Funds and Miscellaneous Provisions Act, 1952), state plans namely Employees' State Insurance Fund, Since company has no further obligation beyond making contributions.

The company's defined benefit are Gratuity and leave Encashment for all its employees. Gratuity fund is recognised by the Income Tax Authorities and is administered through trustees.

Liabilities for Defined Benefit Plan is provided on the basis of valuations, as Balance Sheet date, carried out by an independent actuary.

**b) Charge to the Profit and Loss Account based on contribution**

	2009-10 Rs.	2008-09 Rs.
Provident Fund	<u>2,58,519</u>	2,09,192
Employees Pension Scheme	<u>1,08,488</u>	79,102
ESIC	<u>4,678</u>	4,104
	<u><b>3,71,685</b></u>	<u>2,92,398</u>

**Annual Report 2009-2010**

**c) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2010.**

Particulars	Amount (Rs.)			
	31-03-2010		31-03-2009	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
<b>Change in Defined Benefits Obligation</b>				
Opening defined benefits obligation	1094336	666959	1013270	391555
Current service cost	119144	74737	119525	267159
Interest cost	87219	53157	70929	27409
Actuarial loss / - gain Interest cost	67095	27411	299939	176343
Benefits paid	—	- 44300	- 409327	- 195507
Closing defined benefits obligation	1367794	777964	1094336	666959
<b>Change in Fair value of Assets</b>				
Opening fair value of plan assets	1169984	—	1463078	—
Expected return on plan assets	104683	—	118488	—
Actuarial gain / - loss	93127	—	- 66771	—
Contributions by employer	—	—	64516	—
Benefits paid	—	—	- 409327	—
Closing fair value of plan assets	1367794	—	1169984	—
<b>Movement in net liability recognised in Balance Sheet</b>				
Net opening liability	- 75648	666959	- 449808	391555
P & L Charge	75648	155305	438676	470911
Contribution Paid	—	- 44300	- 64516	- 195507
Closing Net (asset) /liability	—	777964	- 75648	666959
<b>Expenses recognised in the Profit and Loss Account</b>				
Current Service Cost	119144	74737	119525	267159
Interest on defined benefit obligation	87219	53157	70929	27409
Expected return on plan assets	- 104683	—	- 118488	—
Net actuarial loss / - gain recognised in the current year	- 26032	27411	366710	176343
Total Expenses	75648	155305	438676	470911
<b>Assets Information</b>				
Government of India Securities	35%	—	35%	—
Corporate Bonds	56%	—	56%	—
Special Deposits Scheme	—	—	—	—
Others	9%	—	9%	—
<b>Principal actuarial assumption</b>				
Discount Rate (p.a.)	7.97%	7.97%	7%	7%
Expected rate of return on plan assets (p.a.)	8.25%	0%	9%	—
Annual Increase in Salary costs	6%	6%	6%	6%
Effect on the aggregate Service Cost & interest cost	—	—	—	—
Effect on defined benefit obligation	—	—	—	—

d) The Company has provided Rs.7.78 lacs (Rs. 6.67 lacs) being increment discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

**10. Related party disclosures**

Type of Transactions	Subsidiary Company	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2009-10
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>Sales - Flowers</b>	---	<b>14,560</b>	---	---	<b>14,560</b>
	(---)	(---)	(---)	(---)	(---)
<b>Purchase - Material</b>	---	<b>3,806</b>	---	---	<b>3,806</b>
	(---)	(21,163)	(---)	(---)	(21,163)
<b>Income - Interest</b>	---	<b>6,836</b>	---	---	<b>6,836</b>
	(---)	(5,86,472)	(---)	(---)	(5,86,472)
Rent	---	<b>45,14,857</b>	---	---	<b>45,14,857</b>
	(---)	(---)	(---)	(---)	(---)
Service Charges	---	<b>2,25,000</b>	---	---	<b>2,25,000</b>
	(---)	(---)	(---)	(---)	(---)
Other Services	---	<b>8,01,484</b>	---	---	<b>8,01,484</b>
	(---)	(---)	(---)	(---)	(---)
<b>Expenses - Interest Paid</b>	---	<b>15,75,563</b>	---	---	<b>15,75,563</b>
	(---)	(---)	(---)	(---)	(---)
<b>Finance - Loans / Advances given</b>	---	<b>27,147</b>	---	---	<b>27,147</b>
	(1,60,000)	(11,60,985)	(---)	(---)	(13,20,985)
Fixed Deposit/Loan received	---	<b>1,65,00,000</b>	---	---	<b>1,65,00,000</b>
	(---)	(95,60,000)	(---)	(---)	(95,60,000)
Rent Deposit received	---	<b>14,09,500</b>	---	---	<b>14,09,500</b>
	(---)	(---)	(---)	(---)	(---)
<b>Balance at the end of the year</b>					
Receivables	---	<b>2,43,151</b>	---	---	<b>2,43,151</b>
	(---)	(3,06,004)	(---)	(---)	(3,06,004)
Payables	<b>45,00,037</b>	<b>1,65,00,000</b>	---	---	<b>2,10,00,037</b>
	(45,00,037)	(---)	(---)	(---)	(45,00,037)

1. Subsidiary Company Madhusudan Fiscal Ltd.
2. Associates
  - Cera Sanitaryware Ltd.
  - Gujarat Soaps Pvt. Ltd.
3. Key Management Personnel ---
4. Relatives of Key Management Personnel ---

**11. The Company is organized into following reportable segments referred to in Statement of Accounting Standard AS-17 for segmental reporting :**

Details	Edible Oil	Horticulture	Total
<b>Revenue</b>			
- External	<b>5206736</b>	<b>4121079</b>	<b>9327815</b>
	(121446626)	(885205)	(122331831)
- Inter-Segment	-	-	-
	(-)	(-)	(-)
<b>Total</b>	<b>5206736</b>	<b>4121079</b>	<b>9327815</b>
<b>Result</b>			
Segment Result	<b>8956844</b>	<b>858146</b>	<b>9814990</b>
	(-6339826)	(-823112)	(-7162938)
Less : Depreciation	<b>550369</b>	<b>1885617</b>	<b>2435986</b>
	(519967)	(915957)	(1435924)
Less : Interest	<b>5604855</b>	<b>815213</b>	<b>6420068</b>
	(4513373)	(582132)	(5095505)
<b>Profit before Tax</b>	<b>2801620</b>	<b>-1842684</b>	<b>958936</b>
	(-11373166)	(-2321201)	(-13694367)

**Annual Report 2009-2010**

Details	Edible Oil	Horticulture	Total
Less : Provision for Tax	- (120000)	- (-)	- (120000)
Net Profit for the year	<b>2801620</b> (-11493166)	<b>-1842684</b> (-2321201)	<b>958936</b> (-13814367)
Other Information			
Segment Assets	<b>173755146</b> (166379954)	<b>18650764</b> (19327383)	<b>192405910</b> (185707337)
Segment Liabilities	<b>71916910</b> (64813790)	<b>8393902</b> (9796635)	<b>80310812</b> (74610425)
Capital Expenditure	<b>359644</b> (712940)	<b>2809504</b> (15402213)	<b>3169148</b> (16115153)
Depreciation	<b>550369</b> (519967)	<b>1885617</b> (915957)	<b>2435986</b> (1435924)
Non-cash expenses other than depreciation	<b>39250</b> (39250)	- (-)	<b>39250</b> (39250)

**12. Note on deferred tax liability**

The Deferred tax liabilities as at 31st March, 2010 comprise of the following Deferred Tax Liabilities on account of:

	2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
- Depreciation	<b>13,50,896</b>	14,97,058
	<b>13,50,896</b>	14,97,058
Less: Deferred Tax Assets on account of:		
- Others	<b>13,50,896</b>	14,97,058
Total	---	---

**13.** Previous Year's figures have been regrouped and reclassified where necessary. (Figures in brackets relate to previous year)

As per our report of even date attached  
For and on behalf of  
**H. V. Vasa & Co.**  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010



Cash Flow Statement for the year ended 31st March, 2010

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net profit before tax & Extra-ordinary items		9,58,936		-1,36,94,367
Adjusted for				
- Depreciation	24,35,986		14,35,924	
- Provision for Diminution in Value of Investment	---		---	
- Profit on Sale of Fixed Assets	-93,236		-9,590	
- Investment Income	-20,253		19,681	
- Dividend Received	-29,645		-25,038	
- Interest Received	-1,16,65,427		-1,00,77,291	
- Interest Charged	64,20,068		50,95,505	
		-29,52,507		-35,60,809
Operating profit before working capital changes		-19,93,571		-1,72,55,176
Adjusted for				
- Trade and other receivable	-37,63,579		1,19,77,823	
- Inventories	25,81,905		40,89,059	
- Trade Payable	29,25,685		-77,80,314	
		17,44,011		82,86,568
Cash generated from operation		-2,49,560		-89,68,608
Interest paid		-64,20,068		-50,95,505
Direct taxes paid		-27,08,529		-24,14,342
Cash flow before extra-ordinary items		-93,78,157		-1,64,78,455
Extra-ordinary items		-26,63,122		-6,82,156
Net Cash From Operating Activities Total (A)		-1,20,41,279		-1,71,60,611
<b>B. Cash flow from Investing activities</b>				
Purchase of fixed assets		-31,69,148		-1,60,03,754
Sale of fixed assets		2,19,119		40,500
Subsidy Received		---		14,63,400
Purchase of Investments		-44,307		-14,765
Sale of Investments		1,39,560		454
Interest received		1,16,65,427		1,00,77,291
Dividend received		29,645		25,038
Net Cash Used in Investing Activities Total (B)		88,40,296		-44,11,836
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of share capital		---		---
Right issue expenses		---		---
Proceeds from borrowings		27,74,701		2,54,92,202
Dividend paid		---		---
Net Cash Used in Financing Activities Total (C)		27,74,701		2,54,92,202
Net Changes in Cash & Cash Equivalents (A+B+C)		-4,26,282		39,19,755
Cash & Cash equivalent - Opening Balance		74,14,059		34,94,304
Cash & Cash equivalent - Closing Balance		69,87,777		74,14,059

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010

## Annual Report 2009-2010

---

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No.	443
State Code	04
Balance Sheet Date	31-03-2010

#### II. Capital raised during the year (Amount in Rs. Thousands)

Public issue	-
Right issue	-
Bonus issue	-
Private/Preferential Placement	-

#### iii. Position of Mobilisation and deployment of Funds ( Amount in Rs. Thousands )

Total Liabilities	1,76,066
Total Assets	1,76,066

#### Sources of Funds

Paid up Capital	26,875
Reserves & Surplus	85,236
Secured Loans	13,689
Unsecured Loans	50,266

#### Application of Funds

Net fixed Assets	21,424
Investments	13,709
Net Current Assets	1,40,918
Misc. Expenditure	15
Accumulated Losses	-

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover	27,016
Total Expenditure	26,057
Profit / Loss before tax (PBT)	959
Profit / Loss after tax (PAT)	959
Earning Per Share (Rs.)	0.18
(PAT/No. of Shares)	
Dividend Rate (%)	-

#### V. Generic Names of principal products / services of Company

Item Code No. (ITC Code)	Nil
Product description	Vanaspati i.e. Hydrogenated Vegetable Oils & Laundry Soap; Flowers & Vegetables

---

#### B. K. Patodia

Company Secretary

**Rajesh B. Shah**

Director

Ahmedabad  
27th May, 2010

**Sanwarmal D. Agarwal**

Director

Auditors' Report to the Board of Directors of Madhusudan Industries Limited on the consolidated financial statements of Madhusudan Industries Limited and its Subsidiary.

To,  
The Board of Directors,  
Madhusudan Industries Limited

We have examined the attached Consolidated Balance Sheet of Madhusudan Industries Limited and its Subsidiary ("The Group") as at March 31, 2010 and the Consolidated Profit and Loss Account for the year then ended on that date, annexed thereto and also the Consolidated Cash Flow Statement for the period ended on that date.

**Respective Responsibility of the Management and the Auditor**

These financial statements are the responsibility of Madhusudan Industries Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

**Basis of Opinion**

We conducted our audit in accordance with generally accepted auditing standards in India. These standards required that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides reasonable basis for our opinion.

We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 66.47 lacs as at March 31, 2010 and total revenues of Rs.1.80 lacs for the year then ended. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiary, is based solely on these certified financial statements.

We report that the consolidate financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements" issued by the Institute of Chartered Accounts of India and on the basis of the separate audited financial statements of Madhusudan Industries Limited and its subsidiary included in the consolidated financial statements.

**Opinion**

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Madhusudan Industries Limited and its aforesaid subsidiary, we are of the opinion that the consolidated financial statements read together with the significant accounting policies and notes give a true and fair view in the case of :

- (a) the Consolidated Balance Sheet of the consolidated state of affairs of the group as at March 31, 2010 ;
- (b) the Consolidated Profit and Loss Account of the consolidated results of operations of the group for the year ended; and
- (c) the Consolidated Cash Flow Statement, of the consolidated cash flow of the group for the year ended on that date.

Ahmedabad  
27<sup>th</sup> May ,2010

For and on Behalf of  
**H. V. VASA & CO.**  
Chartered Accountants  
**TUSHAR H. VASA**  
Proprietor  
Membership No. 16831

**Annual Report 2009-2010**

Consolidated Balance Sheet as at 31st March, 2010

	Schedule	31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. Sources of Funds</b>					
1. Shareholders' Funds					
(a) Share Capital	1	2,68,75,000		2,68,75,000	
(b) Reserves & Surplus	2	<u>7,89,60,355</u>		<u>7,78,70,109</u>	
			<b>10,58,35,355</b>		10,47,45,109
2. Loan Funds					
(a) Secured Loans	3	1,36,88,980		2,65,81,796	
(b) Unsecured Loans	4	<u>4,57,66,309</u>		<u>3,00,98,792</u>	
			<b>5,94,55,289</b>		5,66,80,588
Total			<u><b>16,52,90,644</b></u>		<u>16,14,25,697</u>
<b>II. Application of Funds</b>					
1. Fixed Assets	5				
(a) Gross Block		4,00,46,534		3,71,29,924	
(b) Less : Depreciation		<u>1,84,65,462</u>		<u>1,61,56,131</u>	
(c) Net Block		2,15,81,072		2,09,73,793	
(d) Less : Lease Adjustment/Prov.on Leased Assets		1,56,848		1,56,848	
(e) Capital Work-in-progress		---		---	
			<b>2,14,24,224</b>		2,08,16,945
2. Investments	6		<b>8,93,729</b>		9,40,092
3. Current Assets, Loans & Advances					
(a) Inventories	7	6,77,033		32,58,938	
(b) Sundry Debtors	8	1,97,92,546		2,06,70,598	
(c) Cash & Bank Balances	9	80,57,354		84,01,468	
(d) Other Current Assets :					
Interest accrued on Deposits		1,30,42,445		1,03,40,073	
(e) Loans & Advances	10	<u>11,77,65,224</u>		<u>11,03,97,192</u>	
		<b>15,93,34,602</b>		<b>15,30,68,269</b>	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	1,10,27,036		81,03,984	
(b) Provisions	12	<u>53,50,125</u>		<u>53,50,125</u>	
		<b>1,63,77,161</b>		<b>1,34,54,109</b>	
			<b>14,29,57,441</b>		13,96,14,160
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			<b>15,250</b>		54,500
Total			<u><b>16,52,90,644</b></u>		<u>16,14,25,697</u>
Notes forming part of the Accounts	17				

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**

Chartered Accountants

**Tushar H. Vasa**

Proprietor

Membership No. 16831

**Rajesh B. Shah**

Director

**Sanwarmal D. Agarwal**

Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010

Consolidated Profit and Loss Account for the year ended 31st March, 2010

		2009-2010		2008-2009	
	Schedule	Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Sales \ Lease Rent\Finance Charges		<b>93,27,815</b>		12,23,31,831	
Less: Excise Duty		---		---	
		<u><b>93,27,815</b></u>		<u>12,23,31,831</u>	
Other Income	13	<u><b>1,78,68,307</b></u>		<u>1,11,56,867</u>	
			<b>2,71,96,122</b>		13,34,88,698
Increase(Decrease) in Finished Goods and Work-in-process	14		<b>-25,20,446</b>		-35,90,365
			<u><b>2,46,75,676</b></u>		<u>12,98,98,333</u>
<b>Expenditure</b>					
Purchases (Trading)			<b>30,61,810</b>		12,07,33,109
Payments to and provision for Employees	15		<b>52,65,167</b>		47,91,224
Other Expenses	16		<b>64,02,399</b>		1,15,24,051
Interest :					
on Term Loans		<b>8,15,213</b>		5,82,132	
on Others		<u><b>56,04,855</b></u>		<u>45,31,663</u>	
			<b>64,20,068</b>		51,13,795
Depreciation			<b>24,35,986</b>		14,35,924
Total Expenditure			<u><b>2,35,85,430</b></u>		<u>14,35,98,103</u>
<b>Profit/Loss for the year Before Taxation</b>			<b>10,90,246</b>		-1,36,99,770
Provision for Taxation					
- Current Tax			---		---
- Deferred Tax			---		---
- Fringe Benefit Tax			---		1,20,000
<b>Profit/Loss After Taxation</b>			<b>10,90,246</b>		-1,38,19,770
Add : Surplus Profit/ Loss brought forward from previous year			<b>-10,09,81,116</b>		-8,71,61,346
Less : Transferred to Statutory Reserve			<b>26,262</b>		---
<b>Balance carried to Balance Sheet</b>			<u><b>-9,99,17,132</b></u>		<u>-10,09,81,116</u>
Notes forming part of the Accounts	17				

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010

## Annual Report 2009-2010

Consolidated Schedules 1 to 17 Annexed to and Forming Part of the Accounts  
As at 31st March, 2010

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
<b>1. Share Capital</b>				
<b>Authorised</b>				
2,60,00,000 (2,60,00,000) Equity shares of Rs. 5 (5) each		<u>13,00,00,000</u>		<u>13,00,00,000</u>
Total		<u>13,00,00,000</u>		<u>13,00,00,000</u>
<b>Issued, Subscribed &amp; Paid Up</b>				
53,75,000 (53,75,000) Equity shares of Rs. 5 (5) each fully paid		<u>2,68,75,000</u>		<u>2,68,75,000</u>
i) Of the above				
15,00,000 Equity Shares allotted as fully paid				
Bonus Shares by capitalisation of General Reserve.				
ii) See note - 2 Schedule 17				
Total		<u>2,68,75,000</u>		<u>2,68,75,000</u>
<b>2. Reserves and Surplus</b>				
Capital Reserve				
Subsidy from Government		<u>14,63,400</u>		<u>14,63,400</u>
Capital Redemption Reserve		<u>600</u>		<u>600</u>
General Reserve				
As per last Balance Sheet		<u>17,70,94,811</u>		<u>17,70,94,811</u>
Statutory Reserve				
As per Last Balance Sheet	<u>2,92,414</u>		<u>2,92,414</u>	
Add : Transferred from Profit & Loss A/c	<u>26,262</u>		<u>---</u>	
		<u>3,18,676</u>		<u>2,92,414</u>
Profit and Loss Account		<u>-9,99,17,132</u>		<u>-10,09,81,116</u>
Total		<u>7,89,60,355</u>		<u>7,78,70,109</u>
<b>3. Secured Loans</b>				
From a Bank				
i) Cash Credit : (See note 1)		<u>54,55,544</u>		<u>1,68,11,430</u>
ii) Term Loan (See note 2)		<u>82,33,436</u>		<u>97,70,366</u>
Total		<u>1,36,88,980</u>		<u>2,65,81,796</u>
<b>Notes :</b>				
1. Cash Credit facilities are secured by hypothecation of Stocks, Book Debts, all movable assets and by mortgage of fixed assets of the company situated at Village Rakhial, Dehgam, Gujarat and guarantee of two directors				
2. Term Loan from a bank is secured by land of the company situated at Village Sagdalpur, Dehgam, Gujarat.				
<b>4. Unsecured Loans</b>				
Fixed Deposits	<u>2,32,84,000</u>		<u>2,61,01,000</u>	
Interest Accrued and Due	<u>3,74,061</u>		<u>3,94,136</u>	
		<u>2,36,58,061</u>		<u>2,64,95,136</u>
Inter corporate Deposit		<u>2,21,08,248</u>		<u>36,03,656</u>
Total		<u>4,57,66,309</u>		<u>3,00,98,792</u>



5. Fixed Assets	Gross Block				Depreciation				Net Block			
	Sr. No.	Name of Assets	As at	Additions	Deduction/ Adjustments	As on	Upto	For the year	Deductions/ Adjustments	Upto	As on	As on
			1-4-2009									
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	
A.	Land											
	- Free hold	844888	---	---	844888	---	---	---	---	---	844888	844888
B.	Buildings	21132020	2152923	---	23284943	7693561	1255406	---	8948967	14335976	13438459	
C.	Plant & Machinery	5300861	656581	204546	5752896	430351	732979	84527	1078803	4674093	4870510	
	Lease Plant & Machinery	3265000	---	---	3265000	3108152	---	---	3108152	156848	156848	
	Electric Plant & Installation	113188	---	---	113188	106429	856	---	107285	5903	6759	
	Laboratory Equipments	538827	---	---	538827	495984	11919	---	507903	30924	42843	
	Weighing Machinery	387654	---	---	387654	220081	23309	---	243390	144264	167573	
D.	Furniture, Fixtures and Equipments	4467120	56844	9390	4514574	3487927	217376	7610	3697693	816881	979193	
E.	Vehicles	1080366	302800	38602	1344564	613646	194141	34518	773269	571295	466720	
	<b>Total</b>	37129924	3169148	252538	40046534	16156131	2435986	126655	18465462	21581072	20973793	
	<b>Previous Year</b>	21950006	16115153	935235	37129924	15594761	1435924	874554	16156131	20973793		

**Annual Report 2009-2010**

		31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>6. Investments (At Cost)</b>					
A. Government Securities : (Unquoted) (Deposited with Government Departments) National Savings Certificates			<b>37,000</b>		37,000
B. Non-trade other investments (Quoted) (Long Term) In fully paid Equity Shares of Rs. 10/- each					
37 (37) Aditya Birla Nevo Limited		<b>3,172</b>		3,172	
300 (300) Dynamatic Forgings India Ltd.		<b>5,736</b>		5,736	
100 (100) Eicher Motors Ltd.		<b>4,465</b>		4,465	
322 (322) Essar Steels Limited		<b>28,207</b>		28,207	
69 (69) Eurotex Ltd.		<b>4,140</b>		4,140	
10 (10) Euro Ceramics Ltd.		<b>639</b>		639	
200 (200) Gujarat Refractories Ltd.		<b>3,370</b>		3,370	
50 (50) Hanuman Tea Co. Ltd.		<b>2,224</b>		2,224	
1,300 (1,300) I G Petro Ltd.		<b>1,13,874</b>		1,13,874	
200 (200) Lan Esseda Software Systems Ltd.		<b>27,104</b>		27,104	
9,000 (12,500) Nagarjuna Fertilisers & Chemicals Ltd.		<b>3,05,183</b>		4,23,868	
10 (10) Nitco Limited		<b>953</b>		953	
300 (300) Orkay Silk Mills Ltd.		<b>11,841</b>		11,841	
100 (100) Orient Ceramics Limited		<b>5,210</b>		5,210	
670 (670) Premier Ind. (India) Ltd.		<b>29,762</b>		29,762	
500 (500) Rama News Print Ltd.		<b>30,000</b>		30,000	
572 (572) Reliance Ind. Ltd.		<b>88,698</b>		88,698	
100 (100) Somany Ceramics Limited		<b>2,624</b>		2,624	
36 (36) Ultra Tech Cement Limited.		<b>11,365</b>		11,365	
1,000 (1,000) Unicorn Organics Ltd.		<b>35,509</b>		35,509	
200 (200) Western India Sugar & Chem. Ltd.		<b>8,000</b>		8,000	
200 (200) XLO Machine Ltd.		<b>4,180</b>		4,180	
			<b>7,26,256</b>		8,44,941
In fully paid Equity Shares of Rs.5/- each					
100 (100) Cera Sanitaryware Ltd.			<b>8,067</b>		8,067
In fully paid Equity Shares of Rs.2/- each					
180 (90) Larsen & Toubro Ltd.		<b>2,273</b>		2,273	
--- (15) Coromandal Fertilizers Ltd.		<b>---</b>		186	
--- (50) EID Parry Limited		<b>---</b>		436	
415 (415) Hindustan Sanitaryware Limited		<b>13,315</b>		13,315	
10 (10) Kajaria Ceramics Limited		<b>339</b>		339	
			<b>15,927</b>		16,549
In fully paid Equity Shares of Re.1/- each					
2,000 (1,000) Electro Steel & Casting Ltd.			<b>1,25,902</b>		81,595
In units of Mutual Funds of Rs. 10/- each					
700 (700) Master Gain of Unit Trust of India		<b>8,826</b>		8,826	
1,200 (1,200) Master plus of Unit Trust of India		<b>23,353</b>		23,353	
1,427 (1,427) Master Share of Unit Trust of India		<b>30,233</b>		30,233	
			<b>62,412</b>		62,412
C. Debentures					
Fully Paid Non-Convertible					
40 (40) Western India Sugar & Chem. Ltd. of Rs. 50 each.			<b>2,000</b>		2,000
D. Current Investments (Quoted)					
(a-1) In Fully Paid Equity Shares of Rs.10/- each					
145 (145) Tata Communication Ltd. (Formerly Videsh Sanchar Nigam Ltd.)		<b>36,250</b>		36,250	
400 (400) Melstar Information Technologies Ltd.		<b>28,800</b>		28,800	
850 (850) Entergra Limited (Formerly Induj Enertech Limited)		<b>42,755</b>		42,755	
150 (150) Unitex Designs Limited (Formerly Induj Infotech Limited)		<b>7,545</b>		7,545	
			<b>1,15,350</b>		1,15,350





	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
(a-2) In Fully Paid Equity Shares of Rs.5/- each 300 (300) Shree Rama Multi Tech Ltd.		<b>36,000</b>		36,000
(a-3) In Fully Paid Equity Shares of Rs.2/- each 2,500 (2,500) Dairy Den Ltd. (Non performing and fully provided for)		<b>55,000</b>		55,000
(a-4) In Fully Paid Equity Shares of Re.1 each				
40 (40) Zee Entertainment Enterprise Limited (ZEEL) (Formerly Zee Telefilms Ltd.)	<b>53,987</b>		53,987	
20 (20) Wire & Wireless India Ltd. (On demerger of ZEEL)	-		-	
18 (18) Zee News Ltd. (On demerger of ZEEL)	-		-	
23 (23) Dish TV India Ltd. (Bonus of ZEEL)	-		-	
		<b>53,987</b>		53,987
		<b>12,37,901</b>		13,12,901
Less: Provision for diminution in value		<b>3,44,172</b>		3,72,809
Total		<b>8,93,729</b>		9,40,092
Aggregate Book Value - Quoted		<b>8,56,729</b>		9,03,092
- Unquoted		<b>37,000</b>		37,000
Aggregate Market Value - Quoted		<b>17,06,485</b>		14,72,481
<b>7. Inventories (Certified and valued by a Director)</b> (At lower of Cost or Net Realisable Value)				
Stores, Chemicals & Coal etc. (at cost)		<b>3,21,015</b>		3,82,474
Stock-in-process		<b>3,54,039</b>		5,24,203
Finished Goods		<b>1,979</b>		23,52,261
Total		<b>6,77,033</b>		32,58,938
<b>8. Sundry Debtors (Unsecured-Considered Good)</b>				
A. Debts outstanding for a period exceeding 6 months		<b>1,85,09,490</b>		1,95,20,363
B. Others (Good)		<b>12,83,056</b>		11,50,235
Total		<b>1,97,92,546</b>		2,06,70,598
<b>9. Cash and Bank Balances</b>				
A. Cash on Hand		<b>90,694</b>		41,945
B. Balances with Scheduled Banks				
On Current Accounts	<b>22,89,909</b>		24,74,183	
On Unclaimed Dividend Accounts	<b>66,751</b>		1,11,940	
On Fixed Deposit Accounts	<b>56,10,000</b>		57,73,400	
		<b>79,66,660</b>		83,59,523
Total		<b>80,57,354</b>		84,01,468
<b>10. Loans and Advances (Unsecured-considered Good)</b>				
Inter Corporate Loans		<b>8,81,00,000</b>		8,25,91,516
Advances recoverable in cash or in kind or for a value to be received (Includes - Secured Rs.21,428/- (21,428/-))		<b>41,69,269</b>		50,37,639
Advance payment of Income-tax		<b>2,53,33,745</b>		2,26,05,827
Balance with Excise Authorities		<b>1,62,210</b>		1,62,210
Total		<b>11,77,65,224</b>		11,03,97,192

## Annual Report 2009-2010

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
<b>11. Current Liabilities</b>				
Sundry Creditors		95,59,131		68,54,782
Advance from Customers		1,35,731		1,69,846
Unclaimed				
- Dividend*	66,751		1,12,166	
- Redeemable Preference Share	29,000		29,000	
		95,751		1,41,166
Deposit by Dealers		1,38,000		1,59,000
Interest accrued but not due		10,98,423		7,79,190
Total		<u>1,10,27,036</u>		<u>81,03,984</u>
* This figures do not include any amount due and outstanding to be credited to Investors Education & Protection Fund.				
<b>12. Provisions</b>				
For Taxation		53,50,125		53,50,125
Total		<u>53,50,125</u>		<u>53,50,125</u>
	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
<b>13. Other Income</b>				
Interest (Non Trade Investments)(Gross)				
1. On Government Securities	7,162		512	
2. From Others (including tax deducted at source Rs. 11,04,178/- previous year Rs. 22,63,901/-)	1,17,98,818		1,02,00,440	
		1,18,05,980		1,02,00,952
Dividend (Non Trade Investments)		40,285		35,678
Rent Income		48,85,546		2,59,180
Profit on Sale of Investments		20,253		---
Profit on sale of Fixed Assets (Net)		93,236		9,590
Miscellaneous Income		2,26,400		61,500
Items pertaining to previous year / Unspent liabilities and provisions no longer required written back (net)		7,96,607		5,89,967
Total		<u>1,78,68,307</u>		<u>1,11,56,867</u>
<b>14. Increase (Decrease) in Finished Goods and Work-in Process</b>				
Stock at Commencement				
Finished Goods (Traded Goods)	23,52,261		64,66,829	
By-Products	---		---	
Stock in Process	5,24,203		---	
		28,76,464		64,66,829
Stock at Close				
Finished Goods (Traded Goods)	1,979		23,52,261	
By-Products	---		---	
Stock in Process	3,54,039		5,24,203	
		3,56,018		28,76,464
Total		<u>-25,20,446</u>		<u>-35,90,365</u>



	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
<b>15. Payment to and Provision for Employees</b>				
Salaries, Wages and Bonus		<b>41,29,065</b>		32,39,168
Contribution to Provident and other funds		<b>3,79,507</b>		8,36,002
Staff and Labour Welfare Expenses		<b>7,56,595</b>		7,16,054
Total		<b>52,65,167</b>		<b>47,91,224</b>
<b>16. Other Expenses</b>				
Stores, Spare Parts and Packing Materials		<b>12,35,684</b>		14,76,727
Power, Fuel and Electricity Expenses		<b>2,83,647</b>		2,09,063
Rent		<b>79,508</b>		2,32,970
Repairs to:				
Building	<b>1,78,275</b>		5,21,788	
Plant and Machinery	<b>21,202</b>		19,148	
Others	<b>32,792</b>		6,12,742	
		<b>2,32,269</b>		11,53,678
Insurance		<b>38,739</b>		64,673
Rates and Taxes		<b>2,63,690</b>		1,24,919
Brokerage, Commission and discounts on Sales & Publicity, Advertisement & Selling Expenses		<b>2,23,655</b>		8,14,395
Legal & Professional Fees Expenses		<b>5,80,657</b>		7,24,646
Labour Charges		<b>4,37,507</b>		2,02,520
Telephone Expenses		<b>2,76,421</b>		3,85,208
Vehicle Expenses		<b>3,29,848</b>		4,46,816
Miscellaneous Expenses		<b>19,36,103</b>		32,58,383
Directors' sitting Fees		<b>18,600</b>		26,400
Loss on Sale of Investments		---		19,681
Amount Written off (net)		<b>4,66,071</b>		23,66,154
Diminution in value of Current Investments		---		17,292
Discarded Assets (Net)		---		526
Total		<b>64,02,399</b>		<b>1,15,24,051</b>

## Annual Report 2009-2010

---

### 17. Notes forming part of the Accounts for the year ended 31st March, 2010.

#### 1. Significant Accounting Policies

##### \* Principles of Consolidations

The consolidated financial statements comprise the financial statements of the Madhusudan Industries Limited and its wholly owned subsidiary Madhusudan Fiscal Limited (Formerly Cera Leasing Finance & Industries Limited.)

##### \* Basis of Accounting

The Company prepares its financial statements on accrual basis in accordance with generally accepted accounting principles and comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

##### \* Sales

Sales is net of discounts and Value Added Tax.

##### \* Retirement Benefits

- (i) Contribution to Provident Fund is made at applicable rates.
- (ii) Contribution to approved Gratuity Funds is made of the present liability for future Gratuity as determined on an actuarial valuation. The Company has no further obligation except contribution to the fund.
- (iii) Leave encashment benefit is accounted for on the basis of actuarial valuation.

##### \* Fixed Assets & Depreciation

- (a) Fixed Assets are stated at cost. The Company capitalizes all costs relating to the acquisition and installation of Fixed Assets on net of MODVAT credits on the assets.
- (b) Assets acquired under hire purchase instalment credit scheme, the cost of asset is capitalized while the annual financial charges at equated instalments are charged to revenue.
- (c) Leased Assets are stated at cost less accumulated depreciation and after adjustment of the balance standing in Lease Adjustment Account and provisioning on the leased assets.
- (d) Depreciation for the year has been provided at the rates and in the manner specified in Schedule-XIV of the Companies Act, 1956 as under:
  - (1) On Plant & Machinery and Electric Plant & Installation of straight-line method.
  - (2) On other assets on written down value method other than assets held by Subsidiary Company on the straight-line method.
- (e) Leasehold land is amortized over the period of lease. In respect of other assets taken on lease before 01.04.2001, the value thereof is not capitalized, but the contracted lease rentals are charged to revenue on accrual basis.
- (f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

##### \* Inventories

- (a) Raw-materials, packing materials, stores, coal and chemicals are taken at lower of cost or net realisable value following (FIFO Method).
- (b) Stock-in-Process is valued at cost.
- (c) Finished goods are valued at lower of cost and net realizable value.
- (d) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of finished goods.
- (e) Hire Purchase Stock is valued at principal value net of receipts/write off.
- (f) By-products are valued at net - realisable value.

##### \* Investments

- (a) Long Term Investments are stated at cost.
- (b) Current Investments are stated at cost or fair market value whichever is lower.

##### \* Foreign Currency Transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Foreign currency assets and liabilities are translated into Rupees at the rate of exchange prevailing on the date of the Balance Sheet. All exchange differences are dealt with in the statement of Profit and Loss, except those relating to the acquisition of fixed assets which are adjusted in the cost of the assets.

##### \* Taxation

Provision for tax for the year comprises current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s).

##### \* Contingent Liability

Contingent liabilities determined on the basis of available information; wherever material are provided for and Contingent liabilities not provided for in the accounts are disclosed by way of notes to the accounts.

**2. Transfer of Ceramic Division to Madhusudan Oils and Fats Limited (MOFL)**

The Honourable High Court of Judicature at Gujarat vide its order dated 30.10.2001 has sanctioned Scheme of Arrangement (the Scheme) as approved by the shareholders in the Court-convened meeting held on 13.10.2001 under which all the assets (movable or immovable) as per Clause 2 of Scheme, liabilities and debts as described in the Scheme pertaining to the Ceramic business (described as the "Ceramic Division" in the Scheme) have been transferred to Cera Sanitaryware Limited [Madhusudan Oils and Fats Limited (MOFL)] at book value w.e.f. 01.04.2001.

<b>3. Contingent liability in respect of :</b>	<b>31.03.2010</b>	31.03.2009
	<b>Rs.</b>	<b>Rs.</b>
Disputed Claims against the Company not acknowledged as debts.	<b>2,42,57,476</b>	3,05,12,520

4. The Company has yet to obtain balance confirmations from few parties. Due adjustments will be made on receipt thereof, if necessary.

**5. Miscellaneous expenses include payment to Auditors as under :**

	Current year	Previous year
	<b>Rs.</b>	<b>Rs.</b>
a. Statutory Auditors		
- Audit Fees	<b>36,399</b>	36,090
- Taxation work	<b>69,157</b>	51,500
- Certificate etc.	<b>11,236</b>	11,461
- Expenses reimbursed	<b>2,000</b>	2,000
	<b>1,18,792</b>	1,01,051

<b>6. (a) Current liabilities - Sundry Creditors include amount payable to SSI Units :</b>	<b>31.03.2010</b>	31.03.2009
	<b>Rs.</b>	<b>Rs.</b>
a. Amount due to SSI units	---	---
b. Others	<b>95,59,131</b>	68,54,782
c. Amount payable to SSI units :	---	---

**(b) Disclosures required for small enterprises and Micro enterprises for the year ended March 31, 2010**

Particulars	As on		As on	
	31-03-2010		31-03-2009	
	Principal Amt.(Rs.)	Interest Amt.(Rs.)	Principal Amt.(Rs.)	Interest Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2010	Nil	Nil	Nil	Nil
Delayed payments due as at March 31, 2010	Nil	Nil	Nil	Nil
Interest paid on delay payment during the year	Nil	Nil	Nil	Nil
Interest due on principal amounts paid beyond the due date during the year	Nil	Nil	Nil	Nil
Interest accrued but not due	Nil	Nil	Nil	Nil
Total Interest due but not paid	Nil	Nil	Nil	Nil

Note : The above disclosure has been made based on the information provided by the management.

**7. (a) Employee Benefits**

The company has with effect from 1st April, 2007, adopted Accounting standard 15, Employee benefits (revised 2005), issued by the institute of Chartered Accountants of India (the revised AS 15). Consequently, the disclosure as required as per revised AS 15 are as under :

**1) Brief description of the plans :**

The company has various schemes for long-term benefits such as provident fund, gratuity and leave encashment. In case of funded scheme, the funds are recognised by the income tax authorities and administered through trustees / appropriate authorities.

The company defined contribution plans are Provident Fund (exempted employees) recognised by the Income Tax Authorities and administered through trustees. Since the company has no further obligation beyond making contributions and interest shortfall. Further the pattern of investment for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

The company's other defined contribution plans are Provident Fund (non exempted employees), Employees' Pension Scheme (under the Provisions of the employees' Provident Funds and Miscellaneous Provisions Act, 1952), state plans namely Employees' State Insurance Fund Since company has no further obligation beyond making contributions.

The company's defined benefit are Gratuity and leave Encashment for all its employees. Gratuity fund is recognised by the Income Tax Authorities and is administered through trustees.

Liabilities for Defined Benefit Plan is provided on the basis of valuations, as Balance Sheet date, carried out by an independent actuary.

**Annual Report 2009-2010**

**b) Charge to the Profit and Loss Account based on contribution**

	2009-10 Rs.	2008-09 Rs.
Provident Fund	2,58,519	2,09,192
Employees Pension Scheme	1,08,488	79,102
ESIC	4,678	4,104
	<b>3,71,685</b>	<b>2,92,398</b>

**c) Disclosures for defined benefit plans based on actuarial reports as on 31st March,2010.**

Particulars	Amount (Rs.)			
	31-03-2010		31-03-2009	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
<b>Change in Defined Benefits Obligation</b>				
Opening defined benefits obligation	1094336	666959	1013270	391555
Current service cost	119144	74737	119525	267159
Interest cost	87219	53157	70929	27409
Actuarial loss / - gain Interest cost	67095	27411	299939	176343
Benefits paid	—	- 44300	- 409327	- 195507
Closing defined benefits obligation	1367794	777964	1094336	666959
<b>Change in Fair value of Assets</b>				
Opening fair value of plan assets	1169984	—	1463078	—
Expected return on plan assets	104683	—	118488	—
Actuarial gain / - loss	93127	—	- 66771	—
Contributions by employer	—	—	64516	—
Benefits paid	—	—	- 409327	—
Closing fair value of plan assets	1367794	—	1169984	—
<b>Movement in net liability recognised in Balance Sheet</b>				
Net opening liability	- 75648	666959	- 449808	391555
P & L Charge	75648	155305	438676	470911
Contribution Paid	—	- 44300	- 64516	- 195507
Closing Net Asset / liability	—	777964	- 75648	666959
<b>Expenses recognised in the Profit and Loss Account</b>				
Current Service Cost	119144	74737	119525	267159
Interest on defined benefit obligation	87219	53157	70929	27409
Expected return on plan assets	- 104683	—	- 118488	—
Net actuarial loss / - gain recognised in the current year	- 26032	27411	366710	176343
Total Expenses	75648	155305	438676	470911
<b>Assets Information</b>				
Government of India Securities	35%	—	35%	—
Corporate Bonds	56%	—	56%	—
Special Deposits Scheme	0	—	—	—
Others	9%	—	9%	—
<b>Principal actuarial assumption</b>				
Discount Rate (p.a.)	7.97%	7.97%	7%	7%
Expected rate of return on plan assets (p.a.)	8.25%	0.00%	9%	—
Annual Increase in Salary costs	6.00%	6.00%	6%	6%
Effect on the aggregate Service Cost & interest cost				
Effect on defined benefit obligation				

d) The Company has provided Rs.7.78 lacs (Rs.6.67 lacs) being increment discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

**8. Related party disclosures:**

Type of Transactions	Associates (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
<b>Sales - Flowers</b>	<b>14,560</b>	---	---	<b>14,560</b>
	(---)	(---)	(---)	(---)
<b>Purchase - Material</b>	<b>3,806</b>	---	---	<b>3,806</b>
	(21,163)	(---)	(---)	(21,163)
<b>Income - Interest</b>	<b>1,47,389</b>	---	---	<b>1,47,389</b>
	(7,07,941)	(---)	(---)	(7,07,941)
Rent	<b>45,14,857</b>	---	---	<b>45,14,857</b>
	(---)	(---)	(---)	(---)
Service Charges	<b>2,25,000</b>	---	---	<b>2,25,000</b>
	(---)	(---)	(---)	(---)
Other Services	<b>8,01,484</b>	---	---	<b>8,01,484</b>
	(---)	(---)	(---)	(---)
<b>Expenses - Interest Paid</b>	<b>15,75,563</b>	---	---	<b>15,75,563</b>
	(---)	(---)	(---)	(---)
<b>Finance - Loans &amp; Advances given</b>	<b>27,147</b>	---	---	<b>27,147</b>
	(11,60,985)	(---)	(---)	(11,60,985)
Fixed Deposit/Loan received	<b>1,65,00,000</b>	---	---	<b>1,65,00,000</b>
	(95,60,000)	(---)	(---)	(95,60,000)
Rent Deposit Received	<b>14,09,500</b>	---	---	<b>14,09,500</b>
	(---)	(---)	(---)	(---)
<b>Balance at the end of the year</b>				
Receivables	<b>11,43,151</b>	---	---	<b>11,43,151</b>
	(12,07,520)	(---)	(---)	(12,07,520)
Payables	<b>1,65,00,000</b>	---	---	<b>1,65,00,000</b>
	(---)	(---)	(---)	(---)

**Notes:**

1. Associates
  - Cera Sanitaryware Ltd.
  - Gujarat Soaps Pvt. Ltd.
2. Key Management Personnel ---
3. Relatives of Key Management Personnel ---

**9. Note on deferred tax liability**

	<b>2009-10</b> <b>Amount (Rs.)</b>	2008-09 Amount (Rs.)
Deferred tax liabilities on account of:		
- Depreciation	<b>13,50,896</b>	14,97,058
	<b>13,50,896</b>	14,97,058
Less: Deferred Tax Assets on account of:		
- Others	<b>13,50,896</b>	14,97,058
Total	<b>---</b>	<b>---</b>

## Annual Report 2009-2010

10. The Company is organized into following reportable segments referred to in Statement of Accounting Standard AS-17 for segmental reporting :

Details	Edible Oil	Horticulture	Lease & Finance	Inter-segment adjustments	Total
<b>Revenue</b>					
- External	<b>5206736</b> (121446626)	<b>4121079</b> (.885205)	- (-)	- (-)	<b>9327815</b> (.122331831)
- Inter-Segment	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Total</b>	<b>5206736</b>	<b>4121079</b>	-	-	<b>9327815</b>
<b>Result</b>					
Segment Result	<b>8956844</b> (-6339826)	<b>858146</b> (.823112)	<b>131310</b> (12887)	- (-)	<b>9946300</b> (-7150051)
Less : Depreciation	<b>550369</b> (519967)	<b>1885617</b> (.915957)	- (-)	- (-)	<b>2435986</b> (1435924)
Less : Interest	<b>5604855</b> (4513373)	<b>815213</b> (.582132)	- (.18290)	- (-)	<b>6420068</b> (5113795)
Profit before Tax	<b>2801620</b> (-11373166)	<b>-1842684</b> (.-2321201)	<b>131310</b> (-5403)	- (-)	<b>1090246</b> (-13699770)
Less : Provision for Tax	- (120000)	- (-)	- (-)	- (-)	- (120000)
Net Profit for the year	<b>2801620</b> (-11493166)	<b>-1842684</b> (.-2321201)	<b>131310</b> (-5403)	- (-)	<b>1090246</b> (-13819770)
<b>Other Information</b>					
Segment Assets	<b>173755146</b> (166379954)	<b>18650764</b> (19327383)	<b>6646683</b> (6518006)	<b>-17400037</b> (-17400037)	<b>181652556</b> (174825306)
Segment Liabilities	<b>71916910</b> (64813790)	<b>8393902</b> (9796635)	<b>21676</b> (24309)	<b>-4500037</b> (-4500037)	<b>75832451</b> (70134697)
Capital Expenditure	<b>359644</b> (712940)	<b>2809504</b> (15402213)	- (-)	- (-)	<b>3169148</b> (16115153)
Depreciation	<b>550369</b> (519967)	<b>1885617</b> (915957)	- (-)	- (-)	<b>2435986</b> (.1435924)
Non-cash expenses other than depreciation	<b>39250</b> (39250)	- (-)	- (-)	- (-)	<b>39250</b> (39250)

11. Previous Year's figures have been regrouped and reclassified where necessary. (Figures in brackets relate to previous year)

As per our report of even date attached  
For and on behalf of  
**H. V. Vasa & Co.**  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010



Consolidated Cashflow Statement for the year ended March 31, 2010

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net profit before tax & Extra-ordinary items		<b>10,90,246</b>		-1,36,99,770
Adjusted for				
Depreciation	24,35,986		14,35,924	
Provision of Diminution in Value of Investment	-28,637		17,292	
Profit on Sale of Fixed Assets	-93,236		-9,064	
Investment Income	-20,253		19,681	
Dividend Received	-40,285		-35,678	
Interest Received	-1,18,05,980		-1,02,00,952	
Interest Charged	64,20,068		51,13,795	
		<u>-31,32,337</u>		<u>-36,59,002</u>
Operating profit before working capital changes		<b>-20,42,091</b>		-1,73,58,772
Adjusted for				
Trade and other receivable	-37,62,062		1,19,76,306	
Inventories	25,81,905		40,89,059	
Trade Payable	29,23,052		-77,76,169	
		<u>17,42,895</u>		<u>82,89,196</u>
Cash generated from operation		<b>-2,99,196</b>		-90,69,576
Interest paid		<b>-64,20,068</b>		-51,13,795
Direct taxes paid		<b>-27,27,918</b>		-24,20,000
Cash flow before extra-ordinary items		<b>-94,47,182</b>		-1,66,03,371
Extra-ordinary items		<b>-26,63,122</b>		-6,82,156
Net Cash from Operating Activities Total (A)		<b>-1,21,10,304</b>		-1,72,85,527
<b>B. Cash flow from Investing activities</b>				
Purchase of fixed assets		<b>-31,69,148</b>		-1,60,32,999
Sale of fixed assets		<b>2,19,119</b>		69,745
Subsidy Received		---		14,63,400
Purchase of Investments		<b>-44,307</b>		-14,765
Sale of investments (net of profit /loss)		<b>1,39,560</b>		454
Interest received		<b>1,18,05,980</b>		1,02,00,952
Dividend received		<b>40,285</b>		35,678
Net Cash used in Investing Activities Total (B)		<b>89,91,489</b>		-42,77,535
<b>C. Cash flow from financing activities</b>				
proceeds from issue of share capital		---		---
Right issue expenses		---		---
proceeds from borrowings		<b>27,74,701</b>		2,56,52,202
Dividend Paid		---		---
Net Cash used in Financing Activities Total (C)		<b>27,74,701</b>		2,56,52,202
Net changes in Cash & Cash Equivalents (A+B+C)		<b>-3,44,114</b>		40,89,140
Cash & Cash Equivalent-Opening Balance		<b>84,01,468</b>		43,12,328
Cash & Cash Equivalent-Closing Balance		<b>80,57,354</b>		84,01,468

As per our report of even date attached

For and on behalf of

**H. V. Vasa & Co.**  
Chartered Accountants  
**Tushar H. Vasa**  
Proprietor  
Membership No. 16831

**Rajesh B. Shah** Director

**Sanwarmal D. Agarwal** Director

Ahmedabad  
27th May, 2010

**B. K. Patodia**  
Company Secretary

Ahmedabad  
27th May, 2010

## Madhusudan Fiscal Limited

### **Board of Directors**

Shri S. C. Kothari  
Shri S. K. Nema (upto 26.06.2009)  
Shri Rajesh B. Shah  
Shri Atul Sanghvi (w.e.f. 26-06-2009)

### **Auditors**

M/s. N. M. Nagri & Co.,  
Chartered Accountants,  
E-26, Capital Commercial Centre,  
Ashram Road, Ahmedabad - 380 009.

### **Registered Office**

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

<b>Contents</b>	<b>Page No.</b>
Directors' Report	41
Secretarial Compliance Certificate	42
Auditors' Report	45
Balance Sheet	47
Profit & Loss Account	48
Schedules 1 to 9	49
Cash Flow Statement	55
General Business Profile	56

**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the Annual Report together with Statement of Accounts of your Company for the year ended 31<sup>st</sup> March, 2010.

**Financial Results**

<b>Particulars</b>	<b>Year ended March 31, 2010 (Rs.)</b>	Year ended March 31, 2009 (Rs.)
Assets Leased	—	—
Profit/Loss before Interest, Depreciation and Taxation	<b>1,31,310</b>	(-)5,403
<b>Deductions</b>		
1. Interest	—	—
2. Depreciation	—	—
Profit before taxation	<b>1,31,310</b>	(-)5,403
Less: Provision for tax – Deferred/Current	—	—
Profit after taxation	<b>1,31,310</b>	(-)5,403
Less: Transferred to Statutory Reserve (U/S 45 IC RBI Act, 1934)	<b>26,262</b>	—
Less: Loss brought forward from Previous year	<b>(-)66,99,317</b>	(-)66,93,914
Loss Carried forward	<b>(-)65,94,269</b>	(-)66,99,317

**Directors' Responsibility Statement**

In compliance of Section 217 (2AA) of the Companies Act, 1956, the 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 at March 31, 2010 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 accumulated loss of earlier years directors have not recommended any dividend.

**Directors**

Shri S K Nema has resigned as director w.e.f. 26/06/2009. Your Board of Directors places on record its appreciation for the contribution made by him to the company.

Shri Atul Sanghvi has been appointed as an additional director w.e.f. 26/06/2009.

Shri R B Shah is due to retire by rotation and being eligible offers himself for re-appointment.

**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.

**Deposits**

The Company has not accepted any Public Deposit during the year 2009-10 nor there is any outstanding deposit due to any person as on 31.03.2010. The Company do not intend to accept any Public deposit in the year 2010-11.

**Auditors**

M/s. N. M. Nagri & Co., (Firm Registration No. 106792W) Statutory Auditors of the Company retire at the end of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

**Auditors' observations**

As per Clause iii (b) of the annexure to the Auditors' Report, auditors have observed that loan to the holding company Madhusudan Industries Limited is considered interest free. Your directors have to state that holding company Madhusudan Industries Limited have invested Rs. 129 lacs as share capital in the company. Due to weak financial position, the company could not pay any dividend on share capital for many years. As such, loan to the holding company is considered interest free.

Similarly, as per para (vii) of the annexure to the Auditors' Report, your directors have to state that in absence of new lease business and very few number of transactions during the year, Internal Auditors have not been appointed and as such the company did not have internal audit system.

**Secretarial Compliance Certificate**

As required by Provision to sub-section (1) of Section 383 A of the Companies Act, 1956, the Secretarial Compliance Certificate from M/s. Umesh Parikh & Associates, Company Secretaries, is attached to this report.

**Appreciation**

Your Directors acknowledge with gratitude the co-operation and assistance given by Bank of Baroda.

For and on behalf of the Board of Directors

Ahmedabad  
26<sup>th</sup> April, 2010

**Atul Sanghvi**  
**R. B. Shah**  
Directors

**Secretarial Compliance Certificate**

To,  
The Members,  
MADHUSUDAN FISCAL LIMITED  
"Madhusudan House",  
Opp. Navrangpura Telephone Exchange,  
Ahmedabad – 380 006.

We have examined the registers, records, books and papers of MADHUSUDAN FISCAL LIMITED, (the Company) as required to be maintained under the Companies Act, 1956 (the Act), and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Gujarat.
3. The Company is a Public Limited Company and a subsidiary of Madhusudan Industries Limited. The Company has the minimum prescribed paid up share capital and comments on the maximum number of members during the year under review are not required.
4. The Board of Directors duly met 6 times on (1) 21-04-2009, (2) 28-04-2009, (3) 26-06-2009, (4) 16-09-2009 (5) 30-10-2009 and (6) 28-01-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the year under review.
6. The Annual General Meeting for the financial year ended on 31-03-2009 was held on 16-09-2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under review.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act, in respect of notices of disclosure of interest made by the Directors of the Company.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the year under review.
13. During the year under review :
  - (i) There was no allotment / transfer / transmission of shares or securities;
  - (ii) the Company has not deposited any amount in a separate Bank Account as no dividend was declared;
  - (iii) the Company was not required to post warrants to any member of the Company as no dividend was declared;
  - (iv) the Company has not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debenture and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no such amounts outstanding;
  - (v) the Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and appointment of additional director has been made in accordance with the provisions of the Act, and there was no appointment of alternate directors and directors to fill casual vacancy during the year under review.
15. The Company's Paid-up Share Capital being less than the prescribed limit of Rs. 5 Crores, it is not required to appoint any Managing Director / Whole – time Director / Manager and accordingly provisions of Section 269 of the Act, are not applicable.
16. The Company has not appointed any sole-selling agent during the year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the year under review.
18. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Shares, Debentures or other securities during the year under review.

20. The Company has not bought back any shares during the year under review.
21. As there were no preference shares or debentures issued, there was no redemption of preference shares or debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58 A of the Act during the year under review.
24. The Company has not made any borrowings as envisaged in the section 293(1)(d) of the Act during the year under review.
25. The Company has given loans in compliance with the provisions of the Act and Company has not made investments or given guarantees or provided securities to other bodies corporate during the year under review.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under review.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under review.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under review.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under review.
30. The Company has not altered its Articles of Association during the year under review.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year under review, for offences under the Act.
32. The Company has not received any money as security from its employees during the year under review.
33. The Company has not constituted any separate provident fund of employees or any class of employees as envisaged under section 418 of the said Act.

For Umesh Parikh & Associates  
Company Secretaries

(Umesh Parikh)  
Proprietor  
C. P. No.: 2413

Place : Ahmedabad.  
Date : 26-04-2010

**Annexure "A"**

**List of Registers as maintained by the Company :**

1. Register of Transfer under section 108.
2. Register of Charges under section 143.
3. Register of Members under Section 150.
4. Copies of Annual Returns under Section 159.
5. Register of Contracts under Section 301.
6. Register of Directors under Section 303.
7. Register of Directors' Shareholding under section 307.
8. Minutes of the General Meetings and Meetings of Board of Directors under section 193(1).
9. Attendance registers of all the meetings of Board and General Meeting of the Company.

**Annexure "B"**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities for and during the financial year ended on 31-03-2010.

<b>Sr. No.</b>	<b>Form No./ Return</b>	<b>Filed under Section</b>	<b>Description</b>	<b>Date of Filing</b>	<b>Whether Filed within prescribed time Yes/No</b>	<b>If delay in filing whether requisite additional Fee paid Yes/No</b>
1.	32	303(2)	Appointment of Mr. Atul Sanghvi as an additional Director of the w.e.f. 26-06-2009	03-07-2009	Yes	N.A.
2.	32	303(2)	Appointment of Mr. Atul Sanghvi as a Director at AGM.	23-09-2009	Yes	N.A.
3.	66	383A	Secretarial Compliance Certificate for the year 2008-2009.	26-09-2009	Yes	N.A.
4.	23AC & 23ACA	220	Annual Report for the financial year ended 31-03-2009.	09-10-2009	Yes	N.A.
5.	20B	159(1)	Annual Return made upto 16-09-2009.	14-11-2009	Yes	N.A.

**Auditors' Report**

To  
The Members,  
MADHUSUDAN FISCAL LIMITED

We have audited the attached Balance Sheet of **MADHUSUDAN FISCAL LIMITED** (Formerly known as Cera Leasing Finance & Industries Limited) as at 31<sup>st</sup> March, 2010 together with the Profit & 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.

1. 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.
2. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purposes 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 of the books;
  - (c) The Balance Sheet, Profit & 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, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations made by the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on 31<sup>st</sup> March, 2010 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 together with Significant Accounting Policies and notes thereon in Schedule-9 give the information required by the Companies Act 1956, in the manner so required and give true and fair view in

conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
- (ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date;
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For N. M. Nagri & Co.**  
Chartered Accountants

**(N. M. Nagri)**  
Partner

Place : Ahmedabad  
Date : 26/04/2010

Membership No. 16992  
Firm Registration No. 106792W

**Annexure to Auditors' Report**  
**Referred to in Paragraph 2 of our Report of even date**

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, these fixed assets of the Company wherever possible, have been physically verified by the management at reasonable intervals during the year and no material discrepancies are stated to have been noticed on such physical verification as compared to the aforesaid records of fixed assets subject to Note No. 4.3(a) of Schedule 9 regarding certain leased assets being treated as non – recoverable for which full provisioning has been made.
  - (c) In our opinion and according to the information and explanations given to us, there was no substantial disposal of fixed assets during the year, which would affect the going concern of the Company.
- (ii) As there was no stock of finished goods and raw materials held by the Company during the year, relevant clauses relating to stocks are not applicable for the year under report.
- (iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.54.16 lacs and the amount outstanding as at 31-03-2010 was Rs.54.00 lacs.
  - (b) Out of the above two unsecured loans, loan to the holding company, Madhusudan Industries Limited (outstanding Rs.45.00 lacs as at 31/03/2010) is considered as interest free by the Company for the year under report. *To this extent, it is prima facie prejudicial to the interest of the Company.*
  - (c) Both the unsecured loans given by the Company are repayable on demand. As reported in Para (b) above, loan to the holding company is considered as interest free by the Company and in case of the other unsecured loan, interest payment is regular.

## Annual Report 2009-2010

- (d) There is no overdue amount in respect of loans given by the Company as these loans are repayable on demand.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence the question of our reporting on Sub Clauses (f) & (g) does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of plant and machinery, equipment and other assets wherever applicable. No major weakness in internal control system has come to our notice during the course of our audit. There have been no sale of goods and services during the year.
- (v) According to the information and explanations given to us, the particulars of contracts or arrangements and transactions referred to in Section 301 of the Act have been so entered in the register required to be maintained under that section. There is no transaction in excess of Rs.5 lacs in respect of any party and hence the question of reasonable prices in respect of such transactions having regard to the prevailing market prices does not arise.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from public during the year.
- (vii) The Company having paid up capital and reserves exceeding Rs. 50 lacs as at the commencement of the financial year, *did not have an internal audit system for the year under report.*
- (viii) The Company is not required to maintain cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) In respect of statutory dues :
- (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, E.S.I., Income-Tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth. The Company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of trading in shares, securities and other investments wherever applicable, and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loans during the year under report.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the financial year and hence, the question of creation of securities or charge in respect thereof does not arise.
- (xx) According to the information and explanations given to us, the Company has not raised any money by a public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year under report.

**For N. M. Nagri & Co.**  
Chartered Accountants

**(N. M. Nagri)**  
Partner

Place : Ahmedabad  
Date : 26/04/2010

Membership No. 16992  
Firm Registration No. 106792W



## Madhusudan Fiscal Limited

Balance Sheet as at 31st March, 2010

	Schedule	31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. Sources of Funds</b>					
1. Shareholders' Funds					
(a) Share Capital	1		1,29,00,000		1,29,00,000
(b) Reserves and Surplus	2		3,19,276		2,93,014
2. Loan Funds					
(a) Secured Loans			---		---
(b) Unsecured Loans			---		---
<b>Total</b>			<b>1,32,19,276</b>		<b>1,31,93,014</b>
<b>II. Application of Funds</b>					
1. Fixed Assets	3				
(a) Gross Block			32,65,000		32,65,000
(b) Less : Depreciation			31,08,152		31,08,152
(c) Net Block			1,56,848		1,56,848
(d) Less : Provisioning on Leased Assets			1,56,848		1,56,848
			---		---
2. Investments	4		84,673		56,036
3. Deferred Tax Assets (Net)			---		---
4. Current Assets, Loans and Advances	5		65,62,010		64,61,970
Less : Current Liabilities and Provisions	6		21,676		24,309
Net Current Assets			65,40,334		64,37,661
5. Profit & Loss Account			65,94,269		66,99,317
<b>Total</b>			<b>1,32,19,276</b>		<b>1,31,93,014</b>
Notes forming part of the Accounts	9				

As per our attached report of even date

For and on behalf of

**N. M. Nagri & Co.**  
Chartered Accountants

**N. M. Nagri**  
Partner  
Membership No. 16992

Ahmedabad  
26th April, 2010

**S. C. Kothari** Director

**Atul Sanghvi** Director

**Rajesh B. Shah** Director

Ahmedabad  
26th April, 2010

## Annual Report 2009-2010

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Interest & Other Income	7		1,79,830		1,34,301
<b>Total</b>			<u>1,79,830</u>		<u>1,34,301</u>
<b>Expenditure</b>					
Other Expenses	8		48,520		1,39,704
Depreciation			---		---
<b>Total</b>			<u>48,520</u>		<u>1,39,704</u>
Profit / (Loss) for the year before Taxation			1,31,310		-5,403
Less : Provision for Taxation- Current Tax			---		---
Less : Provision for Taxation- Deferred Tax			---		---
Profit / (Loss) for the year after Taxation			<u>1,31,310</u>		<u>-5,403</u>
Less : Transferred to Statutory Reserve (U/s 451C of RBI Act, 1934)			26,262		---
Add : Deficit brought forward from Previous year			<u>-66,99,317</u>		<u>-66,93,914</u>
Loss carried to Balance Sheet			<u>-65,94,269</u>		<u>-66,99,317</u>
Basic and Diluted Earning per Share of Rs.10/- each			0.10		0.00
Notes forming part of the Accounts	9				

As per our attached report of even date  
For and on behalf of  
**N. M. Nagri & Co.**  
Chartered Accountants  
**N. M. Nagri**  
Partner  
Membership No. 16992

Ahmedabad  
26th April, 2010

**S. C. Kothari** Director  
**Atul Sanghvi** Director  
**Rajesh B. Shah** Director

Ahmedabad  
26th April, 2010

## Madhusudan Fiscal Limited

Schedules 1 to 9 Annexed to And Forming Part of The Accounts For The Year Ended 31st March, 2010

		31-3-2010		31-3-2009	
		Rs.	Rs.	Rs.	Rs.
<b>1. Share Capital</b>					
	<b>Authorised</b>				
15,00,000	(15,00,000) Equity shares of Rs. 10/- each		<b>1,50,00,000</b>		1,50,00,000
	Total		<u><b>1,50,00,000</b></u>		<u>1,50,00,000</u>
	<b>Issued, Subscribed &amp; Paid Up</b>				
12,90,000	(12,90,000) Equity shares of Rs. 10/- each fully paid up (All the above shares are held by the Holding Company Madhusudan Industries Limited and its nominees)		<b>1,29,00,000</b>		1,29,00,000
	Total		<u><b>1,29,00,000</b></u>		<u>1,29,00,000</u>
<b>2. Reserves and Surplus</b>					
	Capital Redemption Reserve				
	As per last Balance Sheet		<b>600</b>		600
	Statutory Reserve (U/S 451C of the RBI Act, 1934)				
	As per last Balance Sheet	<b>2,92,414</b>		2,92,414	
	Add : Transfer from Profit & Loss Account	<u><b>26,262</b></u>		<u>---</u>	
			<b>3,18,676</b>		2,92,414
	Total		<u><b>3,19,276</b></u>		<u>2,93,014</u>

### 3. Fixed Assets

Particulars of Assets	Gross Block				Depreciation				Net Block	
	As at 1-4-2009 (Rs.)	Addi- tions (Rs.)	Deduc- tions (Rs.)	As at 31-3-2010 (Rs.)	Upto 31-3-2009 (Rs.)	During the year (Rs.)	Deduc- tions (Rs.)	Upto 31-3-2010 (Rs.)	As at 31-3-2010 (Rs.)	As at 31-3-2009 (Rs.)
Leased Plant and Machinery	32,65,000	---	---	<b>32,65,000</b>	31,08,152	---	---	<b>31,08,152</b>	<b>1,56,848</b>	1,56,848
<b>Total</b>	32,65,000	---	---	<b>32,65,000</b>	31,08,152	---	---	<b>31,08,152</b>	<b>1,56,848</b>	1,56,848
<b>Previous Year</b>	38,58,984	---	5,93,984	<b>32,65,000</b>	36,72,365	---	5,64,213	<b>31,08,152</b>	<b>1,56,848</b>	

**Annual Report 2009-2010**

	31-3-2010		31-3-2009	
	Rs.	Rs.	Rs.	Rs.
<b>4. Investments</b>				
<b>CURRENT INVESTMENTS (NON-TRADE)</b>				
<b>(a-1) In Fully Paid Equity Shares of Rs.10/- each (Quoted)</b>				
145 (145) Tata Communications Limited (Formerly Videsh Sanchar Nigam Ltd.)	36,250		36,250	
400 (400) Melstar Information Technologies Ltd.	28,800		28,800	
850 (850) Entegra Ltd. (Formerly Induj Enerotech Ltd.)	42,755		42,755	
150 (150) Unitex Designs Limited (Formerly Induj Infotech Ltd.)	7,545		7,545	
		<b>1,15,350</b>		<b>1,15,350</b>
<b>(a-2) In Fully Paid Equity Shares of Rs.5/- each (Quoted)</b>				
300 (300) Shree Rama Multi Tech Ltd.	36,000		36,000	
<b>(a-3) In Fully Paid Equity Shares of Re.1/- each (Quoted)</b>				
40 (40) Zee Entertainment Enterprises Ltd. (ZEEL) (Formerly Zee Telefilms Ltd.)	53,987		53,987	
20 (20) Wire & Wireless India Ltd. (on demerger of ZEEL)	---		---	
18 (18) Zee News Ltd. (on demerger of ZEEL)	---		---	
23 (0) Dish TV India Limited (Bonus of ZEEL)	---		---	
		<b>53,987</b>		<b>53,987</b>
<b>(a-4) In Fully Paid Equity Shares of Rs.2/- each (Unquoted)</b>				
2,500 (2,500) Dairy Den Ltd. (Non performing and fully provided for)	55,000		55,000	
	<b>2,60,337</b>		<b>2,60,337</b>	
Less: Provision for diminution	<b>1,75,664</b>		<b>2,04,301</b>	
Total	<b>84,673</b>		<b>56,036</b>	
Aggregate Book Value - Quoted	<b>84,673</b>		<b>56,036</b>	
- Unquoted	---		---	
Aggregate Market Value - Quoted	<b>91,471</b>		<b>96,024</b>	
<b>5. Current Assets, Loans and Advances (Unsecured, Considered Good Unless Otherwise Specified)</b>				
1. Advance Payment of Income-tax	<b>92,396</b>		73,008	
2. Inter Corporate Loans (Unsecured, Considered good) (Including Interest - free Loans to Holding Company Rs.45,00,037/-, Previous year Rs.45,00,037/-. Maximum Balance during the year Rs. 45,00,037/-, Previous Year Rs.46,60,037/-).	<b>54,00,037</b>		54,01,553	
3. Fixed Deposit with Bank of Baroda	<b>7,50,000</b>		---	
4. Bank Balances with Scheduled Banks in Current Account	<b>3,16,528</b>		9,85,840	
5. Cash on Hand	<b>3,049</b>		1,569	
Total	<b>65,62,010</b>		<b>64,61,970</b>	
<b>6. Current Liabilities and Provisions</b>				
(A) Current Liabilities				
Other Liabilities (Refer to Note No. 6(c) of Schedule-9)	<b>21,676</b>		24,309	
(B) Provisions	---		---	
Total	<b>21,676</b>		<b>24,309</b>	

**Madhusudan Fiscal Limited**

	2009-10 Rs.	2008-09 Rs.
<b>7. Interest &amp; Other Income</b>		
1. Interest (Tax deducted at source Rs.19,388/- Previous year Rs.27,527/-)	1,40,553	1,21,469
2. Dividend (Gross) on Current Investments	10,640	10,640
3. Provision for Diminution in Value of Current Investments no longer required, written back	28,637	---
4. Interest on Income Tax Refund	---	2,192
Total	<u>1,79,830</u>	<u>1,34,301</u>
<b>8. Other Expenses</b>		
1. Service Charges	6,000	6,000
2. Rent, Rates & Taxes	6,350	6,350
3. Directors' Sitting Fees	2,600	2,400
4. Other Miscellaneous Expenses	6,808	7,318
5. Interest	---	18,290
6. Legal & Professional Charges	24,767	79,488
7. Telephone Expenses	1,995	2,040
8. Diminuation in value of Current Investments	---	17,292
9. Discarded Assets (Net)	---	526
Total	<u>48,520</u>	<u>1,39,704</u>

**9. Notes forming part of the Accounts for the year ended 31st March, 2010.**

- The name of the Company was changed from Cera Leasing Finance & Industries Limited to **Madhusudan Fiscal Limited** with effect from 18.12.2002 consequent upon the fresh Certificate of Incorporation, issued by the Registrar of Companies, Gujarat State, Ahmedabad dated 18.12.2002 and a fresh Registration Certificate issued by Reserve Bank of India dated 01.05.2003.
- Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with the current year's figures.
- The Company's appeal is pending with the Hon'ble High Court of Gujarat, preferred against the judgment of the Hon'ble Metropolitan Court, which had been decided against the Company's criminal cases filed in respect of alleged frauds involving Company's funds of approximately Rs.35.95 lacs. The Company has so far written off as bad debts Rs.35.34 lacs, which are considered as irrecoverable (net of recovery).

**4. Significant Accounting Policies and practices**

- Accounting Convention :  
The financial statements are prepared under the historical cost convention on an accrual basis.
- Revenue/Income Recognition/Prudential Norms.
  - Lease Rentals/Finance Charges are generally accounted for on accrual basis as per the Lease/Hire Purchase Agreements subject to Notes No.4.2 (b) and (c) hereinafter.
  - Income from all assets leased prior to 01.04.1997 has been accounted for without transfer to / from a Lease Equalisation account whereas income from assets leased on and from 01.04.1997 upto 31.03.2001 is accounted for on the basis of the revised Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI) which has recommended transfer to/from a Lease Equalisation account. Accounting Standard-19 on 'Leases' issued by the Institute of Chartered Accountants of India is made applicable in respect of all assets leased on or after 01.04.2001 up to 06.12.2006 and thereafter as per the Companies (Accounting Standards) Rules, 2006.
  - The Company has complied with the Non Banking Financial (Non –Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in respect of Accounting Standards, Asset Classification, Income Recognition and Provisioning for bad and doubtful debts as applicable to it. Accordingly, income is not recognised in respect of Non Performing Assets unless realised and on interest free and restructured Loans & Advances. Prudential Norms in respect of Capital Adequacy and Concentration of credit/investment are not applicable to the Company.
  - The Schedule to the Balance Sheet of a Non Deposit Taking Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Non –Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is separately attached.
- Fixed Assets and Depreciation.
  - Leased Assets are stated at cost less accumulated depreciation and after adjustment of the balance standing in Lease Adjustment account and provisioning on the leased assets.
  - The Fixed Assets which are not in use / are fully impaired have been written off to the Profit and Loss Account.
  - The remaining Fixed Assets are stated at cost less accumulated depreciation.
  - The Company follows straight line method of depreciation on fixed assets at the rates and in the manner specified in Schedule

## Annual Report 2009-2010

XIV to the Companies Act, 1956 by writing off 95% of the original cost of the assets in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.

### 4.4. Investments:

Investments are classified into long-term and current investments. Long-term investments are stated at cost. Current investments are stated at the lower of cost and fair value, computed individually as per the Companies (Accounting Standards) Rules, 2006.

### 4.5. Taxation:

Income tax expense whenever applicable, comprises of Current Tax and Deferred Tax charge determined to be payable in respect of Taxable Income and Deferred Tax, being the tax effect of timing differences representing the difference between Taxable Income and Accounting Income that originate in one period, and are capable of reversal in one or more subsequent period(s) by applying tax rate and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty or virtual certainty that the assets will be realised in future.

5. Payments to Auditors	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	3,309	3,000
Income tax Matters	6,067	4,000
Other Services	5,721	5,843
Expenses	2,000	2,000
Total	17,097	14,843

### 6. In the opinion of the Management :

- The Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business, unless otherwise stated in this Schedule.
- The provision for all known liabilities are adequate and not in excess of the amounts reasonably necessary.
- The Company does not owe any amount to Micro, Small and Medium Enterprises as per the Micro, Small and Medium Enterprises Development Act, 2006.
- No personal expenses have been charged to revenue account.

7. Contingent Liability not provided for in respect of initiation of penalty proceedings for A. Y. 2005-06 under the Income-tax Act, 1961 of approximately Rs.1,32,000/- (Previous year Rs. 1,32,000/-).

- In accordance with 'AS - 22' issued under the Companies (Accounting Standards) Rules, 2006, net Deferred Tax Assets as on 31.03.2010 are not recognised in the books of account as there is no virtual certainty that the deferred tax assets could be set off against future income.
- Provision for Taxation has not been made in the accounts in absence of taxable income as per the provisions of the Income Tax Act, 1961.

	2009-10	2008-09
9. Earning per Equity Share :		
Net Profit available to Equity Share holders (Rs.)	1,31,310	(-)5,403
Average number of Equity Shares	12,90,000	12,90,000
Earning per Equity share (Rs.) – Basic & Diluted(Face Value of Rs.10/- per Equity share)	0.102	(-)0.004
10. Quantitative information pursuant to paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company for the year.		

### Signatures to Schedules '1' to '9'

As per our attached report of even date  
For and on behalf of  
**N. M. Nagri & Co.**  
Chartered Accountants  
**N. M. Nagri**  
Partner  
Membership No. 16992

Ahmedabad  
26th April, 2010

**S. C. Kothari** Director  
**Atul Sanghvi** Director  
**Rajesh B. Shah** Director  
Ahmedabad  
26th April, 2010

## Madhusudan Fiscal Limited

### Schedule to the Balance Sheet of a Non-deposit taking Non-Banking Financial Company as on 31.03.2010

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-deposit accepting or holding)  
Companies Prudential Norms (Reserve Bank) Directions, 2007.)

Name of the NBFC: **MADHUSUDAN FISCAL LIMITED**  
(Formerly Cera Leasing Finance & Industries Limited)  
Registration No.: **B.01.00382**

(Amount Rs. in lakhs)

Particulars	Amount outstanding	Amount overdue
<b>Liabilities side:</b>		
(1) <b>Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	Nil	Nil
Unsecured (Other than falling within the meaning of public deposits*)	Nil	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans.	Nil	Nil
(d) Inter-corporate loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (specify nature)	Nil	Nil
<b>Assets side:</b>		
(2) <b>Break-up of Loans and Advances including bills receivables [Other than those included in (4) below] :</b>		Amount outstanding
(a) Secured		Nil
(b) Unsecured		54.92
(3) <b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :-		
(a) Financial lease		Nil
(b) Operating lease		Nil
(ii) Stock on hire including hire charges under sundry debtors :-		
(a) Assets on Hire		Nil
(b) Repossessed Assets		Nil
(iii) Other loans counting towards AFC activities:		Nil
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil
(4) <b>Break-up of Investments :</b>		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity		0.85
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil
2. Unquoted :		
(i) Shares : (a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil

## Annual Report 2009-2010

(v) Others (please specify) Nil

Long Term Investments :

1. Quoted :

(i) Shares : (a) Equity Nil

(b) Preference Nil

(ii) Debentures and Bonds Nil

(iii) Units of mutual funds Nil

(iv) Government Securities Nil

(v) Others (please specify) Nil

2. Unquoted :

(i) Shares : (a) Equity Nil

(b) Preference Nil

(ii) Debentures and Bonds Nil

(iii) Units of mutual funds Nil

(iv) Government Securities Nil

(v) Others (please specify) Nil

(5) **Borrower group-wise classification of assets, Financed as in (2) and (3) above :**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group (Holding Company)	Nil	45.00	45.00
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	9.92	9.92
Total	Nil	54.92	54.92

(6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	Market Value/Break-up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties	
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	0.91	0.85
Total	0.91	0.85

(7) **Other information**

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil



## Madhusudan Fiscal Limited

### Cashflow Statement for the year ended March 31, 2010

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash flow from operating activities</b>				
Net profit before tax & Extra-ordinary items		1,31,310		-5,403
Adjusted for				
Depreciation	---		---	
Provision for Diminution in Value of Investment	-28,637		17,292	
Dividend Received	-10,640		-10,640	
Interest Received	---		-2,192	
Discarded Asses	---		526	
		<u>-39,277</u>		<u>4,986</u>
Operating profit before working capital changes		92,033		-417
Adjusted for				
Trade and other receivable	1,516		1,58,484	
Trade Payable	-2633		4,145	
		<u>-1,117</u>		1,62,629
Cash generated from operation		90,916		1,62,212
Direct taxes paid / Refund		-19,388		-5,659
Cash flow before extra-ordinary items		71,528		1,56,553
Extra-ordinary items		---		---
Net Cash from Operating Activities Total (A)		<u>71,528</u>		<u>1,56,553</u>
<b>B. Cash flow from Investing activities</b>				
Interest Received		---		2,192
Dividend received		10,640		10,640
Net Cash from Investing Activities Total (B)		<u>10,640</u>		<u>12,832</u>
<b>C. Cash flow from financing activities</b>				
Net Cash used in Financing Activities Total (C)		---		---
Net changes in Cash & Cash Equivalents (A+B+C)		82,168		1,69,385
Cash & Cash Equivalent-Opening Balance		9,87,409		8,18,024
Cash & Cash Equivalent-Closing Balance		<u>10,69,577</u>		<u>9,87,409</u>

For and on behalf of  
**N. M. Nagri & Co.**  
Chartered Accountants  
**N. M. Nagri**  
Partner  
Membership No. 16992

Ahmedabad  
26th April, 2010

**S. C. Kothari** Director

**Atul Sanghvi** Director

**Rajesh B. Shah** Director

Ahmedabad  
26th April, 2010

## Annual Report 2009-2010

---

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

Registration No.	:	U65910GJ1984PLC006902
State Code	:	04
Balance Sheet Date	:	<b>31-03-2010</b>

#### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	:	-
Right Issue	:	-
Bonus Issue	:	-
Private / Preferential Placement	:	-

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	:	13,219
Total Assets	:	13,219

##### Sources of Funds

Paid-up Capital	:	12,900
Reserves & Surplus	:	319
Secured Loans	:	-
Unsecured Loans	:	-

##### Application of Funds

Net Fixed Assets	:	-
Investments	:	85
Net Current Assets	:	6,540
Deferred Tax Assets (Net)	:	-
Misc. Expenditure	:	-
Accumulated Losses	:	6,594

#### IV. Performance of Company (Amount in Rs. Thousands)

Total Income	:	180
Total Expenditure	:	49
Profit before tax (PBT)	:	131
Profit after tax (PAT)	:	131
Earning Per Share (Rs.)	:	0.10
Dividend Rate (%)	:	Nil

#### V. Generic Names of Three Principal products/ Services of Company

i. Item Code No. (ITC CODE)	N.A
Product description	Equipment Leasing

Ahmedabad  
26th April, 2010

**S. C. Kothari** Director  
**Atul Sanghvi** Director  
**Rajesh B. Shah** Director



**Madhusudan  
Industries Limited**

**Madhusudan Industries Limited**  
**Regd. Office : Rakhial Station, Taluka - Dehgam, Dist. Gandhinagar,**  
**Pin - 382 315. Gujarat.**

<b>DP ID *</b>	
<b>Client ID*</b>	

**PROXY**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of Madhusudan Industries Ltd. hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

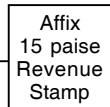
or failing him/her \_\_\_\_\_

of \_\_\_\_\_

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 at 11.30 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature(s) \_\_\_\_\_ L.F. No. \_\_\_\_\_



\* Applicable for members holding shares in electronic form.

Note : The proxy must be returned so as to reach the registered office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

----- CUT HERE -----

**Madhusudan Industries Limited**

**Regd. Office : Rakhial Station, Taluka - Dehgam, Dist. Gandhinagar,**  
**Pin - 382 315. Gujarat.**

<b>DP ID *</b>	
<b>Client ID*</b>	

**ATTENDANCE SLIP**

Annual General Meeting - 2010

at Regd. Office : Rakhial Station, Taluka - Dehgam, Dist. Gandhinagar, Pin - 382 315. Gujarat.

Name of the attending Member/Proxy (In block letters) :

Member's Folio No. :

No. of Shares held :

I hereby record my presence at the Annual General Meeting held on 27th September, 2010.

\_\_\_\_\_  
Member's / Proxy's Signature

\* Applicable for members holding shares in electronic form.

- Notes : 1. Please bring this Attendance slip to the meeting and handover at the entrance duly filled in.  
2. Members are requested to bring copy of Annual Report with them.

CUT HERE

Book-Post

To,



If undelivered, please return to :

Madhusudan Industries Limited

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