

**ANNUAL REPORT
2010-11**



Madhusudan
Industries Limited

Board of Directors

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

Auditors

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

Registered Office

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

Ahmedabad Office

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

Registrar & Share Transfer Agent

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

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**Annual General Meeting at 11.30 a.m. on Saturday,
the 17th day of September, 2011 at the Registered Office.**

N o t i c e

NOTICE is hereby given that the Annual General Meeting of the Members of **MADHUSUDAN INDUSTRIES LIMITED** will be held at 11.30 a.m. on Saturday, the 17th day of September, 2011 at the Registered Office of the Company at Rakhial Station, Taluka Dehgam, District Gandhinagar – 382 315, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt Audited Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri Shree Narayan Mohata, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Bhagwan Das Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Regd. Office :
Rakhial Station – 382 315
Taluka - Dehgam,
Dist. Gandhinagar.
27th May, 2011

B. K. Patodia
Company Secretary

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 5th September, 2011 to 17th September, 2011 (both days inclusive)
4. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
5. Members are requested to send their queries atleast ten days before the date of the meeting so that the information can be made available at the meeting.
6. Unpaid / unclaimed dividend, share application money received and due for refund and matured deposits unclaimed and unpaid for a period of seven years up to the financial year 2002-03 have been transferred to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956.
7. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	Shri Shree Narayan Mohata	Shri Bhagwan Das Sharma
Date of Birth	03.12.1944	12.09.1930
Date of appointment	18.04.2006	18.04.2006
Expertise in specified functional areas	Administration & Commercial	Administration & Commercial
List of other directorships held	Cera Sanitaryware Ltd. Madhusudan Holdings Ltd.	---
Chairman / Member of the Committees of the Board of other Companies	---	---
Shareholding in the Company	250	---

Directors' Report

To

The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31st March, 2011.

Performance

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

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

Review of Company's Performance

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

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

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

Management Discussion and Analysis Report

a) Industry structure and development

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

b) Opportunities and threats

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

c) Segment-wise/Product-wise performance

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

d) Outlook

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

e) Risks and concerns

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

f) Internal control system and their adequacy

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

g) Financial performance with respect to Operational Performance is discussed in the main part of the report.

h) Material development in Human Resources /Industrial Relations

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

Corporate Governance

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

Directors' Responsibility Statement

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

- that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

Dividend

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

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this report.

Exchequer

The Company has contributed Rs.7.51 lacs to the exchequer by way of Excise Duty, Customs duty, Income tax, VAT and other fiscal levies.

Fixed Deposits

Fixed Deposits from the Public, outstanding as on 31st March 2011 was Rs.166.90 lacs. There are Forty Two Fixed Deposit holders with Rs.22.96 lacs of unclaimed / unrenewed deposits as on 31st March 2011. The Company on the basis of the working results during the year under review, can accept deposits from the Public as well as from the shareholders to the extent of Rs.402.59 lacs.

Subsidiary Company

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

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

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

Finance

The Company has obtained credit facilities from Bank of Baroda.

Employees

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

Directors

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

Auditors

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

Insurance

The Company has adequately insured all its assets.

Industrial Relations

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

The Company has taken adequate steps for the health and safety of its employees.

Appreciation

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

Ahmedabad
27th May, 2011

For and on behalf of the Board of Directors,

Rajesh B. Shah
Sanwarmal Agarwal
Directors

Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2011.

A. Conservation of Energy

Form - A : Nil

B. Technology Absorption

Form B : Nil

C. Foreign Exchange used and earned

Total foreign exchange used : Rs. Nil

Total foreign exchange earned : Rs. Nil

Annexure to the Directors' Report

Statement of Holding Company's Interest in Subsidiary Company

Statement pursuant to Section 212 of the Companies Act, 1956 and General Circular No. 2/2011 dated 08.02.2011 of Ministry of Corporate Affairs, Govt. of India. (For the year ended 31-03-2011)

1. Name of the Subsidiary	: Madhusudan Fiscal Limited
2. Financial year of the Subsidiary Company ended on	: 31st March, 2011
Number of Shares in Subsidiary held by Madhusudan Industries Limited on above date	: 12,90,000 (Previous year 12,90,000) Equity Shares of Rs.10/- each
3. Holding Company's interest	: 100 % (Previous year 100 %)
4. The Profit of Madhusudan Fiscal Limited for the year ended 31st March, 2011. (Net of Deferred Tax Assets / Liability) and transfer to Statutory Reserve under RBI Act.	: Rs.69,956/-
5. The loss for previous Financial Years since it became the Company's subsidiary.	: Rs.65,94,269/-
6. No adjustment has been made in the books of Madhusudan Industries Ltd. in respect of the said loss of Madhusudan Fiscal Limited.	
7. Paid-up Share Capital	: Rs. 1,29,00,000
8. Reserves	: Rs. 3,36,765
9. Total Assets	: Rs. 1,32,36,765
10. Total Liabilities	: Rs. 1,32,36,765
11. Investments (other than in Subsidiaries)	: Rs. 72,081
12. Turnover	: Rs. 1,52,918
13. Profit (Loss) before taxation	: Rs. 87,445
14. Provision for taxation	: Rs. ---
15. Profit (Loss) after taxation	: Rs. 87,445
16. Proposed Dividend	: Rs. ---

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

Rajesh B. Shah
Sanwarmal D. Agarwal

Ahmedabad
27th May, 2011

Director
Director

Annexure to the Directors' Report

CORPORATE GOVERNANCE REPORT

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

1) Company's Philosophy

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

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

2) Board of Directors

The Board comprises of four non-executive directors.

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

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

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

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

Sr. 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 Sanwormal Agarwal	Non-Executive Director	4	YES	-	-

Code of Conduct

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

Whistle Blower Policy

The Company has not implemented a whistle-Blower policy.

3) Audit Committee

The Audit Committee consists of 4 (four) independent directors, Shri Rajesh B. Shah – Chairman, Shri Bhagwan Das Sharma, Shri Shree Narayan Mohata and Shri S. M. Agarwal. The Company Secretary is also Secretary to the Audit Committee. During the year under review, 4 (four) Committee Meetings were held on – 27.05.2010, 10.08.2010, 28.10.2010 and 08.02.2011.

Terms of reference:

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of Listing Agreement.

4) Remuneration Committee

The Remuneration Committee consists of Shri Rajesh B. Shah – Chairman, Shri Bhagwan Das Sharma, Shri Shree Narayan Mohata and Shri S. M. Agarwal.

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

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

5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

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

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

6) Details of remuneration for the year ended 31.03.2011

(i) Whole-time Directors

The Company has no Whole-time Director

(ii) Non-Executive Directors

Remuneration by way of sitting fees for attending Board Meetings are paid to the non-executive directors. Due to inadequate profit for the year ended 31.03.2011 no commission was paid to the Non-Executive Directors. The details of remuneration paid to them during the year are as under:

Name	Sitting Fees (Rs.)
Shri Rajesh B. Shah	8,000
Shri Bhagwan Das Sharma	0
Shri Shree Narayan Mohata	0
Shri S. M. Agarwal	8,000
Total	16,000

(iii) Shareholding of Non-Executive Directors

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

Annual Report 2010-2011

7) Share Transfer Committee

In accordance with the Listing Agreement with the Stock Exchange, the Board had delegated the powers of share transfers to the Share Transfer Committee. In order to expedite the process of share transfers/ transmissions / splits / consolidation, the Committee meets at least once in a fortnight. The share transfer committee, consists of four directors, Shri Rajesh B. Shah – Chairman, Shri Bhagwan Das Sharma, Shri Shree Narayan Mohata and Shri S. M. Agarwal. The Company has appointed M/s. MCS Limited, Ahmedabad, a SEBI registered Share Transfer Agent as Registrar and Share Transfer Agent.

8) Shareholders' / Investors' Grievance Committee

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

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

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

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

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2011, which is not attended / replied by the Company.

The Company confirms that there were no share transfers lying pending as on date, which were received upto 31.03.2011, and all requests for dematerialisation and rematerialisation of shares as on that date were confirmed / rejected into the NSDL / CDSL system. During the year, one Committee Meeting was held on 27.05.2010.

9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2010	27.09.2010	11.30 a.m.	Rakhial Station, Tal : Dehgam, Dist. Gandhinagar, PIN:382315
31.03.2009	24.09.2009	11.30 a.m.	Rakhial Station, Tal : Dehgam, Dist. Gandhinagar, PIN:382315
31.03.2008	31.07.2008	11.30 a.m.	11/2/3, GIDC Industrial Estate, Nr. Jai Bhavani Glass Works, Kadi-382 715, District Mehsana.

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

10) Disclosures

- There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.
- There were no instances of non-compliance of any matter related to the capital market, during the last three years.
- As per the amended Clause 5A of the Listing Agreement executed with Stock Exchange, the Company has no unclaimed shares, as the Company has not offered/issued any shares to the Public since 1993.

11) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Indian Express and a local language newspaper viz. Jai Hind / Financial Express. The annual results (Annual Reports) are posted to all the members of the Company.
- Management's Discussion & Analysis forms part of this Annual Report, which is also being posted to all the members of the Company.
- The official news releases, if any, are given directly to the press.
- The Company submits its financial results, shareholding pattern and other information to the Bombay Stock Exchange Limited. These information are also uploaded by the Bombay Stock Exchange Ltd., on its website <http://www.bseindia.com>.

12) General Shareholder Information

1. Annual General Meeting :

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

2. Financial Calendar 2011-12 (tentative) :

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

3. Book Closure date

05.09.2011 to 17.09.2011

4. Dividend payment by the Company:

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

5. Listing on Stock Exchanges

The Company's shares are listed at Bombay Stock Exchange Limited and company has paid listing fees for the year 2010-11 and 2011-12 to Bombay Stock Exchange Limited.

Stock Code:

Bombay Stock Exchange Ltd., Mumbai: 515059.

6. Share price on Bombay Stock Exchange Ltd.

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

7. Share Transfer

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

13) Share Transfer System

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

14) Distribution of Shareholding as on 31.03.2011

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

15) Pattern of Shareholding as on 31.03.2011.

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

16) Dematerialisation of Shares as on 31.03.2011

As on 31st March 2011, 31.99% of the Company's total shares representing 17,19,437 Shares were held in dematerialized form and the balance 68.01% representing 36,55,563 shares were in paper form.

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

17) Locations

The Company's Regd. Office is located at Rakhaial Station, Taluka Dehgam, Dist. Gandhinagar, Pin – 382315 and Ahmedabad office is located at 'Madhusudan House', Opp. Navrangpura Telephone Exchange, Ahmedabad-380 006.

18) Address for Correspondence

The Company's Registered Office is situated at Rakhaial Station, Taluka Dehgam, Dist. Gandhinagar, Pin-382315. Shareholders' correspondence should be addressed either to the Registered Office of the Company as stated above and / or to the Ahmedabad Office of the Company at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006 or to the Registrar and Share Transfer Agent, MCS Limited, 101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.

AUDITORS' CERTIFICATE

To,
The Members of
Madhusudan Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by **Madhusudan Industries Limited**, for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the company as per the records maintained by the Shareholders' / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on Behalf of
H. V. Vasa & Co.
Chartered Accountants
Firm Registration No. 131054W

Ahmedabad
27th May, 2011

Tushar H. Vasa
Proprietor
Membership No. 16831

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Auditors' Report to the Members of Madhusudan Industries Limited

To,

The Members of **Madhusudan Industries Limited**

1. We have audited the attached Balance Sheet of **Madhusudan Industries Limited** as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

4. Further to our comments in the Annexure referred to above, we report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination with the books.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of the written representation received from the Directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

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

For H. V. Vasa & Co.
Chartered Accountants
Firm Registration No. 131054W

(Tushar H. Vasa)

Place : Ahmedabad

Date : 27th May, 2011

Proprietor

Membership No. 16831

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information, other than furniture and fixtures.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phase periodical Manner, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
- (c) In our opinion, there was no substantial disposal of fixed assets during the year which would affect the going concern of the company.
- ii. In respect of inventories:
 - (a) As explained to us, inventories have been physically verified by the management at reasonable regular intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies act. 1956:
 - a. The Company had taken unsecured loans aggregating to Rs. 210.00 lacs from two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 210.00 lacs and at the year end balance of loans taken from such companies were Rs. 45.00 lacs.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. The receipts of principal amounts and interest have been regular as per stipulations.
 - d. There were no overdue amounts remaining outstanding as at the year end.
 - e. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

- 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 31st March, 2011 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 31st March, 2011 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
3	Income Tax Act	Income Tax	Commissioner of Appeal	15.60

- x. The Company has no accumulated losses at the end of the financial year. The Company had not 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
Firm Registration No. 131054W

(Tushar H. Vasa)
Proprietor
Membership No. 16831

Place : Ahmedabad
Date : 27th May, 2011

Annual Report 2010-2011

Balance Sheet as at 31st March, 2011

	Schedule	31-3-2011		31-3-2010	
		Rs.	Rs.	Rs.	Rs.
I. Sources of Funds					
1. Shareholders' Funds					
(a) Share Capital	1	2,68,75,000		2,68,75,000	
(b) Reserves & Surplus	2	8,96,15,302		8,52,35,348	
			11,64,90,302		11,21,10,348
2. Loan Funds :					
(a) Secured Loans	3	70,91,959		1,13,88,980	
(b) Unsecured Loans	4	2,14,88,463		5,02,66,346	
			2,85,80,422		6,16,55,326
Total			14,50,70,724		17,37,65,674
II. Application of Funds					
1. Fixed Assets :	5				
(a) Gross Block		3,63,00,396		3,67,81,534	
(b) Less : Depreciation		1,74,23,089		1,53,57,310	
(c) Net Block		1,88,77,307		2,14,24,224	
(d) Capital Work-in-progress		852		—	
			1,88,78,159		2,14,24,224
2. Investments	6		4,77,31,666		1,37,09,056
3. Current Assets, Loans & Advances					
(a) Inventories	7	3,32,060		6,77,033	
(b) Sundry Debtors	8	1,71,09,879		1,97,92,546	
(c) Cash & Bank Balances	9	92,46,110		46,87,777	
(d) Other Current Assets :					
Interest accrued on deposits		17,17,317		1,30,42,445	
(e) Loans & Advances	10	6,35,70,957		11,67,72,828	
		9,19,76,323		15,49,72,629	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	81,65,299		1,10,05,360	
(b) Provisions	12	53,50,125		53,50,125	
		1,35,15,424		1,63,55,485	
			7,84,60,899		13,86,17,144
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			—		15,250
Total			14,50,70,724		17,37,65,674
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
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011



Profit and Loss Account for the year ended 31st March, 2011

	Schedule	2010-2011		2009-2010	
		Rs.	Rs.	Rs.	Rs.
Income					
Sales		27,24,560		93,27,815	
Less : Excise Duty		—		—	
Net Sales		<u>27,24,560</u>		<u>93,27,815</u>	
Other Income	13	<u>1,78,74,990</u>		<u>1,76,88,477</u>	
			2,05,99,550		2,70,16,292
Increase (Decrease) in Finished Goods and Work-in-process	14		<u>(1,32,737)</u>		<u>(25,20,446)</u>
			<u>2,04,66,813</u>		<u>2,44,95,846</u>
Expenditure					
Purchases (Trading)			1,765		30,61,810
Payments to and provision for Employees	15		56,22,893		52,65,167
Other Expenses	16		41,86,633		63,53,879
Interest :					
on Term Loans		7,73,207		8,15,213	
on Others		<u>31,97,690</u>		<u>56,04,855</u>	
			39,70,897		64,20,068
Depreciation			<u>23,04,671</u>		<u>24,35,986</u>
Total Expenditure			<u>1,60,86,859</u>		<u>2,35,36,910</u>
Profit for the year before Taxation			43,79,954		9,58,936
Provision for taxation					
- Current Tax			—		—
- Deferred Tax			—		—
Profit after Taxation			43,79,954		9,58,936
Add : Surplus of Loss / Profit brought forward from previous year			<u>-9,33,22,863</u>		<u>-9,42,81,799</u>
Balance carried to Balance Sheet			<u>-8,89,42,909</u>		<u>-9,33,22,863</u>
Notes forming part of the Accounts	17				
No. of Equity Shares (Face Value Rs. 5/- each)			53,75,000		53,75,000
Basic and diluted earning after extra ordinary item per share (in Rs.)			0.81		0.18
Basic and diluted earning before extra ordinary item per share (in Rs.)			0.81		0.18

As per our report of even date attached
For and on behalf of
H. V. Vasa & Co.
Chartered Accountants
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

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Schedules 1 to 17 Annexed to And Forming Part of The Accounts As At 31st March, 2011

	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
1. Share Capital				
Authorised				
2,60,00,000 (2,60,00,000) Equity shares of Rs. 5/- each		13,00,00,000		13,00,00,000
Total		13,00,00,000		13,00,00,000
Issued, Subscribed & Paid Up				
53,75,000 (53,75,000) Equity shares of Rs. 5/- each fully paid		2,68,75,000		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		2,68,75,000		2,68,75,000
2. Reserves and Surplus				
1. Capital Reserve				
Subsidy from Government		14,63,400		14,63,400
2. General Reserve				
As per last Balance Sheet		17,70,94,811		17,70,94,811
3. Profit and Loss Account		-8,89,42,909		-9,33,22,863
Total		8,96,15,302		8,52,35,348
3. Secured Loans				
From a Bank				
i) Cash Credit / WCDL : (See note 1)		26,66,667		54,55,544
ii) Term Loan (See note 1)		44,25,292		59,33,436
(Net of Subsidy deposited and earmarked to Bank)				
Total		70,91,959		1,13,88,980
Note :				
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.				
4. Unsecured Loans				
Fixed Deposits	1,66,90,000		2,32,84,000	
Interest Accrued and Due	2,98,426		3,74,061	
		1,69,88,426		2,36,58,061
Inter Corporate loan from Subsidiary Company		45,00,037		45,00,037
Inter Corporate Deposits		—		2,21,08,248
Total		2,14,88,463		5,02,66,346



5. Fixed Assets

Sr. No.	Name of Assets	Gross Block				Depreciation				Net Block	
		As at 1-4-2010	Additions	Deductions/ Adjustments	As on 31-3-2011	Upto 31-3-2010	For the year 2010-11	Deductions/ Adjustments	Upto 31-3-2011	As on 31-3-2011	As on 31-3-2010
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	Land - Free hold	844888	—	—	844888	—	—	—	—	844888	844888
B.	Buildings	23284943	—	119238	23165705	8948967	1241732	42731	10147968	13017737	14335976
C.	Plant & Machinery	5752896	73890	435790	5390996	1078803	719116	196161	1601758	3789238	4674093
	Electric Plant & Installation	113188	—	—	113188	107285	856	—	108141	5047	5903
	Laboratory Equipments	538827	—	—	538827	507903	8603	—	516506	22321	30924
	Weighing Machinery	387654	—	—	387654	243390	20067	—	263457	124197	144264
D.	Furniture, Fixtures and Equipments	4514574	—	—	4514574	3697693	155391	—	3853084	661490	816881
E.	Vehicles	1344564	—	—	1344564	773269	158906	—	932175	412389	571295
	Total	36781534	73890	555028	36300396	15357310	2304671	238892	17423089	18877307	21424224
	Previous Year	33864924	3169148	252538	36781534	13047979	2435986	126655	15357310	21424224	

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		31-3-2011		31-3-2010	
		Rs.	Rs.	Rs.	Rs.
6.	Investments (At Cost)				
A.	Government Securities : (Unquoted) (Deposited with Government Departments) National Savings Certificates		37,000		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)		1,29,00,000		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	3,172		3,172	
	1000 (-) Clutch Auto Limited	69,013		—	
	300 (300) Dynamatic Forgings India Ltd.	5,736		5,736	
	100 (100) Eicher Motors Ltd.	4,465		4,465	
	322 (322) Essar Steels Limited	28,207		28,207	
	69 (69) Eurotex Ltd.	4,140		4,140	
	10 (10) Euro Ceramics Ltd.	639		639	
	200 (200) Gujarat Refractories Ltd.	3,370		3,370	
	50 (50) Hanuman Tea Co. Ltd.	2,224		2,224	
	1,300 (1,300) I G Petro Ltd.	1,13,874		1,13,874	
	1,000 (-) Idea Cellular Ltd.	77,753		—	
	200 (200) Lan Esseda Software Systems Ltd.	27,104		27,104	
	- (9,000) Nagarjuna Fertilisers & Chemicals Ltd.	—		3,05,183	
	10 (10) Nitco Limited	953		953	
	300 (300) Orkay Silk Mills Ltd.	11,841		11,841	
	100 (100) Orient Ceramics Limited	5,210		5,210	
	670 (670) Premier Ind. (India) Ltd.	29,762		29,762	
	1,072 (572) Reliance Ind. Ltd.	5,98,979		88,698	
	- (100) Somany Ceramics Limited	—		2,624	
	1,700 (-) SREI Infrastructure Finance Ltd.	1,01,213		—	
	36 (36) Ultra Tech Cement Limited.	11,365		11,365	
	1,000 (1,000) Unicorn Organics Ltd.	35,509		35,509	
	200 (200) Western India Sugar & Chem. Ltd.	8,000		8,000	
	200 (200) XLO Machine Ltd.	4,180		4,180	
	500 (500) Rama News Print Ltd.	30,000		30,000	
			11,76,709		7,26,256
	In fully paid Equity Shares of Rs.5/- each				
	- (100) Cera Sanitaryware Ltd.		—		8,067
	In fully paid Equity Shares of Rs.2/- each				
	180 (180) Larsen & Toubro Ltd.	2,273		2,273	
	415 (415) Hindustan Sanitaryware Limited	13,315		13,315	
	10 (10) Kajaria Ceramics Limited	339		339	
	1000 (-) West Coast Paper Mills Limited	1,03,949		—	
			1,19,876		15,927
	In fully paid Equity Shares of Re.1/- each				
	2,000 (2,000) Electro Steel & Casting Ltd.	1,25,902		1,25,902	
	200 (-) Colgate Palmolive	1,69,167		—	
	500 (-) Somany Ceramics Ltd.	2,624		—	
	1,500 (-) ITC Limited	2,42,841		—	
			5,40,534		1,25,902
	Indian Depository Receipt				
	2,500 (-) Standard Chartered Bank		3,02,564		—
	In Units of Mutual Funds of Rs. 10/- each				
	700 (700) Master Gain of Unit Trust of India	8,826		8,826	
	1,200 (1,200) Master Plus of Unit Trust of India	23,353		23,353	
	1,427 (1,427) Master Share of Unit Trust of India	30,233		30,233	
			62,412		62,412
D.	Debentures				
	Fully Paid Non-Convertible				
	40 (40) Western India Sugar & Chem. Ltd. of Rs. 50 each.	2,000		2,000	
	96,000 (-) Milestone Bullion Scheme	9,60,000		—	
			9,62,000		2,000



	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
E. Investment in Mutual Fund				
(92965.603) (—) DSP Black Rock Mutual Fund (Equity Fund - Reg - G)		15,00,000	—	
(43392.733) (—) Fidelity Equity Fund (Growth)		15,00,000	—	
(136301.062) (—) HDFC MF MIP - LTP - (Growth)		30,00,000	—	
(143430.181) (—) RELIANCE MIP - Growth Plan		30,00,000	—	
(4944.107) (—) HDFC TOP 200 FUND - (Growth)		10,00,000	—	
(198231.649) (—) LIC MF Floater MIP Fund - Quarterly Plan		20,39,770	—	
(148754.668) (—) LIC MF Floater MIP Fund - Quarterly Plan		15,29,844	—	
(85665.334) (—) DSP Black Rock Mutual Fund (Equity Fund - Reg - G)		15,00,000	—	
(44091.322) (—) HDFC MF MIP - LTP - (Growth)		10,00,000	—	
(112956.910) (—) HDFC - MF MIP		15,00,000	—	
(185284.690) (—) IDFC - Moderate Assets Allocation - Fund of Fund- Dividend		20,00,000	—	
(36511.941) (—) UTI Bond Fund		10,00,000	—	
(4916.837) (—) HDFC Equity Fund		2,68,063	—	
(7541.220) (—) HDFC - Growth Fund		2,70,462	—	
(79603.469) (—) DSP Black Rock Mutual Fund (World Gold Fund - Reg - G)		15,00,000	—	
(9095.705) (—) HDFC Equity Fund - Dividend		5,00,000	—	
(138392.981) (—) IDFC - Moderate Assets Allocation - Fund of Fund- Dividend		15,00,000	—	
(230370.513) (—) UTI Fixed Income Interval Fund - Quarterly Interval Plan Series-I - Growth		30,00,000	—	
		2,76,08,139		
F. Investment in Bonds				
Tata Motors Finance - 2020		20,90,696	—	
Tata Teleservices - 2025		21,00,244	—	
		41,90,940		
		4,79,00,174		1,38,77,564
Less : Provision in Diminution in value of Investments		1,68,508		1,68,508
Total		4,77,31,666		1,37,09,056
Aggregate Book Value - Quoted		62,24,527		7,72,056
- Unquoted		4,15,07,139		1,29,37,000
Aggregate Market Value - Quoted		70,33,413		16,15,014

During the year the following current Investments were purchased and sold / redeemed

Name of Fund	Units Purchased / Sold
Birla Sun Life Saving Fund	172526.828
HDFC Cash Management Fund	147587.679
Reliance Medium Term Fund	154430.614
HDFC MF - HDFC FMP collection A/c	500000.000
Reliance Fixed Horizon Fund	500000.000
L & T FMP-11 (Nov 91D A)	150000.000
HDFC - FMP 35 D Nov - 2010	300000.000
LIC MF Liquid Fund - Dividend Plan	91073.852
IDFC Money Manager Fund - Treasury Plan A - Daily Dividend	149431.054
Reliance Monthly Interval Fund - Series I - Retail Dividend Plan	304709.750
LIC MF Liquid Fund - Dividend Plan	65500.485

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	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
7. Inventories (Certified and valued by a Director) (As lower of Cost or Net Realisable Value)				
Stores, Chemicals etc. (at cost)		1,08,779		3,21,015
Stock-in-Process		2,23,281		3,54,039
Finished Goods		—		1,979
Total		<u>3,32,060</u>		<u>6,77,033</u>
8. Sundry Debtors (Unsecured-Considered Good)				
A. Debts outstanding for a period exceeding 6 months		1,69,94,192		1,85,09,490
B. Others		1,15,687		12,83,056
Total		<u>1,71,09,879</u>		<u>1,97,92,546</u>
9. Cash and Bank Balances				
A. Cash on Hand		60,705		87,645
B. Balances with Scheduled Banks:				
On Current Accounts	10,97,151		19,73,381	
On Unclaimed Dividend Accounts	28,254		66,751	
On Fixed Deposit Accounts	80,60,000		25,60,000	
Total		<u>91,85,405</u>	<u>46,00,132</u>	<u>46,87,777</u>
10. Loans and Advances (Unsecured-considered Good Unless otherwise stated)				
Inter Corporate Loans		4,17,05,056		8,72,00,000
Advances recoverable in cash or in kind or for value to be received (Includes - Secured Rs. 21,428/- (21,428/-))		58,15,999		41,69,269
Advance payment of Income-tax		1,58,87,692		2,52,41,349
Balance with Excise Authorities		1,62,210		1,62,210
Total		<u>6,35,70,957</u>		<u>11,67,72,828</u>
11. Current Liabilities				
Sundry Creditors		71,07,866		95,37,455
Advance and Credits of Customers		1,20,731		1,35,731
Unclaimed *				
- Dividend	28,254		66,751	
- Redeemable Preference Share	29,000		29,000	
		<u>57,254</u>	<u>95,751</u>	
Deposit by Dealers		93,000		1,38,000
Interest accrued but not due		7,86,448		10,98,423
Total		<u>81,65,299</u>		<u>1,10,05,360</u>
* These figures do not include any amount, due and outstanding, to be credited to Investors Education & Protection Fund.				
12. Provisions				
For Taxation		53,50,125		53,50,125
Total		<u>53,50,125</u>		<u>53,50,125</u>



	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
13. Other Income				
Interest (Non Trade Investments) (Gross)				
1. On Government Securities	408		7,162	
2. From Others (including tax deducted at source Rs. 6,78,444 previous year Rs. 10,84,790)	87,09,263		1,16,58,265	
		<u>87,09,671</u>		<u>1,16,65,427</u>
Dividend (Non Trade Investments)		3,21,384		29,645
Rent Income		73,49,187		48,85,546
Profit on Sale of Investment		4,98,533		20,253
Profit on Sale of Fixed Assets (net)		9,323		93,236
Miscellaneous Income		9,49,103		2,26,400
Items pertaining to previous years / Unspent liabilities and provisions no longer required written back (net)		37,789		7,67,970
Total		<u>1,78,74,990</u>		<u>1,76,88,477</u>
14. Increase (Decrease) in Finished Goods and Work-in Process				
Stock at Commencement				
Finished Goods	1,979		23,52,261	
Stock in Process	3,54,039		5,24,203	
		<u>3,56,018</u>		<u>28,76,464</u>
Stock at Close				
Finished Goods	—		1,979	
Stock in Process	2,23,281		3,54,039	
		<u>2,23,281</u>		<u>3,56,018</u>
Total		<u>-1,32,737</u>		<u>-25,20,446</u>
15. Payment to and Provision for Employees				
Salaries, Wages, and Bonus		42,71,774		41,29,065
Contribution to Provident and other funds		5,75,369		3,79,507
Staff and Labour Welfare Expenses		7,75,750		7,56,595
Total		<u>56,22,893</u>		<u>52,65,167</u>
16. Other Expenses				
Stores, Spare Parts and Packing Materials		8,80,952		12,35,684
Power, Fuel and Electricity Expenses		3,38,605		2,83,647
Repairs to:				
Building	3,24,402		1,78,275	
Plant and Machinery	30,304		21,202	
Others	26,303		32,792	
		<u>3,81,009</u>		<u>2,32,269</u>
Rent		35,808		79,508
Insurance		48,077		38,739
Rates and Taxes		1,98,475		2,57,340
Miscellaneous Expenses		12,43,070		24,64,438
Legal & Professional Fees Expenses		4,02,143		5,55,890
Telephone Expenses		2,23,281		2,74,426
Vehicle Expenses		1,63,754		3,29,848
Directors' sitting Fees		16,000		16,000
Amount Written off (net)		—		4,66,071
Horticulture Impairment Loss		2,55,459		1,20,019
Total		<u>41,86,633</u>		<u>63,53,879</u>

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17. Notes forming part of the Accounts for the year ended 31st March, 2011.

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 Consignment 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 Madhusudan Oils and Fats Limited (MOFL) at book value w.e.f. 01.04.2001.

3. Contingent liability in respect of :

	31.03.2011	31.03.2010
	Rs.	Rs.
Disputed Claims against the Company not acknowledged as debts.	2,58,17,926	2,42,57,476

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

5. Import of Chemicals

The Company had sold Chemicals on highsea sale arrangement. This material purchased from M/s. Tianjin Kaiyong Chemicals Co. Ltd. Jin Nam, China, did not meet the specification of the order given hence are rejected. The recovery of purchase amount Rs.1676549/- is initiated which is included in "Loans and Advances".

6. Miscellaneous expenses include payment to Auditors as under :

	Current year	Previous year
	Rs.	Rs.
Statutory Auditors		
- Audit Fees	33,090	33,090
- Taxation work	98,090	63,090
- Certificate etc.	5,515	5,515
	1,36,695	1,01,695

7. In view of the carried Forward losses, no provision for Income tax is made.

8. 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 cake Extraction	1,80,000	—
	(1,80,000)	(—)
3. Soap	336	—
	(336)	(—)
4. Refined Vegetable Oils	18,000	—
	(18,000)	(—)
B. Actual Production		
1. Flowers (Qty. in Bunch)		67,623
(Qty. in Bunch)		(1,21,799)
(Qty. in Kgs.)		1
(Qty. in Kgs.)		(45)
2. Vegetables (Qty. in Kgs.)		25,082
(Qty. in Kgs)		(11,586)
3. Others (Qty. in Bunch)		29,923
(Qty. in Bunch)		(32,404)
(Qty. in Nos)		1,43,790
(Qty. in Nos)		(82,471)
(Qty. in Kgs)		—
(Qty. in Kgs)		(9)

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9. (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)	.(2282141)	—	—	.(122)	(5167205)
Soap	MT	—	—	—	—	—	—
		.(3)	.(70120)	—	—	.(3)	.(35357)
Flowers	Bunch	—	—	—	—	67623	1664840
	Bunch	—	—	—	—	.(121799)	.(3531270)
	Kgs.	—	—	—	—	1	20
	Kgs.	—	—	—	—	.(45)	.(873)
Fruits & Vegetables	Kgs.	—	—	—	—	25082	512187
	Kgs.	—	—	—	—	.(11586)	.(276419)
Others	Bunch	—	—	—	—	29923	330567
	Bunch	—	—	—	—	.(32404)	.(218536)
	Nos.	—	—	—	—	143790	216946
	Kgs.	—	—	—	—	.(82471)	.(97938)
						.(9)	.(217)
							2724560
							.(9327815)

(b) Purchases

Goods	Unit	Quantity	Value Rs.
Vanaspati	MT	—	—
		(62)	(30,06,760)
Others		—	1,765
		—	(55,050)
	MT	—	1,765
		(62)	(30,61,810)

10. (a) Current liabilities - Sundry Creditors include amount payable to SSI Units :

	31.03.2011 Rs.	31.03.2010 Rs.
a. Amount due to SSI units	—	—
b. Others	66,32,866	95,37,455
c. Amount payable to SSI units :	—	—

(b) Disclosures required for small enterprises and Micro enterprises for the year ended March 31, 2011

Particulars	As on 31-03-2011		As on 31-03-2010	
	Principal Amt.(Rs.)	Interest Amt.(Rs.)	Principal Amt.(Rs.)	Interest Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2011	Nil	Nil	Nil	Nil
Delayed payments due as at March 31, 2011	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.

11. 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 :

a) 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

	2010-11	2009-10
	Rs.	Rs.
Provident Fund	2,69,089	2,58,519
Employees Pension Scheme	1,11,767	1,08,488
ESIC	-	4,678
	3,80,856	3,71,685

c) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2011.

Particulars	Amount (Rs.)			
	31-03-2011		31-03-2010	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
Change in Defined Benefits Obligation				
Opening defined benefits obligation	1367794	777964	1094336	666959
Current service cost	118224	134499	119144	74737
Interest cost	112433	63949	87219	53157
Actuarial losses /(gain)	58093	84354	67095	27411
Benefits paid	-300733	-117737	—	-44300
Closing defined benefits obligation	1355811	943029	1367794	777964
Change in Fair value of Assets				
Opening fair value of plan assets	1367794	—	1169984	—
Expected return on plan assets	112349	—	104683	—
Actuarial gain / (losses)	18857	—	93127	—
Contributions by employer	157544	—	—	—
Benefits paid	-300733	—	—	—
Closing fair value of plan assets	1355811	—	1367794	—
Movement in net liability recognised in Balance Sheet				
Net opening liability	—	777964	-75648	666959
P & L Charge	157544	282802	75648	155305
Contribution / Benefit Paid	-157544	-117737	—	-44300
Closing Net (asset) /liability	—	943029	—	777964
Expenses recognised in the Profit and Loss Account				
Current Service Cost	118124	134499	119144	74737
Interest on defined benefit obligation	112433	63949	87219	53157
Expected return on plan assets	-112349	—	-104683	—
Net actuarial loss / (gain) recognised in the current year	39236	84354	-26032	27411
Total Expenses	157544	282802	75648	155305
Assets Information				
Government of India Securities	.41%	—	.35%	—
High Quality Corporate Bonds	.52%	—	.56%	—
Equity Shares of listed Companies	—	—	—	—
Property	—	—	—	—
Insurance Company	.7%	—	.9%	—
Principal actuarial assumption				
Discount Rate (p.a.)	.8.22 %	.8.22 %	.7.97%	.7.97%
Expected rate of return on plan assets (p.a.)	.8.25 %	—	.8.25%	—
Proportion of employees opting for early retirement	—	—	—	—
Annual Increase in Salary costs	.6%	.6%	.6%	.6%
Effect on the aggregate Service Cost & interest cost	—	—	—	—
Effect on defined benefit obligation	—	—	—	—

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- d) The Company has provided upto 31-03-2011 Rs.9.43 lacs (Rs.7.78 lacs) being increment discounted value of liability for unavailed leave of the employees determined as per Acturial Valuation.

12. Related party disclosures

Type of Transaction	Subsidiary Company	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total 2010-11
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Sales - Flowers	—	60185	—	—	60185
	(—)	.(14560)	(—)	(—)	.(14560)
Purchase - Material	—	1765	—	—	1765
	(—)	.(3806)	(—)	(—)	.(3806)
Income - Interest	—	—	—	—	—
	(—)	.(6836)	(—)	(—)	.(6836)
Rent	—	7049250	—	—	7049250
	(—)	.(4514857)	(—)	—	.(4514857)
Service Charges	—	480000	—	—	480000
	(—)	.(225000)	(—)	(—)	.(225000)
Other Services	—	816502	—	—	816502
	(—)	.(801484)	(—)	(—)	.(801484)
Expenses - Interest Paid	—	553600	—	—	553600
	(—)	.(1575563)	—	—	.(1575563)
Finance - Loans / Advances given	—	29701	—	—	29701
	(—)	.(27147)	(—)	(—)	.(27147)
Fixed Deposit/Loan received	—	—	—	—	—
	(—)	.(16500000)	(—)	(—)	.(16500000)
Rent Deposit received	—	294500	—	—	294500
	(—)	.(1409500)	(—)	(—)	.(1409500)
Balance at the end of the year					
Receivables	—	272852	—	—	272852
	(—)	.(243151)	(—)	(—)	.(243151)
Payables	4500037	—	—	—	4500037
	(4500037)	.(16500000)	(—)	(—)	(21000037)
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	—				

13. 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
Revenue			
- External	6853	2717707	2724560
	(5206736)	(4121079)	(9327815)
- Inter-Segment	—	—	—
	(—)	(—)	(—)
Total	6853	2717707	2724560
Result			
Segment Result	10737743	-82221	10655522
	(8956844)	(858146)	(9814990)
Less : Depreciation	468791	1835880	2304671
	(550369)	(1885617)	(2435986)
Less : Interest	3341976	628921	3970897
	(5604855)	(815213)	(6420068)
Profit before Tax	6926976	-2547022	4379954
	(2801620)	(-1842684)	(958936)
Less : Provision for Tax	—	—	—
	(—)	(—)	(—)
Net Profit for the year	6926976	-2547022	4379954
	(2801620)	(-1842684)	(958936)
Other Information			
Segment Assets	144676969	13909180	158586149
	(173755146)	(18650764)	(192405910)
Segment Liabilities	37525615	4570231	42095846
	(71916910)	(8393902)	(80310812)
Capital Expenditure	—	73890	73890
	(359644)	(2809504)	(3169148)
Depreciation	468791	1835880	2304671
	(550369)	(1885617)	(2435986)
Non-cash expenses other than depreciation	15250	—	15250
	(39250)	(—)	(39250)

14. **Note on deferred tax liability**

The Deferred tax liabilities as at 31st March, 2011 comprise of Deferred Tax Liabilities on account of:

	2010-11 Amount (Rs.)	2009-10 Amount (Rs.)
- Depreciation	12,32,523	13,50,896
	12,32,523	13,50,896
Less: Deferred Tax Assets on account of:		
- Others	12,32,523	13,50,896
Total	—	—

15. 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
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

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Cash Flow Statement for the year ended 31st March, 2011

	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net profit before tax & Extra-ordinary items		43,79,954		9,58,936
Adjusted for				
- Depreciation	23,04,671		24,35,986	
- Provision for Diminution in Value of Investment	—		—	
- Profit on Sale of Fixed Assets	-9,323		-93,236	
- Investment Income	-4,98,533		-20,253	
- Dividend Received	-3,21,384		-29,645	
- Interest Received	-87,09,671		-1,16,65,427	
- Interest Charged	39,70,897		64,20,068	
		<u>-32,63,343</u>		<u>-29,52,507</u>
Operating profit before working capital changes		11,16,611		-19,93,571
Adjusted for				
- Trade and other receivable	4,65,30,881		-37,63,579	
- Inventories	3,44,973		25,81,905	
- Trade Payable	-28,40,061		29,25,685	
		<u>4,40,35,793</u>		<u>17,44,011</u>
Cash generated from operation		4,51,52,404		-2,49,560
Interest paid		-39,70,897		-64,20,068
Direct taxes paid		93,53,657		-27,08,529
Cash flow before extra-ordinary items		<u>5,05,35,164</u>		<u>-93,78,157</u>
Extra-ordinary items		1,13,40,378		-26,63,122
Net Cash From Operating Activities Total (A)		<u>6,18,75,542</u>		<u>-1,20,41,279</u>
B. Cash flow from Investing activities				
Purchase of fixed assets		-74,742		-31,69,148
Sale of fixed assets		3,25,459		2,19,119
Subsidy Received		—		—
Purchase of Investments		-3,43,35,860		-44,307
Sale of Investments		8,11,783		1,39,560
Interest received		87,09,671		1,16,65,427
Dividend received		3,21,384		29,645
Net Cash Used in Investing Activities Total (B)		<u>-2,42,42,305</u>		<u>88,40,296</u>
C. Cash flow from financing activities				
Proceeds from issue of share capital		—		—
Right issue expenses		—		—
Proceeds from borrowings		-3,30,74,904		4,74,701
Dividend paid		—		—
Net Cash Used in Financing Activities Total (C)		<u>-3,30,74,904</u>		<u>4,74,701</u>
Net Changes in Cash & Cash Equivalents (A+B+C)		45,58,333		-27,26,282
Cash & Cash equivalent - Opening Balance		46,87,777		74,14,059
Cash & Cash equivalent - Closing Balance		92,46,110		46,87,777

As per our report of even date attached

For and on behalf of

H. V. Vasa & Co.

Chartered Accountants

Firm Registration No. 131054W

Tushar H. Vasa

Proprietor

Membership No. 16831

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Rajesh B. Shah

Director

Sanwarmal D. Agarwal

Director

Ahmedabad
27th May, 2011



Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	443
State Code	04
Balance Sheet Date	31-03-2011

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	1,45,071
Total Assets	1,45,071

Sources of Funds

Paid up Capital	26,875
Reserves & Surplus	89,615
Secured Loans	7,092
Unsecured Loans	21,488

Application of Funds

Net fixed Assets	18,878
Investments	47,731
Net Current Assets	78,461
Misc. Expenditure	—
Accumulated Losses	—

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

Turnover	20,600
Total Expenditure	16,220
Profit / Loss before tax (PBT)	4,380
Profit / Loss after tax (PAT)	4,380
Earning Per Share (Rs.)	0.81
(PAT/No. of Shares)	
Dividend Rate (%)	—

V. Generic Names of principal products / services of Company

Item Code No. (ITC Code)	Nil
Product description	Flowers & Vegetables

B. K. Patodia

Company Secretary

Rajesh B. Shah

Director

Ahmedabad
27th May, 2011

Sanwarmal D. Agarwal

Director

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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, 2011 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. 67.36 lacs as at March 31, 2011 and total revenues of Rs.1.53 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 consolidated 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, 2011;
- (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
27th May, 2011

For and on Behalf of
H. V. VASA & CO.
Chartered Accountants
Firm Registration No. 131054W
TUSHAR H. VASA
Proprietor
Membership No. 16831

Consolidated Balance Sheet as at 31st March, 2011

		31-3-2011		31-3-2010	
	Schedule	Rs.	Rs.	Rs.	Rs.
I. Sources of Funds					
1. Shareholders' Funds					
(a) Share Capital	1	2,68,75,000		2,68,75,000	
(b) Reserves & Surplus	2	<u>8,34,27,754</u>		<u>7,89,60,355</u>	
			11,03,02,754		10,58,35,355
2. Loan Funds					
(a) Secured Loans	3	70,91,959		1,13,88,980	
(b) Unsecured Loans	4	<u>1,69,88,426</u>		<u>4,57,66,309</u>	
			2,40,80,385		5,71,55,289
Total		<u>13,43,83,139</u>		<u>16,29,90,644</u>	
II. Application of Funds					
1. Fixed Assets	5				
(a) Gross Block		3,95,65,396		4,00,46,534	
(b) Less : Depreciation		<u>2,05,31,241</u>		<u>1,84,65,462</u>	
(c) Net Block		1,90,34,155		2,15,81,072	
(d) Less : Lease Adjustment/Prov.on Leased Assets		1,56,848		1,56,848	
(e) Capital Work-in-progress		<u>852</u>		<u>—</u>	
			1,88,78,159		2,14,24,224
2. Investments	6		3,49,03,747		8,93,729
3. Current Assets, Loans & Advances					
(a) Inventories	7	3,32,060		6,77,033	
(b) Sundry Debtors	8	1,71,09,879		1,97,92,546	
(c) Cash & Bank Balances	9	1,04,25,877		57,57,354	
(d) Other Current Assets :					
Interest accrued on Deposits		17,17,317		1,30,42,445	
(e) Loans & Advances	10	<u>6,45,54,670</u>		<u>11,77,65,224</u>	
		9,41,39,803		15,70,34,602	
Less : Current Liabilities & Provisions					
(a) Liabilities	11	81,88,445		1,10,27,036	
(b) Provisions	12	<u>53,50,125</u>		<u>53,50,125</u>	
		1,35,38,570		1,63,77,161	
			8,06,01,233		14,06,57,441
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			—		15,250
Total		<u>13,43,83,139</u>		<u>16,29,90,644</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
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

Annual Report 2010-2011

Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule	2010-2011		2009-2010	
		Rs.	Rs.	Rs.	Rs.
Income					
Sales \ Lease Rent\Finance Charges		27,24,560		93,27,815	
Less: Excise Duty		—		—	
		<u>27,24,560</u>		<u>93,27,815</u>	
Other Income	13	<u>1,80,27,908</u>		<u>1,78,68,307</u>	
			2,07,52,468		2,71,96,122
Increase(Decrease) in Finished Goods and Work-in-process	14		(1,32,737)		(25,20,446)
			<u>2,06,19,731</u>		<u>2,46,75,676</u>
Expenditure					
Purchases (Trading)			1,765		30,61,810
Payments to and provision for Employees	15		56,22,893		52,65,167
Other Expenses	16		42,52,106		64,02,399
Interest :					
on Term Loans		7,73,207		8,15,213	
on Others		<u>31,97,690</u>		<u>56,04,855</u>	
			39,70,897		64,20,068
Depreciation			23,04,671		24,35,986
Total Expenditure			1,61,52,332		2,35,85,430
Profit Before Taxation			44,67,399		10,90,246
Provision for Taxation					
- Current Tax			—		—
- Deferred Tax (Surplus)			—		—
Profit After Taxation			44,67,399		10,90,246
Add : Surplus Profit/ Loss brought forward from previous year			-9,99,17,132		-10,09,81,116
Less : Transferred to Statutory Reserve			17,489		26,262
Balance carried to Balance Sheet			<u>-9,54,67,222</u>		<u>-9,99,17,132</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
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

Consolidated Schedules 1 to 17 Annexed to and Forming Part of the Accounts
As at 31st March, 2011

	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
1. Share Capital				
Authorised				
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>
Issued, Subscribed & Paid Up				
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) See note - 2 Schedule 17				
ii) Of the above				
15,00,000 Equity Shares allotted as fully paid				
Bonus Shares by capitalisation of General Reserve.				
Total		<u>2,68,75,000</u>		<u>2,68,75,000</u>
2. Reserves and Surplus				
Capital Reserve				
Subsidy from Government		14,63,400		14,63,400
Capital Redemption Reserve		600		600
General Reserve				
As per last Balance Sheet		17,70,94,811		17,70,94,811
Statutory Reserve				
As per Last Balance Sheet	3,18,676		2,92,414	
Add : Transferred from Profit & Loss A/c	<u>17,489</u>		<u>26,262</u>	
		<u>3,36,165</u>		<u>3,18,676</u>
Profit and Loss Account		<u>-9,54,67,222</u>		<u>-9,99,17,132</u>
Total		<u>8,34,27,754</u>		<u>7,89,60,355</u>
3. Secured Loans				
From a Bank				
i) Cash Credit / WCDL : (See note 1)		26,66,667		54,55,544
ii) Term Loan (See note 1)		44,25,292		59,33,436
(Net of Subsidy deposited and earmarked to Bank)				
Total		<u>70,91,959</u>		<u>1,13,88,980</u>
Note :				
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 .				
4. Unsecured Loans				
Fixed Deposits	1,66,90,000		2,32,84,000	
Interest Accrued and Due	<u>2,98,426</u>		<u>3,74,061</u>	
		<u>1,69,88,426</u>		<u>2,36,58,061</u>
Inter corporate Deposit		—		<u>2,21,08,248</u>
Total		<u>1,69,88,426</u>		<u>4,57,66,309</u>

Sr. No.	Name of Assets	Gross Block				Depreciation				Net Block	
		As at 1-4-2010 (Rs.)	Additions (Rs.)	Deductions/ Adjustments (Rs.)	As on 31-3-2011 (Rs.)	Upto 31-3-2010 (Rs.)	For the year 2010-11 (Rs.)	Deductions/ Adjustments (Rs.)	Upto 31-3-2011 (Rs.)	As on 31-3-2011 (Rs.)	As on 31-3-2010 (Rs.)
A.	Land										
	- Free hold	844888	—	—	844888	—	—	—	—	844888	844888
B.	Buildings	23284943	—	119238	23165705	8948967	1241732	42731	10147968	13017737	14335976
C.	Plant & Machinery	5752896	73890	435790	5390996	1078803	719116	196161	1601758	3789238	4674093
	Leased Plant & Machinery	3265000	—	—	3265000	3108152	—	—	3108152	1566848	1566848
	Electric Plant & Installation	113188	—	—	113188	107285	856	—	108141	5047	5903
	Laboratory Equipments	538827	—	—	538827	507903	8603	—	516506	22321	30924
	Weighing Machinery	387654	—	—	387654	243390	20067	—	263457	124197	144264
D.	Furniture, Fixtures and Equipments	4514574	—	—	4514574	3697693	155391	—	3853084	661490	816881
E.	Vehicles	1344564	—	—	1344564	773269	158906	—	932175	412389	571295
	Total	40046534	73890	555028	39565396	18465462	2304671	238892	20531241	19034155	21581072
	Previous Year	37129924	3169148	252538	40046534	16156131	2435986	126655	18465462	21581072	



		31-3-2011		31-3-2010	
		Rs.	Rs.	Rs.	Rs.
6. Investments (At Cost)					
A. Government Securities : (Unquoted)					
(Deposited with Government Departments)					
National Savings Certificates			37,000		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		3,172		3,172	
1,000 (—) Clutch Auto Ltd.		69,013		—	
300 (300) Dynamatic Forgings India Ltd.		5,736		5,736	
100 (100) Eicher Motors Ltd.		4,465		4,465	
322 (322) Essar Steels Limited		28,207		28,207	
69 (69) Eurotex Ltd.		4,140		4,140	
10 (10) Euro Ceramics Ltd.		639		639	
200 (200) Gujarat Refractories Ltd.		3,370		3,370	
50 (50) Hanuman Tea Co. Ltd.		2,224		2,224	
1,300 (1,300) I G Petro Ltd.		1,13,874		1,13,874	
1,000 (—) Idea Celluar Ltd.		77,753		—	
200 (200) Lan Esseda Software Systems Ltd.		27,104		27,104	
— (9000) Nagarjuna Fertilisers & Chemicals Ltd.		—		3,05,183	
10 (10) Nitco Limited		953		953	
300 (300) Orkay Silk Mills Ltd.		11,841		11,841	
100 (100) Orient Ceramics Limited		5,210		5,210	
670 (670) Premier Ind. (India) Ltd.		29,762		29,762	
1,072 (572) Reliance Ind. Ltd.		5,98,979		88,698	
— (100) Somany Ceramics Ltd.		—		2,624	
1,700 (—) SREI Infrastructure Finance Ltd.		1,01,213		—	
36 (36) Ultra Tech Cement Limited.		11,365		11,365	
1,000 (1,000) Unicorn Organics Ltd.		35,509		35,509	
200 (200) Western India Sugar & Chem. Ltd.		8,000		8,000	
200 (200) XLO Machine Ltd.		4,180		4,180	
500 (500) Rama News Print Ltd.		30,000		30,000	
			11,76,709		7,26,256
In fully paid Equity Shares of Rs.5/- each					
— (100) Cera Sanitaryware Ltd.		—		—	8,067
In fully paid Equity Shares of Rs.2/- each					
180 (180) Larsen & Toubro Ltd.		2,273		2,273	
415 (415) Hindustan Sanitaryware Limited		13,315		13,315	
10 (10) Kajaria Ceramics Limited		339		339	
1,000 (—) West Coast paper Mills L td.		1,03,949		—	
			1,19,876		15,927
In fully paid Equity Shares of Re.1/- each					
2,000 (2,000) Electro Steel & Casting Ltd.		1,25,902		1,25,902	
200 (—) Colgate Palmolive		1,69,167		—	
500 (—) Somany Ceramics Ltd.		2,624		—	
1,500 (—) ITC Limited		2,42,841		—	
			5,40,534		1,25,902
Indian Depository Receipt					
2,500 (—) Standard Chartered Bank		3,02,564		—	
In units of Mutual Funds of Rs. 10/- each					
700 (700) Master Gain of Unit Trust of India		8,826		8,826	
1,200 (1,200) Master plus of Unit Trust of India		23,353		23,353	
1,427 (1,427) Master Share of Unit Trust of India		30,233		30,233	
			62,412		62,412
C. Debentures					
Fully Paid Non-Convertible					
40 (40) Western India Sugar & Chem. Ltd. of Rs. 50 each.		2,000		2,000	
96,000 (—) Milestone Bullion Scheme		9,60,000		—	
			9,62,000		2,000

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	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
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.)		36,250		36,250
400 (400) Melstar Information Technologies Ltd.		28,800		28,800
850 (850) Entergra Limited (Formerly Induj Enertech Limited)		42,755		42,755
150 (150) S. Kumars Unitex Ltd. (Formerly Unitex Designs)		7,545		7,545
		1,15,350		1,15,350
(a-2) In Fully Paid Equity Shares of Rs.5/- each				
300 (300) Shree Rama Multi Tech Ltd.		36,000		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)		55,000		55,000
(a-4) In Fully Paid Equity Shares of Re.1 each				
40 (40) Zee Entertainment Enterprise Limited (ZEEL) (Formerly Zee Telefilms Ltd.)		53,987		53,987
E. Investment in Mutual Fund				
(92965.603) (—) DSP Black Rock Mutual Fund (Equity Fund - Reg - G)		15,00,000		—
(43392.733) (—) Fidelity Equity Fund (Growth)		15,00,000		—
(136301.062) (—) HDFC MF MIP - LTP - (Growth)		30,00,000		—
(143430.181) (—) RELIANCE MIP - Growth Plan		30,00,000		—
(4944.107) (—) HDFC TOP 200 FUND - (Growth)		10,00,000		—
(198231.649) (—) LIC MF Floater MIP Fund - Quarterly Plan		20,39,770		—
(148754.668) (—) LIC MF Floater MIP Fund - Quarterly Plan		15,29,844		—
(85665.334) (—) DSP Black Rock Mutual Fund (Equity Fund - Reg - G)		15,00,000		—
(44091.322) (—) HDFC MF MIP - LTP - (Growth)		10,00,000		—
(112956.910) (—) HDFC - MF MIP		15,00,000		—
(185284.690) (—) IDFC - Moderate Assets Allocation - Fund of Fund- Dividend		20,00,000		—
(36511.941) (—) UTI Bond Fund		10,00,000		—
(4916.837) (—) HDFC Equity Fund		2,68,063		—
(7541.220) (—) HDFC - Growth Fund		2,70,462		—
(79603.469) (—) DSP Black Rock Mutual Fund (World Gold Fund - Reg - G)		15,00,000		—
(9095.705) (—) HDFC Equity Fund - Dividend		5,00,000		—
(138392.981) (—) IDFC - Moderate Assets Allocation - Fund of Fund- Dividend		15,00,000		—
(230370.513) (—) UTI Fixed Income Interval Fund - Quarterly Interval Plan Series-I - Growth		30,00,000		—
		2,76,08,139		—
F. Investment in Bonds				
Tata Motors Finance - 2020		20,90,696		—
Tata Teleservices - 2025		21,00,244		—
		41,90,940		—
		3,52,60,511		12,37,901
Less : Provision in Diminution in value of Investments		3,56,764		3,44,172
Total		3,49,03,747		8,93,729
Aggregate Book Value - Quoted		62,96,608		8,56,729
- Unquoted		2,86,07,139		37,000
Aggregate Market Value - Quoted		71,07,701		17,06,485

During the year the following current Investments were purchased and sold / redeemed

Name of Fund	Units Purchased / Sold
Birla Sun Life Saving Fund	.172526.828
HDFC Cash Management Fund	147587.679
Reliance Medium Term Fund	154430.614
HDFC MF - HDFC FMP collection A/c	500000.000
Reliance Fixed Horizon Fund	500000.000
L & T FMP-11 (Nov 91D A)	150000.000
HDFC - FMP 35 D Nov - 2010	300000.000
LIC MF Liquid Fund - Dividend Plan	91073.852
IDFC Money Manager Fund - Treasury Plan A - Daily Dividend	149431.054
Reliance Monthly Interval Fund - Series I - Retail Dividend Plan	304709.750
LIC MF Liquid Fund - Dividend Plan	65500.485

	31-3-2011		31-3-2010	
	Rs.	Rs.	Rs.	Rs.
7. Inventories (Certified and valued by a Director) (At lower of Cost or Net Realisable Value)				
Stores, Chemicals etc. (at cost)		1,08,779		3,21,015
Stock-in-process		2,23,281		3,54,039
Finished Goods		—		1,979
Total		<u>3,32,060</u>		<u>6,77,033</u>
8. Sundry Debtors (Unsecured-Considered Good)				
A. Debts outstanding for a period exceeding 6 months		1,69,94,192		1,85,09,490
B. Others (Good)		1,15,687		12,83,056
Total		<u>1,71,09,879</u>		<u>1,97,92,546</u>
9. Cash and Bank Balances				
A. Cash on Hand		61,489		90,694
B. Balances with Scheduled Banks				
On Current Accounts	15,26,134		22,89,909	
On Unclaimed Dividend Accounts	28,254		66,751	
On Fixed Deposit Accounts	88,10,000		33,10,000	
Total		<u>1,03,64,388</u>		<u>56,66,660</u>
		<u>1,04,25,877</u>		<u>57,57,354</u>
10. Loans and Advances (Unsecured-considered Good)				
Inter Corporate Loans		4,26,05,056		8,81,00,000
Advances recoverable in cash or in kind or for a value to be received (Includes - Secured Rs.21,428/- (21,428/-))		58,15,999		41,69,269
Advance payment of Income-tax		1,59,71,405		2,53,33,745
Balance with Excise Authorities		1,62,210		1,62,210
Total		<u>6,45,54,670</u>		<u>11,77,65,224</u>
11. Current Liabilities				
Sundry Creditors		71,31,012		95,59,131
Advance and Credits of Customers		1,20,731		1,35,731
Unclaimed				
- Dividend*	28,254		66,751	
- Redeemable Preference Share	29,000		29,000	
		57,254		95,751
Deposit by Dealers		93,000		1,38,000
Interest accrued but not due		7,86,448		10,98,423
Total		<u>81,88,445</u>		<u>1,10,27,036</u>
* This figures do not include any amount due and outstanding to be credited to Investors Education & Protection Fund.				
12. Provisions				
For Taxation		53,50,125		53,50,125
Total		<u>53,50,125</u>		<u>53,50,125</u>

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	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
13. Other Income				
Interest (Non Trade Investments)(Gross)				
1. On Government Securities	408		7,162	
2. From Others (including tax deducted at source Rs. 6,97,288 previous year Rs. 11,04,178)	<u>88,50,942</u>		<u>1,17,98,818</u>	
		88,51,350		1,18,05,980
Dividend (Non Trade Investments)		3,32,593		40,285
Rent Income		73,49,187		48,85,546
Profit on Sale of Investments		4,98,533		20,253
Profit on Sale of Fixed Assets (net)		9,323		93,236
Miscellaneous Income		9,49,103		2,26,400
Items pertaining to previous year / Unspent liabilities and provisions no longer required written back (net)		37,819		7,96,607
Total		<u>1,80,27,908</u>		<u>1,78,68,307</u>
14. Increase (Decrease) in Finished Goods and Work-in Process				
Stock at Commencement				
Finished Goods (Traded Goods)	1,979		23,52,261	
Stock in Process	<u>3,54,039</u>		<u>5,24,203</u>	
		3,56,018		28,76,464
Stock at Close				
Finished Goods (Traded Goods)	—		1,979	
Stock in Process	<u>2,23,281</u>		<u>3,54,039</u>	
		2,23,281		3,56,018
Total		<u>-1,32,737</u>		<u>-25,20,446</u>
15. Payment to and Provision for Employees				
Salaries, Wages and Bonus		42,71,774		41,29,065
Contribution to Provident and other funds		5,75,369		3,79,507
Staff and Labour Welfare Expenses		7,75,750		7,56,595
Total		<u>56,22,893</u>		<u>52,65,167</u>
16. Other Expenses				
Stores, Spare Parts and Packing Materials		8,80,952		12,35,684
Power, Fuel and Electricity Expenses		3,38,605		2,83,647
Repairs to:				
Building	3,24,402		1,78,275	
Plant and Machinery	30,304		21,202	
Others	<u>26,303</u>		<u>32,792</u>	
		3,81,009		2,32,269
Rent		35,808		79,508
Insurance		48,077		38,739
Rates and Taxes		2,04,825		2,63,690
Miscellaneous Expenses		12,59,078		24,79,846
Legal & Professional Fees Expenses		4,30,668		5,80,657
Telephone Expenses		2,25,279		2,76,421
Vehicle Expenses		1,63,754		3,29,848
Directors' sitting Fees		16,000		16,000
Amount Written off (net)		—		4,66,071
Diminution in value of Current Investments		12,592		—
Horticulture Impairment Loss		2,55,459		1,20,019
Total		<u>42,52,106</u>		<u>64,02,399</u>

17. Notes forming part of the Accounts for the year ended 31st March, 2011.

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.

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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 Madhusudan Oils and Fats Limited (MOFL) at book value w.e.f. 01.04.2001.

3. Contingent liability in respect of :	31.03.2011	31.03.2010
	Rs.	Rs.
Disputed Claims against the Company not acknowledged as debts.	2,59,49,926	2,43,89,476

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

5. Import of Chemicals

The Company had sold Chemicals on highsea sale arrangement. This material purchased from M/s. Tianjin Kaiyong Chemicals Co. Ltd. Jin Nam, China, did not meet the specification of the order given hence are rejected. The recovery of purchase amount Rs.1676549/- is initiated which is included in "Loans and Advances".

6. Miscellaneous expenses include payment to Auditors as under :

	Current year	Previous year
	Rs.	Rs.
Statutory Auditors		
- Audit Fees	36,399	36,399
- Taxation work	1,04,157	69,157
- Certificate etc.	15,442	11,236
- Expenses reimbursed	—	2,000
	1,55,998	1,18,792

7. (a) Current liabilities - Sundry Creditors include amount payable to SSI Units :	31.03.2011	31.03.2010
	Rs.	Rs.
a. Amount due to SSI units	—	—
b. Others	66,56,012	95,59,131
c. Amount payable to SSI units :	—	—

(b) Disclosures required for small enterprises and Micro enterprises for the year ended March 31, 2011

Particulars	As on		As on	
	31-03-2011		31-03-2010	
	Principal Amt.(Rs.)	Interest Amt.(Rs.)	Principal Amt.(Rs.)	Interest Amt.(Rs.)
Unpaid Principal and Interest thereon as at March 31, 2011	Nil	Nil	Nil	Nil
Delayed payments due as at March 31, 2011	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.

8. 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 :

a) 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 contribution .

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

	2010-11 Rs.	2009-10 Rs.
Provident Fund	2,69,089	2,58,519
Employees Pension Scheme	1,11,767	1,08,488
ESIC	—	4,678
	3,80,856	3,71,685

c) Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2011.

Particulars	Amount (Rs.)			
	31-03-2011		31-03-2010	
	Gratuity Funded Plan	Leave Encashment Non-funded Plan	Gratuity Funded Plan	Leave Encashment Non-funded Plan
Change in Defined Benefits Obligation				
Opening defined benefits obligation	1367794	777964	1094336	666959
Current service cost	118224	134499	119144	74737
Interest cost	112433	63949	87219	53157
Actuarial loss / (gain) Interest cost	58093	84354	67095	27411
Benefits paid	-300733	-117737	—	-44300
Closing defined benefits obligation	1355811	943029	1367794	777964
Change in Fair value of Assets				
Opening fair value of plan assets	1367794	—	1169984	—
Expected return on plan assets	112349	—	104683	—
Actuarial gain / (loss)	18857	—	93127	—
Contributions by employer	157544	—	—	—
Benefits paid	-300733	—	—	—
Closing fair value of plan assets	1355811	—	1367794	—
Movement in net liability recognised in Balance Sheet				
Net opening liability	—	777964	-75648	666959
P & L Charge	157544	282802	75648	155305
Contribution Paid	-157544	-117737	—	-44300
Closing Net (asset) /liability	—	943029	—	777964
Expenses recognised in the Profit and Loss Account				
Current Service Cost	118124	134499	119144	74737
Interest on defined benefit obligation	112433	63949	87219	53157
Expected return on plan assets	-112349	—	-104683	—
Net actuarial loss / (gain) recognised in the current year	39236	84354	-26032	27411
Total Expenses	157544	282802	75648	155305
Assets Information				
Government of India Securities	. 41%	—	. 35%	—
Corporate Bonds	.52%	—	. 56%	—
Equity shares of listed companies	—	—	—	—
Property	—	—	—	—
Insurance Company	.7%	—	. 9%	—
Principal actuarial assumption				
Discount Rate (p.a.)	. 8.22%	.8.22%	. 7.97%	. 7.97%
Expected rate of return on plan assets (p.a.)	.8.25%	—	.8.25%	—
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 upto 31-03-2011 Rs.9.43 lacs (Rs.7.78 lacs) being increment discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

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9. Related party disclosures:

Type of Transaction	Associates (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
Sales - Flowers	60185	—	—	60185
	.(14560)	(—)	(—)	.(14560)
Purchase - Material	1765	—	—	1765
	.(3806)	(—)	(—)	.(3806)
Income - Interest	90000	—	—	90000
	(97397)	(—)	(—)	(97397)
Rent	7049250	—	—	7049250
	.(4514857)	(—)	(—)	.(4514857)
Service Charges	480000	—	—	480000
	.(225000)	(—)	(—)	.(225000)
Other Services	816502	—	—	816502
	.(801484)	(—)	(—)	.(801484)
Expenses - Interest Paid	553600	—	—	553600
	.(1575563)	(—)	(—)	.(1575563)
Finance - Loans & Advances given	29701	—	—	29701
	.(27147)	(—)	(—)	.(27147)
Fixed Deposit/Loan received	—	—	—	—
	.(16500000)	(—)	(—)	.(16500000)
Rent Deposit Received	294500	—	—	294500
	.(1409500)	(—)	(—)	.(1409500)
Balance at the end of the year				
Receivables	1172852	—	—	1172852
	(1143151)	(—)	(—)	(1143151)
Payables	—	—	—	—
	(16500000)	(—)	(—)	.(16500000)

Notes:

- Associates
 - Cera Sanitaryware Ltd.
 - Gujarat Soaps Pvt. Ltd.
- Key Management Personnel —
- Relatives of Key Management Personnel —

10. Note on deferred tax liability

	2010-11 Amount (Rs.)	2009-10 Amount (Rs.)
Deferred tax liabilities on account of:		
- Depreciation	12,32,523	13,50,896
	<u>12,32,523</u>	<u>13,50,896</u>
Less: Deferred Tax Assets on account of:		
- Others	12,32,523	13,50,896
Total	<u>—</u>	<u>—</u>

11. The Company is organised 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
Revenue					
- External	6853	2717707	—	—	2724560
	(5206736)	.(4121079)	(—)	(—)	.(9327815)
- Inter-Segment	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)
Total	6853	2717707	—	—	2724560
Result					
Segment Result	10737743	-82221	87445	—	10742967
	(8956844)	.(858146)	(131310)	(—)	(9946300)
Less : Depreciation	468791	1835880	—	—	2304671
	(550369)	.(1885617)	(—)	(—)	(2435986)
Less : Interest	3341976	628921	—	—	3970897
	(5604855)	.(815213)	(—)	(—)	(6420068)
Profit before Tax	6926976	-2547022	87445	—	4467399
	(2801620)	.(1842684)	(131310)	(—)	(1090246)
Less : Provision for Tax	—	—	—	—	—
	(—)	(—)	(—)	(—)	(—)
Net Profit for the year	6926976	-2547022	87445	—	4467399
	(2801620)	.(1842684)	(131310)	(—)	(1090246)
Other Information					
Segment Assets	144676968	13909180	6735598	-17400037	147921709
	(173755146)	(18650764)	(6646683)	(-17400037)	(181652556)
Segment Liabilities	37525615	4570231	23146	-4500037	37618955
	(71916910)	(8393902)	(21676)	(-4500037)	(75832451)
Capital Expenditure	73890	—	—	—	73890
	(359644)	(2809504)	(—)	(—)	(3169148)
Depreciation	468791	1835880	—	—	2304671
	(550369)	(1885617)	(—)	(—)	.(2435986)
Non-cash expenses other than depreciation	15250	—	—	—	15250
	(39250)	(—)	(—)	(—)	(39250)

12. 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
Firm Registration No. 131054W
Tushar H. Vasa
Proprietor
Membership No. 16831

Rajesh B. Shah Director

Sanwarmal D. Agarwal Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011

Annual Report 2010-2011

Consolidated Cashflow Statement for the year ended March 31, 2011

	Year ended March 31, 2011		Year ended March 31, 2010	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net profit before tax & Extra-ordinary items		44,67,399		10,90,246
Adjusted for				
Depreciation	23,04,671		24,35,986	
Provision of Diminution in Value of Investment	12,592		-28,637	
Profit on Sale of Fixed Assets	-9,323		-93,236	
Investment Income	-4,98,533		-20,253	
Dividend Received	-3,32,593		-40,285	
Interest Received	-88,51,350		-1,18,05,980	
Interest Charged	39,70,897		64,20,068	
		<u>-34,03,639</u>		<u>-31,32,337</u>
Operating profit before working capital changes		10,63,760		-20,42,091
Adjusted for				
Trade and other receivable	4,65,30,881		-37,62,062	
Inventories	3,44,973		25,81,905	
Trade Payable	-28,38,591		29,23,052	
		<u>4,40,37,263</u>		<u>17,42,895</u>
Cash generated from operation		4,51,01,023		-2,99,196
Interest paid		-39,70,897		-64,20,068
Direct taxes paid		93,62,340		-27,27,918
Cash flow before extra-ordinary items		5,04,92,466		-94,47,182
Extra-ordinary items		1,13,40,378		-26,63,122
Net Cash from Operating Activities Total (A)		<u>6,18,32,844</u>		<u>-1,21,10,304</u>
B. Cash flow from Investing activities				
Purchase of fixed assets		-74,742		-31,69,148
Sale of fixed assets		3,25,459		2,19,119
Purchase of Investments		-3,43,35,860		-44,307
Sale of investments (net of profit/loss)		8,11,783		1,39,560
Interest received		88,51,350		1,18,05,980
Dividend received		3,32,593		40,285
Net Cash used in Investing Activities Total (B)		<u>-2,40,89,417</u>		<u>89,91,489</u>
C. Cash flow from financing activities				
proceeds from issue of share capital		—		—
Right issue expenses		—		—
proceeds from borrowings		-3,30,74,904		4,74,701
Dividend Paid		—		—
Net Cash used in Financing Activities Total (C)		<u>-3,30,74,904</u>		<u>4,74,701</u>
Net changes in Cash & Cash Equivalents (A+B+C)		46,68,523		-26,44,114
Cash & Cash Equivalent-Opening Balance		57,57,354		84,01,468
Cash & Cash Equivalent-Closing Balance		1,04,25,877		57,57,354

As per our report of even date attached
For and on behalf of

H. V. Vasa & Co.

Chartered Accountants
Firm Registration No. 131054W

Tushar H. Vasa

Proprietor
Membership No. 16831

Rajesh B. Shah

Director

Sanwarmal D. Agarwal

Director

Ahmedabad
27th May, 2011

B. K. Patodia
Company Secretary

Ahmedabad
27th May, 2011



**Madhusudan
Industries Limited**

Madhusudan Industries Limited

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

DP ID	Client ID	Folio No.	No. of shares held

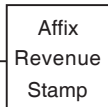
PROXY

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 Saturday, the 17th September, 2011 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature(s) _____ L.F. No. _____



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.

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Madhusudan Industries Limited

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

DP ID	Client ID	Folio No.	No. of shares held

ATTENDANCE SLIP

Annual General Meeting - 2011

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

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

I hereby record my presence at the Annual General Meeting held at 11.30 a.m. on Saturday 17th September, 2011.

Member's / Proxy's Signature

- 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.

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Book-Post

To,



If undelivered, please return to :

Madhusudan Industries Limited

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