

**ANNUAL REPORT
2016-17**



Madhusudan
Industries Limited

Annual Report 2016-2017

Board of Directors

Shri Rajesh B. Shah
Shri Sanwarmal Agarwal
Shri P. K. Shashidharan
Shri P. C. Surana
Smt. Rutva Acharya

Auditors

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

Registered Office

Survey No. 359/B, 359/C, 361 and 362,
Rakhial - 382 315, Taluka - Dehgam,
Dist. Gandhinagar, Gujarat.
Phone : (02716) 267270, Fax : 079-26427287
E-mail : madhusudan_i@yahoo.in
Website : www.madhusudan-india.com
CIN : L29199GJ1945PLC000443

Ahmedabad Office

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

Registrar & Share Transfer Agent

MCS Share Transfer Agent Limited,
201, Shatdal Complex, 2nd Floor,
Opp. Bata Show Room, Ashram Road,
Ahmedabad - 380 009.

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**Annual General Meeting at 11.30 a.m. on Friday,
the 22nd day of September, 2017 at the Registered Office.**

NOTICE

NOTICE is hereby given that the 71st Annual General Meeting of the Members of **MADHUSUDAN INDUSTRIES LIMITED** will be held at 11.30 a.m. on Friday, the 22nd day of September, 2017 at the Registered Office of the Company at Survey No. 359/B, 359/C, 361 and 362, Rakhial – 382315, Taluka Dehgam, District Gandhinagar to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2017 including statement of Audited Profit and Loss and Cash Flow Statement for the year ended 31st March, 2017, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri P. K. Shashidharan (holding DIN 06506263), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the recommendation made by the Audit Committee to the Board, Shailesh Shah & Associates., Chartered Accountants (Firm Registration No. 109877W), Ahmedabad, be and are hereby appointed as the Statutory Auditors of the Company, in place of retiring auditors H.V. Vasa & Co, Chartered Accountants (Firm Registration No. 131054W), to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting, until the conclusion of the Annual General Meeting of the Company to be held for the financial year 2021-22, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

Regd. Office :
Survey No. 359/B, 359/C, 361 and 362,
Rakhial – 382 315, Taluka - Dehgam, Dist. Gandhinagar.
23rd June, 2017
CIN : L29199GJ1945PLC000443

By Order of the Board of Directors

Dipshika Khatri
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MCS Share Transfer Agent Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 08.09.2017 to 15.09.2017 (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 at least 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 as applicable for a period of seven years have been transferred to the Investor Education and Protection Fund pursuant to the provisions of, the Companies Act.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
8. Annual Report 2016-17 alongwith notice of the AGM, Attendance Slip, Proxy Form, process instructions and the manner of conducting E-Voting is being sent electronically to all members whose email ID are registered with the Company / Depository Participant(s). For members who request for a hard copy and those who have not registered their email address, physical copies of annual report are being sent through the permitted mode. Members who have not registered their email address are requested to get their email address registered with the Company / Depository Participants and update the same, if required.
9. All the documents, if any, referred to in this notice are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
10. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The members shall refer to the detailed procedure on e-voting attached herewith.

Annual Report 2016-2017

11. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
12. Members are required to vote only through the electronic system or through ballot at Annual General Meeting only and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
13. The remote e-voting period commences on 19th September, 2017 (10.00 a.m.) and ends on 21st September, 2017 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2017 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
14. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 15th September, 2017. A person other than member on cut off date should treat this notice for information only.
15. A member may participate in the Annual General Meeting even after exercising his right to vote through e-voting, but shall not be allowed to vote again.
16. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No.FCS:4152) has been appointed as the Scrutinizer to scrutinize the e-voting process and voting process at AGM in a fair and transparent manner.
17. The scrutiniser shall, immediately after the conclusion of voting at the annual general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
18. The Results will be declared on receipt of Scrutinizer's Report at Registered Office of the Company at Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315, Taluka - Dehgam, Dist. Gandhinagar, Gujarat. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.madhusudan-india.com and on the website of CDSL immediately and communicated to the BSE.
19. Shri Thomas Koshy, Chief Executive Officer of the Company, “Madhusadan House”, Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006, shall be responsible for addressing all the grievances in relation to this annual general meeting including e-voting. His contact details are **E-mail:** madhusudan_i@yahoo.in, **Phone No.** 079-26449781.
20. **MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.**
21. Brief resume of director, who is proposed to be appointed / re-appointed at this Annual General meeting is given below:

Name of Director	Shri P. K. Shashidharan
Date of Birth	07.08.1958
Date of appointment	26.02.2013
Brief Resume and nature of expertise in specific Functional areas	Marketing & Marketing Services
List of other directorships held	—
Chairman / Member of the Committees of the Board of other Companies	—
Disclosure of relationship between Director Inter Se	—
Shareholding in the Company	—

Statement pursuant to provisions of Section 102 the Companies Act, 2013.

Item No. 3

H.V. Vasa & Co., Chartered Accountants were appointed as Auditors at last Annual General Meeting ('AGM') held on 12th August, 2016 to hold the office of the Auditors up to the conclusion of this Annual General Meeting and hence, they would retire at the conclusion of this AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing Auditor's firm has completed term of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co has completed term of five consecutive years and as per the said requirements of the Act, Shailesh Shah & Associates, Chartered Accountants are proposed to be appointed as auditors from the conclusion of this AGM till the conclusion of the AGM to be held for the Financial year 2021-22, subject to ratification by members every year, as may be applicable.

Shailesh Shah & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the ordinary resolution as per item No. 3 of the accompanying notice for approval of the members of the Company.

None of the Directors, or key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution as per item No. 3 of the notice.

Regd. Office :
Survey No. 359/B, 359/C, 361 and 362,
Rakhial – 382 315, Taluka - Dehgam, Dist. Gandhinagar.
23rd June, 2017
CIN : L29199GJ1945PLC000443

By Order of the Board of Directors

Dipshika Khatri
Company Secretary

Procedure on e-voting

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 19th September, 2017 (10.00 a.m.) and ends on 21st September, 2017 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 15th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number which is printed on Address Sticker indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. - If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Madhusudan Industries Ltd. on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the log in password then enter the User ID and Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also use Mobile app - "m-Voting" for e-voting. M-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolution(s).
- (xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the log in should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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, 2017.

Performance

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

	Year ended March 31, 2017 (Rs. in lacs)	Year ended March 31, 2016 (Rs. in lacs)
Profit before Depreciation and Taxes	47.81	63.27
Deducting there from Depreciation	18.52	26.27
Profit / Loss before tax	29.29	37.00
Deducting therefrom taxes of:		
- Current Tax	3.50	0.75
- Deferred Tax	(-)20.29	10.17
Profit after tax	<u>46.08</u>	<u>26.08</u>
Add: Balance brought forward from previous year	<u>(-)648.27</u>	<u>(-) 674.35</u>
Amount available for appropriations	<u>(-)602.19</u>	<u>(-) 648.27</u>
The proposed appropriations are:		
1. Proposed Dividend	-	-
2. Tax on proposed Dividend	-	-
3. Balance Carried forward	<u>(-)602.19</u>	<u>(-) 648.27</u>
Total	<u>(-)602.19</u>	<u>(-) 648.27</u>

Transfer to Reserves

Due to Carry forward loss of previous years the Company has not transferred any amount to General Reserve in the current year.

Highlights / Performance of the Company

Total income of the Company was Rs.95.06 lacs during the year.

Management Discussion and Analysis**a) Industry Structure and Developments**

The Company continues to explore in finding out a suitable project that can be set up in the existing facilities available with the Company at Rakhial.

b) Opportunities and Threats

The Management intend to undertake a viable business activities in the existing infrastructure and land available with the Company. As such we do not find any particular threat that can affect the existence of the Company.

c) Outlook

The future outlook will mainly depend on the project to be undertaken by the Company.

d) Risks and Concerns

At present the Company is exposed to the common risks such as any uncertainties / drastic changes in government policies, delay in economic reforms, emergence of inflationary conditions, any unexpected changes in regulatory framework etc.

e) Internal Control Systems and their adequacy

The Company has computerized its accounting system since many years. Adequate internal control system exists in the Company and the internal control system of the Company is commensurate with the size and complexity of the Company's business. The operations are subject to periodic internal audit by independent Auditors.

f) Financial performance with respect to Operational Performance is discussed in the main part of the report.**g) Material Developments in Human Resources, Industrial Relations, Environment, Health & Safety**

The Company values and nurtures its human resources and Company would continue to adopt and implement the best HRD practices in future. Manpower strength of the Company as on March 31, 2017 stands at 7.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The information required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as a separate Annexure-I.

Particulars of contracts or arrangements with related parties

All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis.

There were no materially significant related party transactions made by the Company with Directors, Key Managerial Personnel or other designated persons which may have a Potential Conflict with the interest of the Company at large. All related party transactions were placed before the Audit Committee and also the Board for approval. The Policy on related party transactions as approved by the Board is uploaded on the Company's website i.e. www.madhusudan-india.com

The particulars of contracts or arrangement with related Parties as per Section 188(1) of the Companies Act, 2013, including arm's length transactions if any, as per Form No. AOC – 2 are enclosed as separate Annexure – II.

Director's Responsibility Statement

In compliance of Section 134(5) of the Companies Act, 2013, the Directors of your Company confirm:

- that in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- that such accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2017 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, 2013 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.
- that internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Managerial Remuneration and Employees

Details required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are enclosed as a separate Annexure-III.

Details of employees as specified under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request, being made to the Company Secretary. The above detail is not being sent alongwith this Annual Report to the members in line with the provisions of Section 136 of the Companies Act, 2013.

Company has not offered its shares to its employees under ESOS during the year under review.

Company has not sanctioned loan to any of its employees for purchase of Company's shares under any scheme.

Extract of Annual Return

The details forming part of the extract of the annual return in Form No.MGT-9 is annexed herewith as a separate Annexure-IV.

Corporate Governance

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, report on Corporate Governance alongwith Auditors' Certificate on its Compliance has been included in this Annual Report as a separate Annexure - V.

As per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is not required to comply with Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V. However as a good corporate governance practice, the Company has been complying with all the aforesaid provisions / regulations voluntarily.

Number of Meetings of the Board

The Board of Directors, during the financial year 2016-17 duly met 4 times on 26.05.2016, 08.08.2016, 25.10.2016 and 31.01.2017 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Particulars of Loans, guarantees or investments u/s 186

The loans if any, made by the Company are within the limits prescribed u/s 186 of the Companies Act, 2013 and no guarantee or security is provided by the Company.

Details of investments covered u/s 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Risk Management Policy

The Board has approved and implemented risk management Policy of the Company including identification and element of risks.

The Risk Management is overseen by the Audit Committee / Board of Directors of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details please refer to the Management Discussion and Analysis.

Audit Committee

The Company has constituted Audit Committee. For details please refer Corporate Governance Report attached as a separate Annexure-V.

Internal Control System and its Adequacy

The Company has internal control system commensurate with the size, scale and complexity of its business operations. The scope and functions of Internal Auditor are defined and reviewed by the Audit Committee. The Internal Auditor reports to the Chairman of the Audit

Annual Report 2016-2017

Committee. The Internal Auditor assesses opportunities for improvement of business processes, systems and controls, to provide recommendations, which can add value to the organisation.

Dividend

Due to carry forward loss of previous years the Board of Directors has not recommended any dividend. During the year the Company was not required to transfer unclaimed dividend to the Investor Education and Protection Fund.

Share Capital

The paid up Equity Share Capital as on 31st March, 2016 was Rs.268.75 lacs. During the year under review the Company has not issued any equity shares. As on 31st March, 2017 the Share Capital was Rs.268.75 lacs.

No shares with differential voting rights, stock or sweat equity shares were issued by the Company during the year under review.

Exchequer

The Company has contributed Rs.15.70 lacs to the exchequer by way of Service Tax, Income tax and other fiscal levies.

Deposits

The Company has not accepted fixed deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. There have been no default in repayment of deposits or payment of interest thereon during the year.

The Company has no unclaimed/unpaid fixed deposits as at end of the year.

Directors

Members at the Annual General Meeting held on 26.09.2014 have appointed Shri Rajesh B. Shah, Shri Prem Chand Surana and Smt. Rutva Acharya as Independent Directors of the Company to hold office for five consecutive years for a term up to 31st March, 2019 (they will not retire by rotation).

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of The Companies Act, 2013 and SEBI (LODR) Regulations, 2015. There has been no change in the circumstance which may affect their status as Independent Directors during the year under review. The Company keeps informed independent directors about changes in the Companies Act, 2013 from time to time and their role, duties and responsibilities.

Shri. P.K. Shashidharan, director is due to retire at the end of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief resume of Shri. P.K. Shashidharan, director as required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the notice convening the Annual General Meeting of the Company.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Rules made thereunder, Schedule – IV of the Act and SEBI (LODR) Regulations, 2015, the Board has carried the evaluation of its own performance, individual Directors, its Committees and Key Managerial Personnel, on the basis of attendance, contribution and various criteria as recommended by the Nomination and Remuneration Committee of the Company.

The performance of each of the non-independent directors was also evaluated by the Independent Directors at the separate meeting of Independent Directors of the Company.

Policy on Directors appointment and remuneration

Criteria determining the qualifications, positive attributes and independence of Directors.

Independent Directors

- **Qualifications of Independent Director**

An independent director shall possess appropriate skills, qualifications, experience and knowledge in one or more fields of finance, law, management, marketing, administration, corporate governance, operations or other disciplines related to the Company's business.

- **Positive attributes of Independent Directors**

An independent director shall be a person of integrity, who possesses knowledge, qualifications, experience, expertise in any area, integrity, level of independence from the Board and the Company etc. Independent Directors are appointed on the basis of requirement of the Company, qualifications & experience, association with the Company etc. He should also devote sufficient time to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

- **Independence of Independent Directors**

An independent director should meet the requirements of Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Other Directors and Senior Management

The Nomination and Remuneration Committee shall identify and ascertain the qualifications, expertise and experience of the person for appointment as Director or at Senior Management Level and recommend to the Board his/her appointment.

The Company shall not appoint or continue the employment of any person as Director or Senior Management Personnel if the evaluation of his performance is not satisfactory.

Other details are disclosed in the Corporate Governance Report under the head Nomination and Remuneration Committee and details of Remuneration (Managing Director/Whole Time Director and Non-Executive Directors).

Remuneration / commission from Holding or Subsidiary Company

The Company has no Holding Company or Subsidiary Company

Remuneration Policy

It is separately disclosed in the Corporate Governance Report attached as a separate Annexure-V to this Report.

Auditors and their Observations

H.V. Vasa & Co., Statutory Auditors of the Company retire at the end of the ensuing Annual General Meeting.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Companies Act, 2013, is provided to appoint a new auditors, when the existing Auditor's firm has completed terms of Five consecutive years. Accordingly, the existing Auditors H.V. Vasa & Co has completed term of five consecutive years and as per the said requirements of the Act, it is proposed to appoint new Statutory Auditors for period of five years with effect from the conclusion of this AGM till the conclusion of the AGM of Financial year 2021-22, subject to ratification by members every year, as may be applicable.

The Auditors' Report and Secretarial Audit Report to the members for the year under review does not contain any qualification, reservation or adverse remarks or disclaimer.

The Statutory Auditors have not reported any fraud during the year under review.

Secretarial Audit

Pursuant to provisions of Section 204 of Companies Act, 2013 and Rules made there under, the Company has appointed Parikh Dave and Associates, Practicing Company Secretaries to undertake the secretarial audit of the Company for the year 2016-17.

The Secretarial Audit Report given by Parikh Dave and Associates, Company Secretaries in practice is annexed with this report.

Insurance

Your Company has adequately insured all its properties.

Industrial Relations

Your Company's relations with its employees remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the services rendered by staff members and executives of the Company.

Your Company has taken adequate steps for the health and safety of its employees, as required under the Gujarat Factories Rules, 1963. The Company has not received any complaint under The Sexual Harassment of women at Workplace (prevention, prohibition and redressal) Act, 2013.

Material Changes Affecting Financial Position of the Company

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate, i.e. 31st March, 2017 and the date of the Board's Report.

Change in Nature of Business

There has been no change in the nature of the business of the Company during the Financial year 2016-17.

Orders passed by Regulatory Bodies or Courts

No regulatory body or court or tribunal has passed any significant and material orders impacting the going concern status and operations of the company.

Vigil Mechanism

The Company has implemented Vigil Mechanism. For details please refer Corporate Governance Report attached as a separate Annexure-V.

Appreciation

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

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

Annexure I to the Directors' Report

Disclosure of particulars with respect to Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Report of the Board of Directors for the year ended 31st March, 2017.

A. Conservation of Energy	:	Nil
B. Technology Absorption	:	Nil
C. Foreign Exchange earnings and outgo	:	Nil

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

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Annexure II to the Directors' Report

FORM No.AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1) Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	NOT APPLICABLE
(b) Nature of contracts / arrangements / transactions	
(c) Duration of the contracts / arrangements/ transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) Date (s) of approval by the Board	
(g) Amount paid as advances, if any;	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2) Details of material contracts or arrangements or transactions at arm's length basis

(a) Names of the related party and nature of relationship	Gujarat Soaps Private Ltd. - Director interested
(b) Nature of contracts / arrangements / transactions	Reimbursement of Expenses
(c) Duration of the contracts / arrangements/ transactions	As and When actual payment made
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	No formal contract
(e) Date (s) of approval by the board if any,	Every Board meeting held after payment
(f) Amount paid as advances, if any;	NA

The other details are mentioned in note no. 26 of attached Financial Statements for the year ended 31-03-2017.

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

Annexure III to the Directors' Report

Details as per Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. N.	Particulars			
i.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	There is no working director in the Company and no remuneration was paid to any director except sitting fees.		
ii.	The % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year	Directors NIL	KMPs CEO CFO CS 16% 12.95% 18%	
iii.	The % increase in the median remuneration of employees in the financial year	12.32%		
iv.	The number of permanent employees on the rolls of company.	7		
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The percentage increase in salary of employees in last financial year is 12.32%. There was no wholtime director (Managerial Personnel defined under the Companies Act) in the Company. Annual increase in remuneration was based on remuneration policy, qualifications and experience, responsibilities shouldered and individual performance of the employees.		
vi.	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per the remuneration policy of the Company.		

Ahmedabad
25th May, 2017

For and on behalf of the Board of Directors,

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

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Annexure IV to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L29199GJ1945PLC000443
 ii) Registration Date : 27.08.1945
 iii) Name of the Company : MADHUSUDAN INDUSTRIES LIMITED
 iv) Category / Sub-Category of the Company : Public Limited Company
 v) Address of the Registered office and contact details : Survey No. 359/B, 359/C, 361 and 362, Rakhial – 382 315, Taluka - Dehgam, Dist. Gandhinagar. Phone : (02716) 267270 Fax (079) 26427287
 vi) Whether listed Company ? Yes / No : Yes
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram road, Ahmedabad – 380 009. Phone : (079) 26580461 Email ID : mcsstaahmd@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1	NIL	NIL	NIL	NIL	NIL

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. shares held at the beginning of the year				No. shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(A) Shareholding of Promoter and Promoter Group									
1 Indian									
(a) Individuals/ Hindu Undivided Family	1090942	0	1090942	20.30	1090942	0	1090942	20.30	0.00
(b) Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	2015344	0	2015344	37.49	2015344	0	2015344	37.49	0.00
(d) Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(1)	3106286	0	3106286	57.79	3106286	0	3106286	57.79	0.00
2 Foreign									
(a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	3106286	0	3106286	57.79	3106286	0	3106286	57.79	0.00



Category of Shareholders	No. shares held at the beginning of the year				No. shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(B) Public shareholding									
1 Institutions									
(a) Mutual Funds/ UTI	0	275	275	0.01	0	275	275	0.01	0.00
(b) Financial Institutions / Banks	0	2625	2625	0.05	0	2625	2625	0.05	0.00
(c) Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	268492	0	268492	5.00	268492	0	268492	5.00	0.00
(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (specify) -	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	268492	2900	271392	5.05	268492	2900	271392	5.05	0.00
2 Non-institutions									
(a) Bodies Corporate	131051	8870	139921	2.60	118354	8870	127224	2.37	-0.23
(b) Individuals									
I Individual shareholders holding nominal share capital up to Rs. 1 lakh	663823	379432	1043255	19.41	682462	377062	1059524	19.71	0.30
II Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	784647	0	784647	14.60	787365	0	787365	14.64	0.04
(c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other (specify)									
I Hindu Undivided Family	27975	250	28225	0.53	21685	250	21935	0.41	-0.12
II Non Resident Individual	524	750	1274	0.02	524	750	1274	0.02	0.00
Sub-Total (B)(2)	1608020	389302	1997322	37.16	1610390	386932	1997322	37.16	0.00
(B) Total Public Shareholding (B)=(B)(1)+(B)(2)	1876512	392202	2268714	42.21	1878882	389832	2268714	42.21	0.00
TOTAL (A)+(B)	4982798	392202	5375000	100.00	4985168	389832	5375000	100.00	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued									
1 Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2 Public	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (C)	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)	4982798	392202	5375000	100.00	4985168	389832	5375000	100.00	0.00

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(ii) Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged / encumbered to total shares	
1	Vikram Investment Co. Ltd.	936640	17.43	0.00	936640	17.43	0.00	0.00
2	Madhusudan Holdings Ltd.	440600	8.20	0.00	440600	8.20	0.00	0.00
3	Vikram Somany	408264	7.60	0.00	458264	8.53	0.00	0.93
4	Rekha Commercial Ltd.	266194	4.95	0.00	266194	4.95	0.00	0.00
5	Trisure Promotions & Tradings Ltd.	242200	4.51	0.00	242200	4.51	0.00	0.00
6	Smiti Somany	613120	11.41	0.00	613120	11.41	0.00	0.00
7	Suvinay Trading & Investment Co. Ltd.	129710	2.41	0.00	129710	2.41	0.00	0.00
8	Vikram Somany	50000	0.93	0.00	0	0.00	0.00	-0.93
9	Deepshikha Khaitan	19558	0.36	0.00	19558	0.36	0.00	0.00
	TOTAL	3106286	57.79	0.00	3106286	57.79	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3106286	57.79	3106286	57.79
	(InterSe Transfer Between Two Promoters)	50000	0.93	3106286	57.79
	At the end of the year	3106286	57.79	3106286	57.79

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Manju Bachhawat	183700	3.42	183700	3.42
	No Change				
2	Life Insurance Corporation of India	150029	2.79	150029	2.79
	No Change				
3	Sajan Kumar Pasari	128570	2.39	128570	2.39
	No Change				
4	Saurav Gupta	109172	2.03	109172	2.03
	No Change				
5	General Insurance Corporation of India	98948	1.84	98948	1.84
	No Change				
6	S Kumar & Sons Holding Pvt. Ltd.	85000	1.58	85000	1.58
	No Change				
7	Sarla Baid	52500	0.98	52500	0.98
	No Change				
8	Dipak Kanayalal Shah	50000	0.93	50000	0.93
	No Change				
9	Sunil Kumar Daga	42652	0.79	42652	0.79
	No Change				
10	Vinodchandra Muljibhai Shah	34021	0.63	36071	0.67
	Purchase Cumulative Holdings - 21.10.2016 - 36071				

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Rajesh B. Shah	0	0.00	0	0.00
2	Shri P. K. Shashidharan	0	0.00	0	0.00
3	Smt. Rutva Acharya	150	0.00	150	0.00
4	Shri P. C. Surana	0	0.00	0	0.00
5	Shri S. M. Agarwal	200	0.00	200	0.00
6	Shri Thomas Koshy	50	0.00	50	0.00
7	Shri Tarun Panchal	0	0.00	0	0.00
8	Ms. Dipshika Khatri	0	0.00	0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (Amount in Rs.)				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rs.)
1	Gross salary	There is no Managing Director, Whole-time Director or Manager in the Company.	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of Profit		
	- Others, specify		
5	Others, specify (perq + PF)		
	Total (A)		
	Celling as per Act		

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B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
		Rajesh B. Shah	P. C. Surana	Rutva Acharya	
1	Independent Directors				
•	Fee for attending board / committee meetings	6000	8000	8000	22000
•	Commission	0	0	0	0
•	Others, please specify	0	0	0	0
	Total (1)	6000	8000	8000	22000
2	Other Non-Executive Directors	P.K. Shashidharan		S. M. Agarwal	
•	Fee for attending board / committee meetings	8000		8000	16000
•	Commission	0		0	0
•	Others, please specify	0		0	0
	Total (2)	8000		8000	16000
	Total (B)=(1)+(2)				38000
	Total Managerial Remuneration				N.A.
	Overall Ceiling as per the Act	Only sitting fees paid			

C. Remuneration to key managerial personnel other than MD / Manager / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (Rs.)
		CEO	CS	CFO	
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,561,160	131,101	542,360	2,234,621
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	- as % of profit	0	0	0	0
	- others. specify...	0	0	0	0
5	Others, please specify (Perq + PF)	106,416	6,960	32,112	145,488
	Total	1,667,576	138,061	574,472	2,380,109

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A.	COMPANY				
	Penalty				
	Punishment				
	Compounding				
B.	DIRECTORS				
	Penalty				
	Punishment				
	Compounding				
C.	OTHER OFFICERS IN DEFAULT				
	Penalty				
	Punishment				
	Compounding				

For and on behalf of the Board of Directors,

Ahmedabad
25th May, 2017

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwarmal D. Agarwal
Rutva Acharya
Directors

Annexure V to the Directors' Report

CORPORATE GOVERNANCE REPORT (As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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. 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 5 (five) 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 (four) Board Meetings were held on 26.05.2016, 08.08.2016, 25.10.2016 and 31.01.2017.

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

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri Rajesh B. Shah	Non-Executive Independent Director	3	YES	1	-
2.	Shri Sanwamal Agarwal	Non-Executive Director	4	YES	1	-
3.	Shri P. K. Shashidharan	Non-Executive Director	4	YES	-	-
4.	Shri Prem Chand Surana	Non-Executive Independent Director	4	YES	1	-
5.	Smt. Rutva Acharya	Non-Executive Independent Director	4	YES	-	-

All Independent Directors are experienced and competent in their respective field. They actively participate in the Board and Committee which gives significant value addition in the decision making process. Familiarization programs imparted to independent directors is posted on company's website www.madhusudan-india.com

None of the Directors are related to any other director on the Board in term of Definition of 'relative' as per the Companies, Act, 2013.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee and

Stakeholders Relationship Committee. The Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of the specific duties, obligations and governance were also evaluated.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Independent Directors' Meeting:

During the year under review, the Independent Directors met on 06.03.2017 inter alia, to discuss:

- Evaluation of the performance of Independent directors, Non-Independent Directors, the Board of Directors as whole and Key Managerial Personnel;
- Evaluation of the performance of the Board of Directors, taking into account the views of the Directors.
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Promoters, Senior Managerial Personnel and other connected persons of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Code of Conduct

The Company has implemented model code of conduct for the Board members and senior Officers of the Company. The code of conduct has been posted on the website of the Company i.e. www.madhusudan-india.com

Risk Management Policy

The Board of directors has framed, approved and implemented Risk Management Policy of the Company including identification and element of risks.

3) Audit Committee

The Audit Committee, consists of 4 (Four) directors, namely Shri Rajesh B. Shah – Chairman (independent), Shri Prem Chand Surana (independent), Shri Sanwamal Agarwal and Smt. Rutva Acharya (independent). The Company Secretary is also Secretary to the Audit Committee. During the year, 4 (four) Audit Committee Meetings were held on 26.05.2016, 08.08.2016, 25.10.2016 and 31.01.2017.

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Terms of reference:

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 and Part – C of Schedule - II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

Name Of Director	No. of Meetings	
	Held	Attended
Shri Rajesh B. Shah	4	3
Shri Prem Chand Surana	4	4
Shri Sanwarmal Agarwal	4	4
Smt. Rutva Acharya	4	4

4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee, consists of 4 (Four) directors namely, Shri Rajesh B. Shah – Chairman (independent), Shri Prem Chand Surana (independent), Shri Sanwarmal Agarwal and Smt. Rutva Acharya (independent).

The Committee fixes the Remuneration of Whole Time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, incentives, pension, retirement benefits 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 may be necessary. Presently the company has no Whole time director. During the year under review one meeting was held on 26.05.2016.

Independent Directors are appointed and their performance is evaluated based on the criteria such as knowledge, qualifications, experience, expertise in any area, integrity, level of independence from the Board and the Company, number of meetings attended, familiarization programs attended, time devoted etc. Executive Directors are appointed on the basis of requirement of the Company, qualifications & experience, association with the Company, loyalty etc. Executive Directors are preferably promoted from within the Company based on above criteria.

The committee recommends appointment of directors to the board.

Name Of Director	No. of Meetings	
	Held	Attended
Shri Rajesh B. Shah	1	-
Shri Prem Chand Surana	1	1
Shri Sanwarmal Agarwal	1	1
Smt. Rutva Acharya	1	1

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 31.03.2017

(i) Managing Director / Whole-time Director(s)

The company has no Whole – time Director(s).

(ii) Non-Executive Directors

Remuneration by way of sitting fees for attending Board meetings was paid to the non-executive directors. Due to inadequate profit for the year ended 31.03.2017 no commission is proposed to be 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	6,000
Shri Prem Chand Surana	8,000
Shri Sanwar Mal Agarwal	8,000
Shri P. K. Shashidhaan	8,000
Smt. Rutva Acharya	8,000
Total	38,000

(iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Rajesh B. Shah	NIL	NIL
Shri Sanwar Mal Agarwal	200	0.00
Shri Prem Chand Surana	NIL	NIL
Shri P. K. Shashidharan	NIL	NIL
Smt. Rutva Acharya	150	0.00

7) Share Transfer Committee

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 10-15 days.

The Share transfer committee consists of three directors namely Shri P.C. Surana – Chairman (independent), Shri Rajesh B. Shah (independent) and Shri Sanwarmal Agarwal.

Share Transfer Agent

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

8) Stakeholders Relationship Committee

The Stakeholders Relationship Committee, consists of 4(four) directors namely Shri P.C. Surana – Chairman (independent), Shri Sanwarmal Agarwal, Shri P.K. Shashidharan and Smt. Rutva Acharya (independent).

All investor complaints, which can not be settled at the level of Company Secretary and Compliance Officer, are forwarded to the Stakeholders Relationship Committee for final settlement. During the year 2016-17, the Company had received 11 complaints from the Shareholders.

All the complaints received from the Shareholders were resolved. There is no complaint pending as of 31.03.2017, 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 31.03.2017 and all requests for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

During the year, one meeting was held on 26.05.2016.

Ms. Dipshika Khatri, Company Secretary is a Compliance Officer.

9) General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Date	Time	Venue
31.03.2016	12.08.2016	11.30 a.m.	Survey No. 359/B, 359/C, 361 & 362, Rakhial - 382315, Taluka – Dehgam, Dist. Gandhinagar
31.03.2015	25.09.2015	11.30 a.m.	Survey No. 359/B, 359/C, 361 & 362, Rakhial - 382315, Taluka – Dehgam, Dist. Gandhinagar
31.03.2014	26.09.2014	11.30 a.m.	Survey No. 359/B, 359/C, 361 & 362, Rakhial - 382315, Taluka – Dehgam, Dist. Gandhinagar

No special resolution or any resolution through postal ballot is required to be passed during the last three years, in the current year and upto the date of Annual General Meeting.

10) Means of Communication

- Quarterly results are published in leading daily newspapers viz. Financial Express / Indian Express and a local language newspaper viz. Financial Express/Jai Hind. The annual results (Annual Reports) are circulated to all the members of the Company either electronically or in physical form.
- Management 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 and simultaneously to the Stock Exchanges.
- The Company sends its financial results, Shareholding pattern and other information to BSE Limited. They upload this information's on their website. i.e. <http://www.bseindia.com>. The said information is also available on the company's website www.madhusudan-india.com.
- Occasionally presentations are made to the institutional investors and/or analysts. Information which is published is only provided to them and only general outlook or future plans are shared with them. Such presentations or communications are posted on the website of the company www.madhusudan-india.com.

11) General Shareholders' Information

1. Annual General Meeting

Date and Time : 22nd September, 2017 at 11:30 a.m.
Venue : Survey No. 359/B, 359/C, 361 & 362, Rakhial – 382315, Taluka – Dehgam, Dist. Gandhinagar.

2. Financial Calendar 2017-18 (tentative)

Annual General Meeting	3rd / 4th week of September, 2018
Results for quarter ending	By 15 th day of
June 30, 2017	August, 2017
September 30, 2017	November, 2017
December 31, 2017	February, 2018
Results for year ending	By 29 th May, 2018
March 31, 2018 (Audited)	

3. Book Closure date

8th September, 2017 to 15th September, 2017. (Both days inclusive)

4. Dividend payment

In view of insufficient profit and accumulated losses of previous years, no dividend is recommended by the Board of Directors for the year ended 31.03.2017.

5. Listing on Stock Exchange

The Company's shares are listed at BSE Limited 1st Floor, New Trading Ring, Rotunda Building, P J Towers Dalal Street, Fort Mumbai - 400 001. The Company has paid listing fees for the year 2016-17 and 2017-18 to the Stock Exchanges.

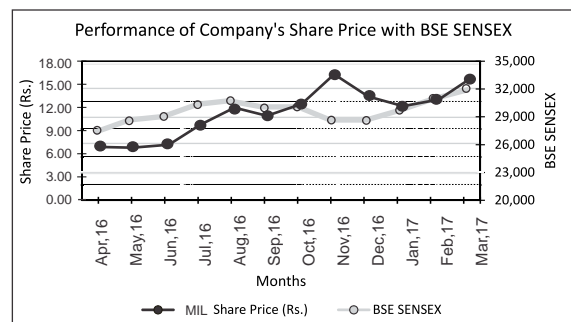
BSE Limited

Stock Code : 515059

Scrip ID : MADHUIN

6. Share price at BSE Ltd.

Month	High (Rs.)	Low (Rs.)
April, 2016	7.00	6.50
May, 2016	6.51	6.51
June, 2016	6.83	6.19
July, 2016	9.28	7.17
August, 2016	11.65	8.40
September, 2016	12.10	9.22
October, 2016	12.06	9.86
November, 2016	15.67	12.01
December, 2016	16.45	13.00
January, 2017	13.65	11.75
February, 2017	12.66	11.20
March, 2017	15.15	11.60



7. Registrar and Share Transfer Agent

Entire Share Transfer and dematerialization / rematerialization job is assigned to R & T Agent, MCS Share Transfer Agent Limited, a SEBI registered Share Transfer Agent. Request for Share transfer, dematerialization and rematerialization should be sent directly to MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd 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.

Annual Report 2016-2017

8. Share Transfer System

The share transfer/s is normally effected within a period of 10-15 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 10-15 days for effecting transfer of shares and other related matters.

9. Distribution of Shareholding as on 31.03.2017

Shares	Total No. of Shares	No. of Shareholders
1 – 500	643244	5016
501 – 1,000	106303	130
1,001 – 2,000	92465	60
2,001 – 3,000	55900	23
3,001 – 4,000	43191	12
4,001 – 5,000	60006	13
5,001 – 10,000	114032	15
10,001 – 50,000	365212	13
50,001 – 1,00,000	236448	3
1,00,001 And Above	3658199	11
Total	53,75,000	5,296

10. Pattern of Shareholding as on 31.03.2017.

Sr. No.	Category	No. of Shares	(%) of Shares
1.	NRI	1,274	0.02
2.	Financial Institutions/ Banks/ Insurance Companies	2,71,117	5.05
3.	Mutual Funds	275	0.01
4.	Promoters	31,06,286	57.79
5.	Bodies Corporate	1,27,224	2.37
6.	Indian Public	18,68,824	34.76
	Total	53,75,000	100.00

11. Dematerialisation of Shares as on 31.03.2017

As on 31.03.2017, 92.75% of the Company's total shares representing 49,85,168 Shares were held in dematerialized form and the balance 7.25% representing 3,89,832 shares were in paper form.

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

12. Secretarial Audit for reconciliation of Capital

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a practicing company secretary carried out the Secretarial Audit for all the quarters of Financial Year 2016-17. The Audit Reports confirms that there is no discrepancy in the issued, listed and admitted capital of the Company.

13. There are no outstanding global depository receipts or American depository receipts or warrants or convertible instruments in the company

14. Plant Locations

Presently there is no operational plant of the Company.

The Company's Registered Office is situated at the following place:

Survey No. 359/B, 359/C, 361 & 362,

Rakhial – 382315, Taluka – Dehgam, Dist. Gandhinagar.

15. Address for Correspondence

The Company's Registered Office is situated at Survey No. 359/B, 359/C, 361 & 362, Rakhial, Taluka – Dehgam, Dist. Gandhinagar – 382315. Shareholders'

correspondence should be addressed either to the Registered Office of the Company as stated above or Ahmedabad Office at "Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380006 or to the Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited, 201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380009, Contact No. 079-26580461, Email : mcsahmd@gmail.com.

The Company has partly adopted non-mandatory requirements.

12) Other Disclosures

1. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year, which could have potential conflict with the interests of the Company at large.

2. There were no instances of non-compliance, penalty or strictures imposed on the company by Stock Exchanges, SEBI or other statutory authority of any matter related to the capital market, during the last three years.

3. Vigil Mechanism (Whistle Blower Policy):

The Company has implemented a Vigil Mechanism (whistle Blower policy) and is posted on the Company's website i.e. www.madhusudan-india.com and no person is denied access to the Audit Committee.

4. The Company has partly adopted non-mandatory requirements. The company has no Managing Director. The company is having unmodified audit opinion. The Internal Auditor may report directly to the audit committee.

5. The company has no material subsidiary.

6. Related Party Transactions

All transactions entered into with Related parties as defined under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length basis and approved by the Audit Committee and the Board of Directors. There were no materially significant transactions with related parties during the financial year which were in the conflict of interest of the Company.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company i.e. www.madhusudan-india.com.

7. Commodity Risk or Foreign Exchange Risk

The Company is not dealing in any activity which may have commodity price risk or Foreign Exchange risk or undertaken hedging activities.

8. CEO and CFO certification

As per Regulation 17(8) and Part – B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate from CEO and CFO has been obtained.

9. The Company has no unclaimed shares, as the Company has not offered/issued any share to the public since, 1993.

For and on behalf of the Board of Directors,

Ahmedabad
25th May, 2017

Rajesh B. Shah
P. C. Surana
P. K. Shashidharan
Sanwamal D. Agarwal
Rutva Acharya
Directors



AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Madhusudan Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Madhusudan Industries Limited**, for the Financial Year ended on 31st March 2017, as stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange.

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 generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Reg. No. 131054W

Place : Ahmedabad
Date : 25th May, 2017

Tushar H. Vasa
Proprietor
Membership No. 16831

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL
WITH THE COMPANY'S CODE OF CONDUCT**

This is to certify that the Company has laid down Code of Conduct for Board Members and Senior Management of the Company.

Further certified that the members of the Board of Directors and Senior management personnel have affirmed having complied with the Code applicable to them during the year ended 31st March, 2017.

For Madhusudan Industries Limited

Ahmedabad.
25th May, 2017

Thomas Koshy
Chief Executive Officer

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MADHUSUDAN INDUSTRIES LIMITED
CIN: L29199GJ1945PLC000443
Survey No. 359/B, 359/C, 361 & 362,
Tal.:Dehgam, Rakhial - 382315

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MADHUSUDAN INDUSTRIES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - There are no Overseas Direct Investments/ External Commercial Borrowings made by the Company during the Audit period under review.
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable as the Company has not issued any shares during the year under review;
 - (d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 - Not Applicable as the Company has not issued any Shares / options to the Directors /Employees under the said Regulations during the year under review;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued any debt securities during the year under review;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted its Equity Shares from any Stock Exchanges during the year under review;
 - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998- Not Applicable as the Company has not bought – back any of its securities during the year under review;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable Standards / Clauses / Regulations of the following:

- (i) Secretarial Standards with respect to the Meetings of the Board of Directors and Committee Meetings of the Board (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Uniform Listing Agreement entered into by the Company with BSE Limited (BSE).

Since the paid-up Share Capital of the Company is not exceeding Rupees Ten Crore and net worth of the Company is not exceeding Rupees Twenty Five Crore as on the last day of previous financial year, the Compliance with the Corporate Governance provisions as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V, shall not apply to the Company. However as a good corporate governance practice, the Company has been complying with all the aforesaid provisions / regulations voluntarily.

During the Audit period under review, the Company has complied with all material aspects of the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

During the audit period under review there were no laws which were specifically applicable to the Company / Industry. However, having regard to the Compliance system prevailing in the Company and on examination of relevant documents and records on test - check basis, the Company has complied with the material aspects of the following significant laws applicable to the Company:

1. The Indian Contract Act, 1872
2. Registration Act, 1908
3. The Bombay Stamp Act, 1958

We further report that:

The Board of Directors of the Company is duly constituted and having all the directors as Non-Executive Directors and has adequate number of Independent Directors. There were no changes which took place in the composition of the Board during the year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members' on any of the matters during the year that were required to be captured and recorded as part of the minutes.

We further report that:

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit and compliance certificate(s) placed before the Board Meeting, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines such as Labour Laws and Environmental Laws.

We further report that:

The Compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

We further report that:

During the audit period under review, there were no instances of:

- a) Public/Right issue of shares/ debentures/sweat equity, etc.
- b) Redemption / buy-back of securities.
- c) Obtaining the approval from Shareholders under Section 180 of the Companies Act, 2013.
- d) Merger / amalgamation / reconstruction, etc.
- e) Foreign technical collaborations.

**FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 25th May, 2017**

**UMESH PARIKH
PARTNER
PRACTICING COMPANY SECRETARY
FCS No. 4152
C P No. 2413**

Note: This report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

ANNEXURE - A

To,
The Members,
MADHUSUDAN INDUSTRIES LIMITED
CIN: L29199GJ1945PLC000443

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR PARIKH DAVE & ASSOCIATES
COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 25th May, 2017**

**UMESH PARIKH
PARTNER
PRACTICING COMPANY SECRETARY
FCS No. 4152
C P No. 2413**

Independent Auditors' Report

To,
The Members of **Madhusudan Industries Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **MADHUSUDAN INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the rules made there under including the accounting standards and matters which are required to be included in the Audit Report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure - A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 28 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

Tushar H. Vasa

Proprietor

Place : Ahmedabad
Date : 25th May, 2017

Membership No. 016831

Annexure – A to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of **MADHUSUDAN INDUSTRIES LIMITED** on the standalone financial statements as of and for the year ended 31st March, 2017.

1. In respect of its fixed assets :
 - (a) The company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
 - (c) The title deeds of immovable properties are held in the name of the company.
2. As explained to us, the company does not hold any physical inventories during the year. Thus paragraph 3(ii) of the Order is not applicable to the Company.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. According to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186, wherever applicable, in respect of loans, investments, guarantees and securities given by the company.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under, where applicable.
6. In our opinion and according to the information and explanations given to us, the company is not required to maintain cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act.

7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of Customs, duty of Excise, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st of March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, following disputed statutory dues have not been deposited on account of disputed matters pending before appropriate authorities are as under :

Sr. No.	Name of Statute	Nature of 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

8. The company does not have any loans or borrowings from any financial institution, bank government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable.
9. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approval mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

Annual Report 2016-2017

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Tushar H. Vasa

Place : Ahmedabad Proprietor
Date : 25th May, 2017 Membership No. 016831

Annexure – B to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of MADHUSUDAN INDUSTRIES LIMITED on the standalone financial statements for the year ended 31st March, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of MADHUSUDAN INDUSTRIES LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to and audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedure selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable details, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Tushar H. Vasa

Place : Ahmedabad Proprietor
Date : 25th May, 2017 Membership No. 016831



Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	1	2,68,75,000	2,68,75,000
(b) Reserves and Surplus	2	11,09,12,123	10,63,03,573
2 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred Tax Liabilities (Net)	3	-	10,16,862
(c) Other Long Term Liabilities	4	20,91,300	19,46,000
(d) Long Term Provisions	5	56,44,373	53,77,982
3 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	6	15,13,654	28,70,588
(d) Short-term provisions	7	5,29,055	6,47,460
TOTAL		14,75,65,505	14,50,37,465
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	2,50,18,082	2,83,63,339
(ii) Capital work-in-progress		-	-
(b) Non-current investments	9	1,95,34,275	1,95,51,548
(c) Deferred tax assets (net)	10	10,12,299	-
(d) Long-term loans and advances	11	1,13,10,488	1,37,23,680
2 Current assets			
(a) Current Investments	12	3,16,96,591	2,33,81,310
(b) Inventories		-	-
(c) Trade receivables	13	45,96,909	1,09,70,911
(d) Cash and cash equivalents	14	3,36,40,260	2,97,90,569
(e) Short-term loans and advances	15	1,84,85,959	1,75,20,079
(f) Other current assets	16	22,70,642	17,36,029
TOTAL		14,75,65,505	14,50,37,465

Significant Accounting Policies

Notes to Accounts on Financial Statements

22 to 31

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

Tarun Panchal

C.F.O.

Dipshika Khatri

Company Secretary

Rajesh B. Shah

Director

Sanwarmal D. Agarwal

Director

P. C. Surana

Director

P. K. Shashidharan

Director

Rutva Acharya

Director

Ahmedabad

25th May, 2017

Ahmedabad

25th May, 2017

Annual Report 2016-2017**Statement of Profit and Loss for the year ended 31st March, 2017**

Particulars	Note No.	2016-17 Rs.	2015-16 Rs.
I Revenue from operations	17	95,05,626	92,87,357
II Other income	18	74,13,006	65,50,312
III Total Revenue (I + II)		<u>1,69,18,632</u>	<u>1,58,37,669</u>
IV Expenses :			
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
Employee benefits expenses	19	42,67,456	39,01,249
Finance costs	20	-	6,930
Depreciation and amortisation expenses	8	18,52,248	26,26,789
Other expenses	21	78,69,538	56,03,063
Total expenses		<u>1,39,89,242</u>	<u>1,21,38,031</u>
V Profit before tax		29,29,390	36,99,638
VI Tax expense:			
(a) Current tax expense for current year		3,50,000	75,000
(b) Deferred tax		(20,29,161)	10,16,862
VII Profit for the year		<u>46,08,551</u>	<u>26,07,776</u>
VIII Earning per Equity Share of Rs. 5/- each			
Basic and Diluted		0.86	0.49
Weighted average number of shares outstanding		53,75,000	53,75,000
Significant Accounting Policies			
Notes to Accounts on Financial Statements	22 to 31		

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

Tarun Panchal
C.F.O.
Dipshika Khatri
Company Secretary

Rajesh B. Shah Director
Sanwarmal D. Agarwal Director
P. C. Surana Director
P. K. Shashidharan Director
Rutva Acharya Director

Ahmedabad
25th May, 2017

Ahmedabad
25th May, 2017



Cash Flow Statement for the year ended 31st March, 2017

	Year ended March 31, 2017		Year ended March 31, 2016	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net profit before tax after Extra-ordinary items		29,29,390		36,99,638
Adjusted for				
- Depreciation	18,52,248		26,26,789	
- Interest Charged	-		6,930	
- Interest Received	(44,93,445)		(41,54,453)	
- Dividend Received	(4,40,839)		(7,00,734)	
- Profit on Sale of Investments	(2,76,012)		(6,35,891)	
- Premium Expenses on Securities	17,273		17,273	
- (Profit) / Loss on Sale of Fixed Assets (Net)	61,259		-	
		<u>(32,79,516)</u>		<u>(28,40,086)</u>
Operating profit before working capital changes		(3,50,126)		8,59,552
Adjusted for changes in working capital				
- Inventories	-		-	
- Trade and other receivable	63,74,002		33,88,366	
- Short -term loans and advances	(9,65,880)		(64,15,640)	
- Other Current Assets	(5,34,613)		(1,40,610)	
- Long-term loans and advances	(13,914)		6,780	
- Long Term Provision	-		-	
- Short Term Provision	(1,18,405)		90,771	
- Other Current Liabilities	(13,56,934)		26,166	
- Other Long Term Liabilities	1,45,300		-	
		<u>35,29,556</u>		<u>(30,44,167)</u>
Cash generated from operations		31,79,430		(21,84,615)
Direct taxes paid		23,43,497		(4,74,691)
Net Cash From Operating Activities		<u>55,22,927</u>		<u>(26,59,306)</u>
B. Cash flow from Investing activities				
Purchase of fixed assets	(33,250)		-	
Proceeds from sale of fixed assets	14,65,000		85,954	
Purchase of Current Investments	(2,26,68,516)		(78,20,905)	
Sale of Current Investments	1,46,29,246		73,77,046	
Interest received	44,93,445		41,54,453	
Dividend received	4,40,839		7,00,734	
Net Cash Used in Investing Activities		<u>(16,73,236)</u>		<u>44,97,282</u>
C. Cash flow from financing activities				
Proceeds from borrowings / Repayment of Loan	-		-	
Interest paid	-		(6,930)	
Net Cash Used in Financing Activities		<u>-</u>		<u>(6,930)</u>
Net Changes in Cash & Cash Equivalents (A+B+C)		38,49,691		18,31,046
Cash & Cash Equivalents - Opening Balance		2,97,90,569		2,79,59,523
Cash & Cash Equivalents - Closing Balance		<u>3,36,40,260</u>		<u>2,97,90,569</u>

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

Tarun Panchal
C.F.O.
Dipshika Khatri
Company Secretary

Rajesh B. Shah Director
Sanwarmal D. Agarwal Director
P. C. Surana Director
P. K. Shashidharan Director
Rutva Acharya Director

Ahmedabad
25th May, 2017

Ahmedabad
25th May, 2017

Annual Report 2016-2017

Notes forming part of the Financial Statements as at 31st March, 2017

		As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
1 Share Capital			
A Authorised, Issued, Subscribed & Paid up Share Capital			
Authorised			
2,60,00,000 (2,60,00,000) Equity Shares of Rs. 5/- each		<u>13,00,00,000</u>	<u>13,00,00,000</u>
Issued, Subscribed and Paid Up			
53,75,000 (53,75,000) Equity Shares of Rs. 5/- each fully paid		<u>2,68,75,000</u>	<u>2,68,75,000</u>
Total		<u>2,68,75,000</u>	<u>2,68,75,000</u>
B	The company has only one class of equity shares having a par value of Rs. 5/- per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.		
C	The company has neither issued any shares nor bought back during the year.		
D	Details of shareholders holding more than 5% of the shares in the Company		
	Name of the Shareholder	As at 31st March, 2017	As at 31st March, 2016
		No. of Shares % of Holding	No. of Shares % of Holding
1	Vikram Investment Company Limited	9,36,640 17.43	9,36,640 17.43
2	Madhusudan Holdings Limited	4,40,600 8.20	4,40,600 8.20
3	Smt. Smiti Somany	6,13,120 11.41	6,13,120 11.41
4	Shri Vikram Somany	4,58,264 8.53	4,58,264 8.53
		As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
2 Reserves and Surplus			
a. General Reserve			
Balance as at the beginning of the year		17,11,30,705	17,11,30,705
Less : Transfer to Depreciation Fund		-	-
Balance as at end of the year		<u>17,11,30,705</u>	<u>17,11,30,705</u>
b. Surplus in the statement of Profit and Loss			
Balance as at the beginning of the year		(6,48,27,132)	(6,74,34,908)
Add : Net Profit for the year		46,08,550	26,07,776
Balance as at end of the year		<u>(6,02,18,582)</u>	<u>(6,48,27,132)</u>
Total		<u>11,09,12,123</u>	<u>10,63,03,573</u>
3 Deferred Tax Liability (Net)			
Defferred Tax Liability (Net)		-	10,16,862
Total		<u>-</u>	<u>10,16,862</u>
4 Other Long Term Liabilities			
Deposits from Dealers, Agents, Tenants etc		20,91,300	19,46,000
Total		<u>20,91,300</u>	<u>19,46,000</u>
5 Long Term Provisions			
Provision for Taxation		56,44,373	53,77,982
Total		<u>56,44,373</u>	<u>53,77,982</u>
6 Other Current Liabilities			
Interest accrued but not due on Borrowings		-	-
Deposits from Dealers, Agents etc		-	91,000
Statutory Dues		57,909	52,485
Advance against Sales		-	1,18,380
Other liabilities		14,55,745	26,08,723
Total		<u>15,13,654</u>	<u>28,70,588</u>
7 Short Term Provisions			
Provision for Employees' benefits		5,29,055	4,40,580
Other Provisions		-	2,06,880
Total		<u>5,29,055</u>	<u>6,47,460</u>



8. Fixed Assets

Particulars	Gross Block				Depreciation				Net Block			
	As at 1/4/2016	Additions	Deductions/ Adjustments	As at 31/3/2017	As at 1/4/2016	Transfer from General Reserve	For the year	Deductions/ Adjustments	As at 31/3/2017	As at 31/3/2016	As at 31/3/2017	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
TANGIBLE ASSETS												
Freehold Land	8,44,888	-	-	8,44,888	-	-	-	-	-	-	8,44,888	8,44,888
Buildings	4,60,86,420	-	85,27,189	3,75,59,231	2,10,93,897	-	12,55,807	81,00,829	1,42,48,875	2,33,10,356	2,49,92,523	
Plant & Machinery	40,44,132	-	27,39,658	13,04,474	23,42,024	-	3,33,939	16,39,759	10,36,204	2,68,270	17,02,108	
Electric Installation	1,13,188	-	-	1,13,188	1,08,141	-	-	-	1,08,141	5,047	5,047	
Laboratory Equipments	5,38,827	-	-	5,38,827	5,30,433	-	-	-	5,30,433	8,394	8,394	
Furniture, Fixtures & Equipments	56,03,693	33,250	-	56,36,943	52,43,928	-	1,28,139	-	53,72,067	2,64,876	3,59,765	
Vehicles	12,15,064	-	-	12,15,064	7,64,450	-	1,34,363	-	8,98,813	3,16,251	4,50,614	
Total	5,84,46,212	33,250	1,12,66,847	4,72,12,615	3,00,82,873	-	18,52,248	97,40,588	2,21,94,533	2,50,18,082	2,83,63,339	
Previous Year	6,02,17,790	-	17,71,578	5,84,46,212	2,91,41,708	-	26,26,789	16,85,624	3,00,82,873	2,83,63,339		

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	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
9 Non Current Investments (Long Term Investments)		
Non-Trade Investments		
Investments in Government Securities (Unquoted) (Deposited with Government Departments)		
National Savings Certificates	32,000	32,000
Non-Trade Other Investments (Unquoted)		
2,380(2,380) Fully paid Equity shares of Alipore Terrace Maintenance Pvt. Ltd. of Rs. 10/- each	23,800	23,800
Non-Trade Other Investments (Quoted)		
In fully paid Equity Shares of Rs. 10/- each		
37 (37) Aditya Birla Nuvo Ltd.	3,028	3,028
192 (192) Aditya Birla Fashion	144	144
1,000 (1,000) Clutch Auto Ltd.	69,013	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 Ltd.	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
400 (400) I G Petro Ltd.	35,038	35,038
200 (200) Lan Esseda Software Systems Ltd.	27,104	27,104
10 (10) Nitco Ltd.	953	953
300 (300) Orkey Silk Mills Ltd.	11,841	11,841
100 (100) Orient Bell Ltd.	5,210	5,210
670 (670) Premier Ind. (India) Ltd.	29,762	29,762
1,072 (1,072) Reliance Industries Ltd.	5,98,979	5,98,979
1,700 (1,700) SREI Infrastructure Finance Ltd.	1,01,213	1,01,213
36 (36) Ultra Tech Cement Ltd.	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
145 (145) Tata Communications Ltd.	20,807	20,807
400 (400) Melstar Information Tech Ltd.	1,140	1,140
1,112 (1,112) Entegra Ltd.	3,948	3,948
150 (150) MW Unitex Ltd.	1,230	1,230
	10,17,245	10,17,245
In fully paid Equity Shares of Rs. 5/- each		
18,065(18,065) Cera Sanitaryware Ltd.	1,39,01,708	1,39,01,708
300 (300) Shree Rama Multi-Tech Ltd.	2,670	2,670
	1,39,04,378	1,39,04,378
In fully paid Equity Shares of Rs. 2/- each		
270 (270) Larsen & Toubro Ltd.	2,273	2,273
415 (415) HSIL Ltd.	13,315	13,315
0 (10) Kajaria Ceramics Ltd.	-	339
500 (500) Somany Ceramics Ltd.	2,624	2,624
1,000 (1,000) West Coast Paper Mills Ltd.	1,03,949	1,03,949
2,500 (2,500) Dairy Den Ltd	-	-
	1,22,161	1,22,500
In fully paid Equity Shares of Re. 1/- each		
2,000 (2,000) Electro Steel & Casting Ltd.	1,25,902	1,25,902
86 (86) Zee Entertainment Enterprises Ltd.	20,820	20,820
20 (20) Siticable Network Ltd.	326	326
18 (18) Zee News Ltd.	198	198
23 (23) Dish TV India Ltd.	1,133	1,133
11 (11) Zee Learn Ltd.	203	203
20 (-) Kajaria Ceramics Ltd.	339	-
	1,48,921	1,48,582
In fully paid Preference Shares of Re. 1/- each		
0 (1,806) Zee Entertainment Enterprises Ltd.	-	-
	-	-
In fully paid Preference Shares of Rs. 10/- each		
180 (-) Zee Entertainment Enterprises Ltd.	-	-
	-	-
Indian Depository Receipt		
2,500 (2,500) Standard Chartered PLC	3,02,564	3,02,564



	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
In Units of Mutual Funds of Rs. 10/- each		
700 (700) UTI Equity Fund	8,826	8,826
1,200 (1,200) UTI Bluechip Flexicap Fund	23,353	23,353
1,427 (1,427) UTI Master Share Fund	30,233	30,233
	<u>62,412</u>	<u>62,412</u>
In Fully paid Non - Convertible Debentures		
40 (40) Western India Sugar & Chem Ltd of Rs. 50/- each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
In Bonds		
4 (4) 10.90% Tata Motors Finance - 2020	20,28,896	20,39,196
2 (2) 11.69% Tata Teleservices - 2025	20,58,406	20,65,379
	<u>40,87,302</u>	<u>41,04,575</u>
	<u>1,97,02,783</u>	<u>1,97,20,056</u>
Less: Provision in diminution in value of Investments	1,68,508	1,68,508
Total	<u>1,95,34,275</u>	<u>1,95,51,548</u>
Aggregate amount of quoted investments	1,53,89,173	1,53,89,173
Market Value of quoted investments	6,05,40,218	3,76,81,956
Aggregate amount of unquoted investments	41,45,102	41,62,375
10 Deferred Tax Assets (Net)		
Deffered Tax Assets (Net)	10,12,299	-
Total	<u>10,12,299</u>	<u>-</u>
11 Long Term Loans and Advances (Unsecured and Considered Good)		
Security Deposits	9,52,727	9,38,813
Loans and Advances	30,74,778	30,74,778
Advance Income Tax (including for earlier years)	72,82,983	97,10,089
Total	<u>1,13,10,488</u>	<u>1,37,23,680</u>
12 Current Investments		
Mutual Funds (Units of Rs. 10/- each, unless otherwise specified)		
1,36,699.904 - L & T Income Opportunities Fund - Growth	23,80,000	-
1,180.292 (377.618) Franklin India Short Term Income Plan - Growth	37,00,000	10,00,000
46,744.262 (46,744.262) Kotak Select Focus Fund - Growth	10,00,000	10,00,000
9,901.088 (9,901.088) HDFC Balanced Fund - Growth	10,00,000	10,00,000
1.687 (1.687) LIC Mutual Fund Floater MIP Fund - Quarterly Plan	18	18
0.022 (0.022) LIC Nomura Mutual Fund MIP - Quarterly Dividend Plan	-	-
- (6,594.031) TBFGE Tata Balanced Fund Plan A - Growth	-	10,00,000
8,852.318 (8,046.140) HDFC Equity Fund - Dividend	4,42,445	4,02,214
14,425.985 (13,060.922) HDFC Growth Fund - Dividend	4,51,814	4,12,631
4,58,609.754 - ICICI Prudential Regular Saving Fund- Growth	75,50,000	-
2,674.584 (6,459.001) Birla Sunlife Floating Rate Fund Short Term Plan - Daily Dividend Reinvestment	2,67,511	6,46,029
1,183.339 (1,183.339) SBI SHF Ultra Short Term Fund-Retail Plan-Growth (Units of Rs. 1000/- each)	15,99,708	15,99,708
- (13,804.871) UTI Mid Cap Fund - Growth	-	10,00,000
1,19,535.723 - Kotak Income Opportunities Fund - Growth (Regular Plan)	20,00,000	-
3,541.040 (3,541.040) Franklin India Prima Plus -Growth	15,00,000	15,00,000
- (1,11,554.608) Kotak Equity Arbitrage Fund-Bimonthly Dividend-Regular	-	22,41,444
- (94,694.280) JP Morgan India Equity Income Fund - Regular Plan-G	-	10,00,000
- (4,15,553.098) ICICI Prudential Income - Regular Plan	-	54,46,386
- (3,647.839) Birla Sunlife MNC Fund-Growth-Regular Plan	-	21,50,000
50,614.934 (48,748.179) Reliance Arbitrage Advantage Fund- Div. Reinvestment	6,05,095	5,82,880
- (80,534.102) ICICI Prudential Regular Saving Fund- Regular Plan	-	10,00,000
1,03,386.299 - Reliance Corporate Bond Fund - Growth Plan	13,00,000	-
50,308.222 - Birla Sunlife Dynamic Bond Fund -Growth-Regular Plan	15,00,000	-
1,21,741.169 - Reliance Regular Saving Fund-Debt Plan-Growth	27,00,000	-
37,215.443 - Birla Sunlife Short Term Fund -Growth-Regular Plan	23,00,000	-
1,40,000.000 (140,000.000) DSP Black Rock Dynamic Assets Allocation Fund	14,00,000	14,00,000
Total	<u>3,16,96,591</u>	<u>2,33,81,310</u>
Aggregate amount of quoted investments	3,16,96,591	2,33,81,310
Market Value of quoted investments	3,52,19,482	2,42,17,582

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	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
13 Trade Receivables (Unsecured and Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	45,66,001	1,09,39,609
Others Receivables	30,908	31,302
Total	45,96,909	1,09,70,911
14 Cash and Cash Equivalents		
Balance with Banks		
- In current accounts	9,92,000	16,23,850
- Fixed Deposits with Banks	3,26,05,180	2,81,33,504
Cash on Hand	43,080	33,215
Total	3,36,40,260	2,97,90,569
15 Short Term Loans and Advances (Unsecured and Considered Good)		
Balances with Excise Authorities	1,62,210	1,62,210
Inter Corporate Deposits	1,77,15,871	1,67,85,865
Others	6,07,878	5,72,004
Total	1,84,85,959	1,75,20,079
16 Other Current Assets		
Interest Accrued on Fixed Deposits & Advances	22,70,642	17,36,029
Total	22,70,642	17,36,029
	2016-17	2015-16
	Rs.	Rs.
17 Revenue From Operations		
Sale of Products	-	-
Other Operating Revenues		
Rent	95,05,626	92,87,357
Total	95,05,626	92,87,357
18 Other Income		
Interest Income	44,93,445	41,54,453
Dividend Income :		
Current Investments (Mutual Fund)	2,64,685	5,24,580
Long Term Investments	1,76,154	1,76,154
Net Gain on Sale of Investments	2,76,012	6,35,891
Other Incomes	11,09,766	10,59,234
Items pertaining to Previous year, unspent liabilities & provisions no longer required written back (net)	10,92,944	-
Total	74,13,006	65,50,312
19 Employees Benefit Expenses		
Salaries, Wages and Bonus	25,79,210	23,16,406
Contribution to Provident and Other funds	4,95,628	5,38,531
Staff and Labour Welfare Expenses	11,92,618	10,46,312
Total	42,67,456	39,01,249



	2016-17 Rs.	2015-16 Rs.
20 Finance Costs		
Interest Expenses	-	6,930
Total	<u>-</u>	<u>6,930</u>
21 Other Expenses		
Stores, Spare Parts and Packing Materials	-	-
Power, Fuel and Electricity Expenses	41,081	41,873
Rent	1,000	1,000
Repairs - Building	10,280	31,957
Repairs - Plant & Machinery	-	10,889
Repairs - Others	20,661	5,108
Insurance	81,107	78,595
Rates and Taxes	1,25,542	1,26,685
Legal & professional Expenses	5,09,337	6,47,983
Vehicle Expenses	2,51,375	2,75,569
Miscellaneous Expenses	7,82,779	6,58,158
Loss on Sale of Fixed Assets	61,259	45,954
Directors Sitting Fees	38,000	34,000
Amount Written off (Net)	56,81,331	33,90,531
Listing Fees	2,65,786	2,54,761
Total	<u>78,69,538</u>	<u>56,03,063</u>

22 Value of Stores, Chemicals and Packing Material Consumed

Particulars	Year Ended 31st March, 2017		Year Ended 31st March, 2016	
	Amount	% of	Amount	% of
	Rs.	Consumption	Rs.	Consumption
Imported	-	-	-	-
Indegenous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

23 There is no expenditure in foreign currency for import of Raw Materials, Components and Spare Parts, Capital Goods, Royalty, Know-how, Professional and consultation fees, interest during the year.

	2016-17 Rs.	2015-16 Rs.
24 Payment to the Auditors		
a. Audit Fees	34,500	34,350
b. Taxation matters	74,676	28,625
Total	<u>1,09,176</u>	<u>62,975</u>

25 There are no earnings in foreign exchange in respect of Export of Goods, Royalty, Know-how, Professional and Consultation Fees, Interest, Dividend or and other income during the year.

26 Related Party Disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below.

1 Relationships :

(a) Associates	Cera Sanitaryware Ltd. Gujarat Soaps Pvt. Ltd.
(b) Key Management Personnel	Thomas Koshy, Tarun Panchal, Dipshika Khatri
(c) Relatives of Key Management Personnel	-

Note : Related party relationship is as identified by the Company and relied upon by the Auditors

Annual Report 2016-2017

2 Transactions during the year with related parties

Nature of Transactions (Excluding Reimbursement)	Associates	Key Management Personnel	Total
	Rs.	Rs.	Rs.
Income			
Rent	95,05,626 (92,69,284)	- (-)	95,05,626 (92,69,284)
Service Charges	7,11,990 (6,79,770)	- (-)	7,11,990 (6,79,770)
Other Services	7,15,080 (6,82,380)	- (-)	7,15,080 (6,82,380)
Expenses			
Director Sitting Fees	- (-)	38,000 (34,000)	38,000 (34,000)
Remuneration	- (-)	23,80,109 20,54,668	23,80,109 (20,54,668)
Finance			
Loans / Advance Given	22,100 (27,300)	- (-)	22,100 (27,300)
Fixed Deposit / Loan Received	- (-)	- (-)	- (-)
Rent Deposit Received	1,45,300 (-)	- (-)	1,45,300 (-)
Balance at the end of the year			
Receivables	4,46,365 (4,24,265)	- (-)	4,46,365 (4,24,265)
Payables	20,91,300 (19,46,000)	- (-)	20,91,300 (19,46,000)

3 Disclosure in Respect of Material Transactions with Related Parties during the year

Particulars	2016-17 Rs.	2015-16 Rs.
Income :		
Rent :		
Cera Sanitaryware Limited	95,05,626	92,69,284
Service Charges :		
Cera Sanitaryware Limited	7,11,990	6,79,770
Other Services :		
Cera Sanitaryware Limited	7,15,080	6,82,380
Finance :		
Loans / Advance Given :		
Gujarat Soaps Private Limited	22,100	27,300
Rent Deposit Received :		
Cera Sanitaryware Limited	1,45,300	-

27 Employee Benefits

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employees Benefits 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 contributions

	2016-17 Rs.	2015-16 Rs.
Provident Fund	1,69,920	1,46,172
Employees Pension Scheme	64,128	62,196
ESIC	-	-
	2,34,048	2,08,368

c Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2017.

Particulars	2016-17		2015-16	
	Gratuity Funded Plan Rs.	Leave Encashment Non-funded Plan Rs.	Gratuity Funded Plan Rs.	Leave Encashment Non-funded Plan Rs.
Change in Defined Benefits Obligation				
Opening defined benefits obligation	23,15,913	3,17,797	19,65,482	2,27,026
Current service cost	95,878	19,388	83,700	16,466
Interest cost	1,73,693	23,835	1,57,669	18,212
Actuarial losses / (gain)	1,55,559	1,33,302	1,50,867	1,37,090
benefits paid	-	(74,153)	(41,805)	(80,997)
Closing defined benefits obligation	27,41,043	4,20,169	23,15,913	3,17,797
Change in Fair Value of Assets				
Opening fair value of Plan Assets	23,17,774	-	19,49,102	-
Expected return on plan assets	1,73,833	-	1,70,675	-
Actuarial gain / (losses)	4,026	-	2,090	-
Contributions by employer	2,65,772	-	2,37,712	-
Benefits paid	-	-	(41,805)	-
Closing fair value of plan assets	27,61,405	-	23,17,774	-
Movement in net liability recognised in Balance Sheet				
Net opening liability	-	3,17,797	-	2,27,026
P & L Charge	2,47,271	1,76,525	2,19,471	1,71,768
Contribution / Benefit Paid	-	(74,153)	-	(80,997)
Closing Net (asset) / liability	-	4,20,169	-	3,17,797
Expenses recognised in the Profit and Loss Account				
Current Service Cost	95,878	19,388	83,700	16,466
Interest on defined benefit obligation	1,73,693	23,835	1,57,669	18,212
Expected return on plan assets	(1,73,833)	-	(1,70,675)	-
Net actuarial loss / (gain) recognised in the current year	1,51,533	1,33,302	1,48,777	1,37,090
Total Expenses	2,47,271	1,76,525	2,19,471	1,71,768
Assets Information				
Government of India Securities	-	-	-	-
High Quality Corporate Bonds	-	-	-	-
Equity Shares of listed Companies	-	-	-	-
Property	-	-	-	-
Insurance Company	100%	-	100%	-
Principal actuarial assumption				
Discount Rate (p.a.)	7.50%	7.50%	8.00%	8.00%
Expected rate of return on plan assets (p.a)	7.50%	-	8.00%	-
Proportion of employees opting for early retirement				
Annual Increase in Salary Cost & interest cost	6.00%	6.00%	6.25%	6.25%
Effect on the aggregate Service Cost & interest cost	-	-	-	-
Effect on defined benefit obligation	-	-	-	-

d The Company has provided upto 31-03-2017 Rs. 4.20 Lacs (Rs. 3.18 Lacs) being incremental discounted value of liability for unavailed leave of the employees determined as per Actuarial Valuation.

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28 Contingent Liabilities and Commitments

	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
Contingent Liabilities		
A Claims against the company / disputed liabilities not acknowledged as debts	2,37,64,239	2,42,57,476
Commitments		
A Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

29 The Company has reclassified previous year figures to conform to this year's classification.

30 Significant accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure I.

31 Details of Specified Bank Notes (SBN) held and transacted during the period from 08th November, 2016 to 30th December, 2016

Particulars	SBN	Other Denomination	Total
Cash Balance as on 8th November, 2016	40,000	1,202	41,202
Add : Withdrawal from Bank	-	1,34,000	1,34,000
Add: Receipts for permitted Transaction	-	-	-
Less: Paid for permitted transaction	-	72,637	72,637
Less: Deposited in Bank Accounts	40,000	-	40,000
Closing Balance as 30th December, 2016	-	62,565	62,565

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

25th May, 2017

Tarun Panchal
C.F.O.

Dipshika Khatri
Company Secretary

Rajesh B. Shah

Sanwarmal D. Agarwal

P. C. Surana

P. K. Shashidharan

Rutva Acharya

Ahmedabad

25th May, 2017

Director

Director

Director

Director

Director

Annexure - I

Significant accounting policies and practices :

(Annexed to and forming part of the financial statements for the year ended 31st March, 2017)

* **Basis of Accounting**

The Company prepares its financial statements under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified Accounting Standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. In Pursuant to transitional provision with respect to accounting standard u/s 133 of the Companies Act 2013.

* **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

* **Revenue Recognition:**

Revenue is recognized when consideration can be measured reliably and there exist reasonable certainty of its recovery.

(a) Sales

Revenue is recognized when significant risk and rewards of ownership of the goods have been passed on to the buyer.

- In case of Domestic Sales : On dispatch of products to customers.
- In case of Export Sales : On the basis of Bill of lading

Sales include excise duty and net of discounts, Vat and sales return, as applicable. Sales exclude self-consumption of products.

(b) Service Income

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable

(c) Dividend Income

Dividend income is recognized when the unconditional right to receive the income is established.

(d) Interest Income

Interest income is recognized on time proportionate method

(e) Others

Other Income is accounted on accrual basis except where the receipt of income is uncertain.

* **Employee Benefits:**

(a) Provident Fund is a defined contribution scheme and it is charged to revenue for the year when due.

(b) Contribution to approved Gratuity Fund is made of the present liability for future Gratuity a determined on an actuarial valuation. The Company has no further obligation except contribution to the fund

(c) Leave encashment is recognized on the basis of an actuarial valuation made at the end of each year.

* **Fixed Assets, Depreciation and Amortization:**

(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 and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

(b) Capital work in progress :

Projects under commissioning and other capital work in progress are carried at cost comprising direct cost, related incidental expenses and attributable interest. Depreciation on capital work in progress commences when assets are ready for their intended use and transferred from capital work in progress group to tangible fixed assets group.

(c) Assets acquired under hire purchase installment credit scheme, the cost of asset is capitalized while the annual financial charges at equated installments are charged to revenue.

(d) Depreciation for the year has been provided on carrying cost at the rates and manner prescribed in Schedule II of the Companies Act, 2013 as under:

- 1) On Plant & Machinery and Electric Plant & Installation on straight-line method, but on incremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets and depreciation is provided as aforesaid over the residual life of the respective assets.
- 2) On other assets on written down value method on the remaining life of the respective assets

(e) Leasehold land is amortized over the period of lease.

(f) The value of discarded Plant and Machinery has been written down to the lower of net book value and net realizable value.

(g) Intangible Assets : Expenditure on Computer Software is amortized on written down value method over the period of expected benefits not exceeding three years.

Annual Report 2016-2017

* **Inventories:**

- (a) Raw-materials, Packing Materials, Stores and Chemicals are taken at lower of cost and net realizable value following FIFO method. Cost (Net of CENVAT and Input Tax Credit Available) of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-process is determined on FIFO basis.
- (b) Stock-in-Process is valued at lower of cost and net realizable value.
- (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.

* **Investments:**

Non-Current Investments are stated at cost. Current investments are carried at lower of cost and fair value. Provision for diminution in the value of non-current investments is made only, if such a decline is other than temporary in the opinion of the management.

* **Leases:**

(i) **Operating Lease :**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(ii) **Finance Lease :**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to statement of profit and loss.

* **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 as at the end of the year is recognized in the profit and loss account. Accounts Receivable in foreign currency are either represented by bills of exchange, which in many cases, are immediately discounted with bankers, or accounted at realized amounts. Exchange differences arising in respect of fixed assets acquired from outside India were capitalized as part of fixed assets.

* **Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of the cost of such asset till the time the asset is ready for the intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

* **Intangible Assets:**

Intangible assets are recognized if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably in accordance with the notified Accounting Standard-26.

* **Provisions and Contingent Liabilities:**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in financial statement.

* **Taxation:**

Provision for tax for the year comprises current Income-tax and Wealth-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).

* **Earning per Share:**

The earnings considered in ascertaining the company's Earnings per Share (EPS) comprise the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity shares.

* **Impairment of Assets:**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' net selling price and its value in use.

Madhusudan Industries Limited

Regd. Office : Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315 Taluka - Dehgam, Dist. Gandhinagar, Gujarat.
Phone : (02716) 267270, Fax : 079-26427287 E-mail : madhusudan_i@yahoo.in
CIN : L29199GJ1945PLC000443

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

ATTENDANCE SLIP

Annual General Meeting - 2017

at Regd. Office : Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315 Taluka - Dehgam, Dist. Gandhinagar, 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 22nd day of September, 2017.

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.

Madhusudan Industries Limited

Regd. Office : Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315 Taluka - Dehgam, Dist. Gandhinagar, Gujarat.
Phone : (02716) 267270, Fax : 079-26427287 E-mail : madhusudan_i@yahoo.in
CIN : L29199GJ1945PLC000443

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

PROXY FORM

Name of the member(s) : _____
Registered address : _____
E-mail Id : _____
Folio No. / Client Id : _____
DP Id : _____

I/We, being a member(s) of _____ shares of Madhusudan Industries Limited, hereby appoint :

- Name : _____
Address : _____
E-mail Id : _____
Signature _____, or failing him
- Name : _____
Address : _____
E-mail Id : _____
Signature _____, or failing him
- Name : _____
Address : _____
E-mail Id : _____
Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 22nd September, 2017 at 11.30 a.m. at the registered office of the Company at Survey No. 359/B, 359/C, 361 and 362, Rakhial – 382315, Taluka Dehgam, District Gandhinagar, Gujarat. and at any adjournment thereof in respect of such resolutions as are indicated below:

PTO

Resolutions:	For	Against
1. To consider and adopt Audited Financial Statements, Reports of Board of Directors and Auditors.		
2. Reappointment of Shri P. K. Shashidharan as Director, who retires by rotation		
3. Appointment of Auditors and fixing their remuneration		

Signed this _____ day of _____ 2017.

Affix
Revenue
Stamp

Signature of Shareholder(s) _____

Signature of Proxy Holder(s) _____

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map for Annual General Meeting





If undelivered, please return to :

Madhusudan Industries Limited

Survey No. 359/B, 359/C, 361 and 362, Rakhial - 382 315 Taluka - Dehgam, Dist. Gandhinagar, Gujarat.

Phone : (02716) 267270, Fax : 079-26427287 E-mail : madhusudan_i@yahoo.in, Website : www.madhusudan-india.com

CIN : L29199GJ1945PLC000443