

## DIRECTORS REPORT

To,

The Members,  
MIDFIELD INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Twentieth Annual Report of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010 and the report of the Auditors thereon.

### FINANCIAL RESULTS:

<b>PARTICULARS:</b>	<b>2009 – 2010 (in Rs.)</b>	<b>2008 – 2009 (in Rs.)</b>
Total Income	907,051,874	836,164,305
Expenditure	716,308,307	684,718,307
<b>Profit before Tax, Interest and Depreciation</b>	<b>190,743,567</b>	<b>151,445,998</b>
Less: Depreciation	15,116,617	16,904,755
Less: Interest	49,866,604	52,553,510
<b>Profit before tax</b>	<b>127,760,346</b>	<b>69,458,265</b>
Provision for Income Tax	44,000,000	28,100,000
Provision for Fringe Benefit Tax	---	350,000
Provision for Deferred Tax Liability	(620,064)	91,605
<b>Net Profit after Tax</b>	<b>82,380,410</b>	<b>53,446,128</b>
<b>Profit Brought forward</b>	<b>185,164,276</b>	<b>118,928,148</b>
<b>Share Premium</b>	<b>---</b>	<b>12,790,000</b>
<b>Profit carried to Balance Sheet</b>	<b>267,544,686</b>	<b>185,164,276</b>

### OPERATIONS AND FUTURE PROSPECTS:

Your directors are happy to inform that the performance of the Company was encouraging during the year 2009 – 2010 and expect to continue the same performance during the year 2010 – 2011 also. The Company is in the process of obtaining necessary statutory and regulatory approvals for the Initial Public Offering of its Equity Shares and get listed on the Stock Exchanges.

Your directors are also planning to expand the operations of the Company by introducing new products and increasing the production capacities.

### CORPORATE GOVERNANCE:

The Corporate Governance Report regarding compliance of the conditions of corporate governance by your Company as stipulated in clause 49 of the Listing Agreement with Stock Exchanges, are annexed to this Report.

### MATERIAL CHANGES:

There are no material changes in the business of the Company after the date of the Balance Sheet.

**DEPOSITS:**

During the year under review the Company has not accepted any deposits from public as defined under the provisions of Section 58 A of the Companies Act, 1956

**DIVIDEND:**

Keeping in view of the future requirements of funds your directors are not recommending any dividend for the financial year 2009 – 2010.

**DIRECTORS:**

Sri K. Raja Raju and Sri V. G. Krishna Rao, Directors retire by rotation and being eligible offer themselves for re appointment. The Board recommends their re appointment.

**COMPANY SECRETARY:**

Mr. A. Devi Prasad, a qualified member of the Institute of Company Secretaries of India continues to be the Whole Time Company Secretary.

**AUDITORS:**

M/s Sampath & Ramesh, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment

**PERSONNEL:**

During the year under review, there were no employees drawing remuneration in excess of the limits laid down in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee's) Rules, 1975.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 we, the Board of Directors of the Company hereby state:

- (i) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) that we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that we had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2010 on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The disclosures required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, for the year ended March 31, 2010 are as follows:

**A. CONSERVATION OF ENERGY:**

- a. Adequate measures have been taken to conserve energy wherever possible.
- b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- c. Impact of measures for reduction of energy consumption / energy conservation: NIL

**B. RESEARCH AND DEVELOPMENT:**

1. Specific areas in which research & development is carried out: NIL
2. Benefits derived: NIL
3. Future plan of Action: NIL
4. Expenditure on R & D: NIL

**C. Technology Absorption:**

- a. Efforts in brief made towards Technology absorption, adoption and innovation: NIL
- b. Benefits derived as result of the above efforts e.g., product improvement, cost reduction, production development, import substitution etc.: NIL

**D. In case of imported technology, imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished:**

- a. Technology Imported: N. A.
- b. Year of Import: N. A.
- c. Has technology fully absorbed areas where this has not been taken place, reasons thereof and plan of action: N. A.

**D. Foreign Exchange Earnings And Outgo:**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

Your Company is proposing to set up manufacturing plant in Dubai to cater to the needs of the customers in middle east and to increase the exports to the European countries.

Your Company is also proposing to start export of its products to Canada and USA during the year.

**2. Total Foreign Exchange used and earned:**

Sl. No.	Particulars of the transaction	2009 – 2010 (in Rs.)	2008 – 2009 (in Rs.)
1.	<b>Total Foreign Exchange earnings</b>	<b>30,216,324</b>	<b>78,657,490</b>
2.	Foreign Exchange outgo		
	a. on account of import of Equipment	1,730,909	---
	b. on account of Travel	67,799	1,134,793
	<b>Total Foreign Exchange outgo</b>	<b>1,798,708</b>	<b>1,134,793</b>

**ACKNOWLEDGEMENTS:**

The Board places a record of appreciation to the Bankers, Government and Non Government authorities, Members and Employees of the Company for their continued support and confidence in the Company.

**For and on behalf of the Board  
For MIDFIELD INDUSTRIES LIMITED**

**Place: HYDERABAD  
Date : 28.05.2010**

**Sd/-**

**M. MADHU MOHAN REDDY  
Chairman & Managing Director**

## CORPORATE GOVERNANCE

### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's Corporate Governance philosophy is woven around its total commitment to the ethical practices in the conduct of its business.

The Corporate Governance policies of your Company recognizes the accountability of the Board vis-à-vis its various constituents including Customers, Shareholders, Investors, Employees, Government and other Regulatory Authorities, with prime objective to deliver "Superior Shareholder Value".

The schedule of implementation of Corporate Governance Code mentioned in Clause 49 of the Listing Agreement lays down certain mandatory requirements, which your Company has implemented. Your Directors are pleased to report the same.

### **1. BOARD OF DIRECTORS:**

Composition and Functions:

The Board consists of 6 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non-executive directors. Since the Company has an Executive Chairman, the Board's composition meets the stipulated requirement of at least one half of the Board comprising independent directors.

None of the non-executive directors have any pecuniary relationship or transactions with the Company, except receiving sitting fee for attending each Board Meeting.

*The number and dates of the Board Meetings held during the year under review:*

Five Board Meetings were held during the financial year 2009 – 2010 on the following dates:

1. 06.04.2009
2. 15.05.2009
3. 18.08.2009
4. 05.11.2009
5. 26.02.2010

During the year under review the time gap between any two consecutive meetings did not exceed four months.

The details of the attendance of directors at meetings of the Board and annual general meeting, held during the year (April 2009 to March 2010), along with the details of Committee memberships and their other directorships are furnished below:

Name of the Director and category of Directorship	Attendance particulars		No. of other directorships and memberships	
	Board Meetings	Last AGM	Other directorships	Committee memberships
Mr. M. Madhu Mohan Reddy, Chairman & Managing Director (Promoter and Executive Director)	5	Yes	1	1
Mr. M. Ashok Sagar, Whole Time Director (Executive and Non Independent Director)	5	Yes	Nil	2
Mr. K. Rajaraju, Director (Independent and Non Executive Director)		No	Nil	2
Mr. Kamlesh Kumar Bhargava, Director (Independent and Non Executive Director)		Yes	Nil	2
Mr. V. G. Krishna Rao, Director (Independent and Non Executive Director)		No	1	1
Mr. K. Ashok Kumar, Director (Non Executive and Non Independent Director)		No	2	Nil

Name of the Director and category of Directorship	Other Directorship
Mr. M. Madhu Mohan Reddy, Chairman & Managing Director (Promoter and Executive Director)	1. Centaur India Steels and Tools Private Limited
Mr. M. Ashok Sagar, Whole Time Director (Executive and Non Independent Director)	NIL
Mr. K. Rajaraju, Director (Independent and Non Executive Director)	NIL
Mr. Kamlesh Kumar Bhargava, Director (Independent and Non Executive Director)	NIL
Mr. V. G. Krishna Rao, Director (Independent and Non Executive Director)	S V Components Private Limited
Mr. K. Ashok Kumar, Director (Non Executive and Non Independent Director)	Srimaan Industries Private Limited Vishwas Constructions Industries Private Limited

## Shares held by the Directors in the Company

Mr. M. Madhu Mohan Reddy	40,63,116
Mr. M. Ashok Sagar	71,209
Mr. K. Rajaraju	10,23,000
Mr. Kamlesh Kumar Bhargava	0
Mr. V. G. Krishna Rao	0
Mr. K. Ashok Kumar	0

## CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics (the 'Code'), which applies to all senior management personnel, and Directors of the Company. It is the responsibility of all senior management personnel and Directors to familiarize themselves with this Code and comply with its standards.

The Code of Business Conduct and Ethics have been posted on the Company's website – [www.midfieldindustries.com](http://www.midfieldindustries.com).

### 1. AUDIT COMMITTEE:

#### *Composition, Names of Members & Chairperson and terms of reference*

The Audit Committee of the Board comprises of 2 Non-Executive Independent Directors and 1 Non Independent Director. Mr. Kamlesh Kumar Bhargava is the Chairman of the Audit Committee.

As on date the members of the Audit Committee are:

Sl. No	Name of the Member	Designation
1.	Mr. Kamlesh Kumar Bhargava	Chairman
2.	Mr. K. Raja Raju	Member
3.	Mr. M. Ashok Sagar	Member

The Audit Committee reviews the adequacy of internal control systems and the Internal Audit Reports, and their compliance thereof as well as the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible. The Committee recommends the appointment of external auditors and fixation of their audit fee and approves the payment for any other services rendered by them. The Committee also reviews the quarterly/annual financial statements before the same is placed before the Board. The Committee also monitors and reports on the status of implementation of agreed internal and statutory audit recommendations. The Statutory and Internal Auditors attend as invitees to the meetings of the Audit Committee.

Four meetings were held during the year. The dates on which the meetings were held are:

1. 06.04.2009
2. 18.08.2009
3. 26.02.2010

The attendance of each member of the Committee is given below:

Sl. No	Name of the Director	No. of Meetings Attended
1.	Mr. Kamlesh Kumar Bhargava	3
2.	Mr. Ashok Sagar	3
3.	Mr. K. Rajaraju	2

## 2. REMUNERATION COMMITTEE:

The Remuneration Committee was constituted in the Board Meeting held on 02.06.2008 with Mr. V. G. Krishna Rao, Mr. K. Rajaraju and Mr. Kamlesh Kumar Bhargava as the Members. The powers and duties of the remuneration committee are:

- i. To review, assess and recommend the appointment of Executive and Non Executive Directors from time to time;
- ii. To periodically review the remuneration package of the Executive Directors and recommend suitable revision to the Board;
- iii. To recommend compensation to the non executive directors in accordance with the Companies Act, 1956
- iv. To consider and recommend Employee Stock Option Scheme, if any, from time to time and to administer and superintend the same.

The remuneration committee did not meet during the year.

*Details of Remuneration paid to the Directors for the year 2009 – 2010*

Particulars	M. Madhu Mohan Reddy, Chairman & Managing Director	M. Ashok Sagar, Whole Time Director
Remuneration paid during 2009 – 2010	Rs.10,80,000 per annum	Rs.3,00,000 per annum

Non-Executive Directors receive sitting fee for attending each Board Meeting..

## 3. SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE:

The Shareholders and Investor Grievance Committee was constituted in the meeting held on 02.06.2008 and the members of the Committee are as follows:

Sl. No	Name of the Member	Designation
1.	K Raja Raju	Chairman
2	M. Madhu Mohan Reddy	Member
3.	M. Ashok Sagar	Member



The powers and duties of the committee are:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
3. Issue of duplicate / split / consolidated share certificates;
4. Allotment and listing of shares;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;

Name and designation of the compliance officer: Mr. M. Laxminarayana.

**CEO/CFO CERTIFICATION:**

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is provided elsewhere in the Annual Report.

**4. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:**

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate governance in the Annual Report.

**5. GENERAL BODY MEETINGS:**

Location and date/time of last three Annual General Meetings

Year	Location	Date	Time
2008 – 2009	Registered Office	25 <sup>th</sup> September, 2009	11.30 A. M.
2007 – 2008	Registered Office	30 <sup>th</sup> September, 2008	11.30 A. M.
2006 – 2007	Registered Office	29 <sup>th</sup> September, 2007	11.30 A. M.

No special resolution requiring a postal ballot was placed before the last AGM. Similarly, no special resolutions requiring postal ballot is being proposed at the ensuing AGM.

## 6. DISCLOSURES:

*Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.*

Details of related party transactions have been disclosed in the notes to the financial statements. There are no transactions, which may have potential conflict with the interests of the Company at large.

*Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years*

No penalties have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during the last three years.

## 7. MEANS OF COMMUNICATION:

No half-yearly reports were sent to the shareholders. Quarterly results are not required to be published, since the company was unlisted company and publication of results is not mandatory

Management Discussion and Analysis forms part of the Annual Report and is provided elsewhere in this report.

## 8. GENERAL SHAREHOLDER INFORMATION:

### A. Financial Calendar: 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011

1 <sup>st</sup> Quarterly results	Half yearly results	IIIrd Quarter	IVth Quarter
August, 2010	October, 2010	January, 2011	May, 2011

### B. Dividend Payment Date:

No Dividend is recommended for the financial year 2009 – 2010.

### C. Listing on Stock Exchanges and Stock code:

Not Applicable

### D. Market Price Date: *High/Low during each month in last financial year*

Not Applicable

### E. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc:

Not applicable

**F. Registrar and Transfer Agents:**

CIL Securities Limited is the Registrar and Share Transfer agents of the Company. For any queries regarding transfer of shares and demat of share, shareholders may contact:

Bigshare Services Private Limited,  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai – 400072

**G. Distribution of shareholding:**

Distribution Schedule as on 31.03.2010 is furnished below:

Category		No of Holders	No of Shares	% of shares to Total Equity
From	To			
01	5000	---	---	---
5001	10000	1	7,500	0.091
10001	20000	2	26,916	0.323
20001	30000	2	60,000	0.721
30001	40000	---	---	---
40001	50000	---	---	---
50001	100000	3	2,34,092	2.813
100001	ABOVE	8	79,92,742	96.052
<b>TOTAL</b>		<b>16</b>	<b>83,21,250</b>	<b>100.000</b>

*Shareholding pattern as on 31<sup>st</sup> March 2010*

Sl. No.	Category	No. of shares	%
1	Promoters & Associates	66,37,075	79.76
2	Private Body Corporates	---	---
3	Indian Public	14,28,375	17.17
4	Non-resident individuals & OCBs	2,55,800	3.07
	<b>TOTAL</b>	<b>83,21,250</b>	<b>100.00</b>

**H. Dematerialization of shares and liquidity:**

**Name of Demat Registrars:**

Bigshare Services Private Limited,  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai – 400072

**International Securities Identification Number (ISIN): INE091K01010**

The Company has entered into Agreements with NSDL and CDSL, and as on 31.03.2010 none of the Shares have been dematerialized.

**I. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs, ADRs/ warrants or any convertible instruments.

**Registered Office / Address for correspondence**

Plot No. 6, Phase IV Extension,  
IDA, Jeedimetla, Hyderabad – 500055

## CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

I, M. Madhu Mohan Reddy, Chairman and Managing Director of Midfield Industries Limited, to the best of my knowledge and belief, certify that:

1. I had reviewed the balance sheet and profit and loss account (consolidated and unconsolidated), and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the company, and I have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the company's disclosure, controls and procedures and
  - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. I had disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors.
  - a) significant changes in internal controls during the year covered by this report;
  - b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

- c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-

M. MADHU MOHAN REDDY  
Chairman & Managing Director

Place: Hyderabad  
Date: 28.05.2010



# SAMPATH & RAMESH

CHARTERED ACCOUNTANTS

(Regd. No. (FRN) 005947S)

## AUDITORS REPORT

To

**The Members**

**MIDFIELD INDUSTRIES LTD.**

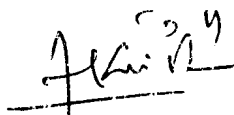

**Hyderabad**

We have audited the attached **Balance Sheet** of M/s **MIDFIELD INDUSTRIES LIMITED** as at **31<sup>st</sup> March, 2010** and the **Profit & Loss Account** and the **Cash Flow Statement** for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred in the paragraph 1 above, we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The **Balance Sheet, Profit & Loss Account and Cash Flow Statement** dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion, the **Balance Sheet, Profit & Loss Account and Cash Flow Statement** dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; to the extent applicable.



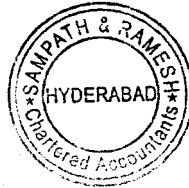
# SAMPATH & RAMESH

CHARTERED ACCOUNTANTS

(Regd. No. (FRN) 005947S)

- v) On the basis of the written representations received from the directors, as on **31<sup>st</sup> March, 2010** and taken on record by the Board of Directors, we report that none of the Director is disqualified as on **31<sup>st</sup> March, 2010** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) In so far as relates to **Balance Sheet**, of the state of affairs of the Company as on **31<sup>st</sup> March, 2010**.
- b) In so far as relates to **Profit and Loss account** of the Profit of the Company for the year ended on that date.
- c) In so far as relates to **Cash Flow Statement**, of the cash flows of the company for the year ended **31<sup>st</sup> March, 2010**.

PLACE : HYDERABAD  
DATE : 28.05.2010



For SAMPATH & RAMESH  
Chartered Accountants

(A. KRISHNA REDDY)  
Partner M No. 204755





# SAMPATH & RAMESH

CHARTERED ACCOUNTANTS

(Regd. No. (FRN) 005947S)

## ANNEXURE TO THE AUDITORS' REPORT

Referred to as in Paragraph (1) of our report of even date

1. In Respect of its Fixed Assets
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is responsible, having regard to the size, of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) During the year, the company has not disposed of substantial part of the Assets. According to the information and explanations given to us, we are of the opinion that no transactions are effected involving disposal of assets so as to affects going concern status company.
2. In respect of its Inventories :
  - a) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company had maintained proper records of inventories. In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not significant, have been properly dealt with in the books of accounts.
3. In respect of Loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) During the year the company has not taken loans from parties covered in the register maintained under section 301 of the Companies act, 1956. the Company has not granted any loans to the parties covered in the register maintained under section 301 of the companies act, 1956.




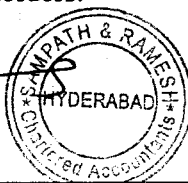


# SAMPATH & RAMESH

CHARTERED ACCOUNTANTS

(Regd. No. (FRN) 005947S)

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weakness in internal controls.
5. As explained to us, and based on our verification and examination of the books of accounts we are of the view that there are no transactions that need to be entered into the register in pursuance of section 301 of the act. In view of this, in our view, no comment under clause (v) (b) is considered necessary
6. In our opinion, and according to the information and explanations given to us, the Company has not accepted any Deposits for which the provisions of section 58A or 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules 1975 apply.
7. In our opinion, the Company has independent internal audit system commensurate with the size and nature of its business.
8. We were explained that the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for the products manufactured of the Company.
9. In respect of statutory dues:
  - a) According to the records of the company and as per the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed Statutory dues including, Provident fund, Employee's state insurance, Custom duty, Income tax, Excise duty, Cess and other material statutory dues applicable to it barring few instances.
  - b) According to the information and explanations given to us, no disputed amounts payable in respect of Income tax, Sales tax, Custom duty, Excise duty and Cess were outstanding, as at 31, March 2010 for the period more than six months from the date they became payable.
10. In our opinion, the company neither has accumulated losses at the end of the year exceeding fifty percent of its net worth, nor incurred cash losses during the financial year covered by our audit in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.



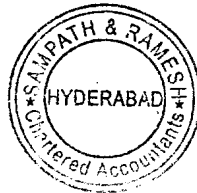
# SAMPATH & RAMESH

CHARTERED ACCOUNTANTS

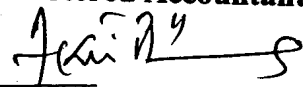
(Regd. No. (FRN) 005947S)

12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken for **Projects** were applied for the purpose for which the loans were obtained.
17. In our opinion, and according to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. In our opinion, the Company has not made any preferential allotment of shares/securities during the year to parties and companies covered in the register maintained under section 301 of the Companies act, 1956.
19. In our opinion, the company has not raised money by way of public issue for any specific purpose during the year.
20. According to the information and explanations given to us the Company has not issued debentures during the period covered by our report. Hence, the Company is not required to create/register/modify and Security/Charge.
21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

PLACE : HYDERABAD  
DATE : 28.05.2010



For SAMPATH & RAMESH  
Chartered Accountants

  
(A. KRISHNA REDDY)  
Partner M No. 204755

**MIDFIELD INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2010**

(Amount in Rupees)

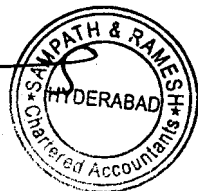
S.No.	Particulars	Schedule Reference	As at 31.03.2010	As at 31.03.2009
<b>I</b>	<b>SOURCES OF FUNDS</b>			
<b>1</b>	<b>Shareholder's Funds</b>			
a	Share Capital	1	83,212,500	83,212,500
b	Reserves & Surplus	2	267,544,686	185,164,276
<b>2</b>	<b>Loan Funds</b>			
a	Secured Loans	3	409,528,354	402,893,049
b	Unsecured Loans	4	13,762,643	10,481,045
<b>3</b>	<b>Deferred Tax</b>	5	(243,254)	376,810
	<b>TOTAL OF 1, 2 &amp; 3</b>		<u><u>773,804,929</u></u>	<u><u>682,127,680</u></u>
<b>II</b>	<b>APPLICATION OF FUNDS</b>			
<b>1</b>	<b>Fixed Assets</b>	6		
a	Gross Block		207,888,109	187,176,646
b	Less: Depreciation		<u>76,033,073</u>	<u>60,916,456</u>
c	Net Block		131,855,036	126,260,190
<b>2</b>	<b>Investments</b>	7	5,000,000	5,000,000
<b>3</b>	<b>Current Assets, Loans and Advances</b>			
a	Inventories	8	146,678,533	151,040,553
b	Sundry Debtors	9	584,663,252	443,790,217
c	Cash & Bank Balances	10	14,721,209	14,958,586
d	Loans & Advances	11	<u>107,820,098</u>	<u>68,304,892</u>
			858,883,092	683,094,248
	Less: Current Liabilities & Provisions	12		
a	Current Liabilities		166,151,856	84,720,779
b	Provisions		50,781,343	42,505,979
	Net Current Assets		<u>641,949,893</u>	<u>555,867,490</u>
	<b>TOTAL OF 1, 2 &amp; 3</b>		<u><u>773,804,929</u></u>	<u><u>682,127,680</u></u>
<b>4</b>	Notes on accounts 1 to 19 annexed form part of accounts	19		

As per report of even date

For **SAMPATH & RAMESH**  
Chartered Accountants

*(Signature)*

(A. KRISHNA REDDY)  
PARTNER M.No. 204755



PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of the Board

*(Signature)*

M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING  
DIRECTOR

*(Signature)*

M. ASHOK SAGAR  
DIRECTOR

*(Signature)*

A. DEVI PRASAD  
COMPANY SECRETARY



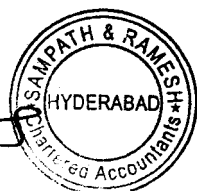
**MIDFIELD INDUSTRIES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

(Amount in Rupees)

S.No.	Particulars	Schedule Reference	As at 31.03.2010	As at 31.03.2009
<b>1</b>	<b>INCOME</b>			
<b>a</b>	<b>Sales</b>			
	Domestic Sales		874,923,206	752,073,087
	Export Sales		30,216,486	82,632,999
<b>b</b>	Miscellaneous Income	13	1,912,182	1,458,219
	<b>Total Income</b>		<u>907,051,874</u>	<u>836,164,305</u>
<b>2</b>	<b>EXPENDITURE</b>			
<b>a</b>	Raw Material Consumed	14	584,853,583	548,783,828
<b>b</b>	Personnel Cost	15	16,287,587	18,038,527
<b>c</b>	Other Manufacturing Costs	16	12,958,551	11,003,059
<b>d</b>	Administrative & Selling Expenses	17	102,208,586	106,892,893
			<u>716,308,307</u>	<u>684,718,307</u>
<b>3</b>	<b>Profit before Interest, Depreciation &amp; Tax</b>		190,743,567	151,445,998
<b>e</b>	Financing Costs	18	49,866,604	52,553,510
<b>f</b>	Depreciation		15,116,617	16,904,755
			<u>64,983,221</u>	<u>69,458,265</u>
<b>4</b>	<b>Profit Before Tax</b>		125,760,346	81,987,733
<b>5</b>	<b>Taxes</b>			
<b>a</b>	Income Tax		44,000,000	28,100,000
<b>b</b>	Fringe Benefit Tax		-	350,000
<b>c</b>	Deferred Tax		(620,064)	91,605
<b>6</b>	<b>Net Profit after Tax</b>		<u>82,380,410</u>	<u>53,446,128</u>
	Share Premium		-	12,790,000
	Profit Brought Forward		185,164,276	118,928,148
	<b>Profit Carried to Reserves &amp; Surplus</b>		<u>267,544,686</u>	<u>185,164,276</u>

As per report of even date

For **SAMPATH & RAMESH**  
Chartered Accountants



(A. KRISHNA REDDY)  
PARTNER M.No. 204755

PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of the Board

*[Signature]*  
M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING  
DIRECTOR

*[Signature]*  
M. ASHOK SAGAR  
DIRECTOR

*[Signature]*  
A. DEVI PRASAD  
COMPANY SECRETARY



**SCHEDULE - 1**

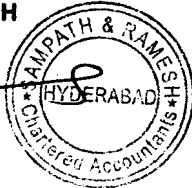
**SHARE CAPITAL**

	<b>AS AT 31.03.2010 Rupees</b>	<b>AS AT 31.03.2009 Rupees</b>
<b>AUTHORISED CAPITAL</b>		
1,75,00,000 Equity Shares of Rs.10 each (Previous Year 175,00,000 Equity Shares of Rs.10 each)	175,000,000	175,000,000
<b>SUBSCRIBED, CALLED UP &amp; PAID UP</b>		
83,21,250 Equity Shares of Rs.10 each fully paid up (previous year 83,21,250 Equity Shares of Rs.10 each)	83,212,500	83,212,500
	<u>83,212,500</u>	<u>83,212,500</u>
20,50,000 shares out of the issued and subscribed were allotted as Bonus Shares by capitalisation of Reserves during the Year Ending 31st March' 2007		

For **SAMPATH & RAMESH**  
Chartered Accountants

(A. KRISHNA REDDY)  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY M. ASHOK SAGAR  
CHAIRMAN & MANAGING DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY



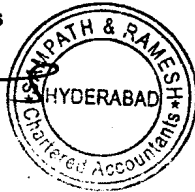
**SCHEDULE - 2**

**RESERVES & SURPLUS**

	Balance on 01.04.2009	Additions during 2009-10	Deductions during 2009-10	Balance on 31.03.2010
<b>Rupees</b>				
<b>RESERVES</b>				
<b>Capital &amp; General Reserves</b>				
- Share Premium	35,775,400	-	-	35,775,400
- Investment Subsidy Received from Andhra Pradesh State Financial Corporation	2,000,000	-	-	2,000,000
- Profit & Loss Account	147,388,876	82,380,410	-	229,769,286
	<b>185,164,276</b>	<b>82,380,410</b>	<b>-</b>	<b>267,544,686</b>

For **SAMPATH & RAMESH**  
Chartered Accountants

  
**(A. KRISHNA REDDY)**  
PARTNER



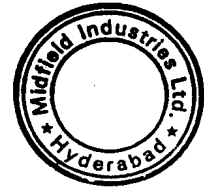
PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of Board

  
**M MADHU MOHAN REDDY**  
CHAIRMAN &  
MANAGING

  
**M. ASHOK SAGAR**  
DIRECTOR

  
**A. DEVI PRASAD**  
COMPANY SECRETARY



**SCHEDULE - 3**

**SECURED LOANS**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
From Bank		
- On Cash Credit Account	273,119,620	282,619,278
- On Term Loan Account	108,142,404	119,043,016
- Loan's for Vehicles & Others	569,888	1,230,755
- S.E. Investments Ltd	27,696,442	-
	409,528,354	402,893,049

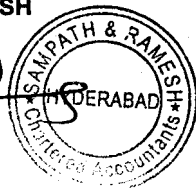
**SCHEDULE - 4**

**UNSECURED LOANS**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
Sales Tax Deferment	13,762,643	10,481,045
	13,762,643	10,481,045

For **SAMPATH & RAMESH**  
Chartered Accountants

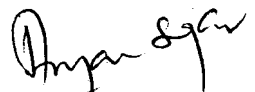
  
(A. KRISHNA REDDY)  
PARTNER



PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of Board

  
M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING DIRECTOR

  
M. ASHOK SAGAR  
DIRECTOR

  
A. DEVI PRASAD  
COMPANY SECRETARY





**SCHEDULE - 5**

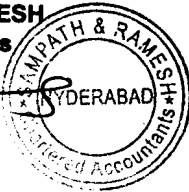
**DEFERRED TAXATION ASSET**

	AS AT 31.03.2010	AS AT 31.03.2009
	Rupees	Rupees
DEFERRED TAX UPTO 31-03-2009 FOR THE YEAR	376,810 (620,064)	285,205 91,605
	<u>(243,254)</u>	<u>376,810</u>

For **SAMPATH & RAMESH**  
Chartered Accountants

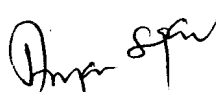
  
**(A. KRISHNA REDDY)**  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010

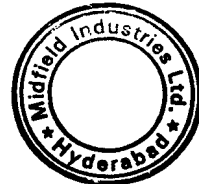


For and on behalf of Board

  
**M MADHU MOHAN REDDY**  
CHAIRMAN & MANAGING DIRECTOR

  
**M. ASHOK SAGAR**  
DIRECTOR

  
**A. DEVI PRASAD**  
COMPANY SECRETARY

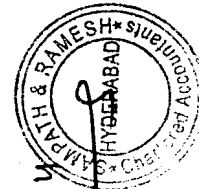


SCHEDULE - 6

FIXED ASSETS

	RATE OF DEPRECIATION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		AS ON 31-03-09	ADDITIONS	AS ON 31-03-2010	UPTO 31-03-09	For The Year	UP TO 31-03-10	AS AT 31-03-10	AS AT 31-03-09
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
LAND	0	7,800,095	-	7,800,095	-	-	-	7,800,095	7,800,095
BUILDING	10.00%	47,857,255	-	47,857,255	11,308,729	3,654,852	14,963,581	32,893,674	36,548,526
PLANT & MACHINERY	15.33%	88,333,494	2,609,014	90,942,508	38,506,295	8,006,699	46,512,994	44,429,514	49,827,199
GENERATOR	15.33%	2,420,632	205,000	2,625,632	1,469,207	146,628	1,615,835	1,009,797	951,425
OFFICE EQUIPMENT	13.91%	2,617,561	94,610	2,712,171	1,170,812	207,787	1,378,599	1,333,572	1,446,749
ELECTRICAL EQUIPMENT	13.91%	20,801,671	-	20,801,671	4,731,181	2,235,405	6,966,586	13,835,085	16,070,490
CYCLE	20.00%	7,800	-	7,800	7,800	-	7,800	-	-
FURNITURE & FIXTURES	18.10%	1,414,795	203,689	1,618,484	681,243	162,480	843,723	774,761	733,552
58 T.V DIE	15.33%	70,199	-	70,199	57,392	1,963	59,355	10,844	12,807
SEAL DIE3/4	15.33%	55,000	-	55,000	43,669	1,737	45,406	9,594	11,331
CUTTERS	15.33%	2,022,959	24,000	2,046,959	769,667	195,567	965,234	1,081,725	1,253,292
SCREENS	15.33%	84,450	8,000	92,450	78,886	8,853	87,739	4,711	5,564
MOTOR VEHICLES	25.89%	3,980,928	48,690	4,029,618	2,091,575	494,646	2,586,221	1,443,397	1,889,353
<b>TOTAL</b>		<b>177,466,841</b>	<b>3,193,003</b>	<b>180,659,844</b>	<b>60,916,457</b>	<b>15,116,617</b>	<b>76,033,073</b>	<b>104,626,771</b>	<b>116,550,385</b>
<b>CAPITAL WORK IN PROGRESS</b>		<b>9,709,805</b>	<b>17,518,460</b>	<b>27,228,265</b>	-	-	-	<b>27,228,265</b>	<b>9,709,805</b>
		<b>187,176,646</b>	<b>20,711,463</b>	<b>207,888,109</b>	<b>60,916,457</b>	<b>15,116,617</b>	<b>76,033,073</b>	<b>131,855,036</b>	<b>126,260,190</b>
<b>PREVIOUS YEAR</b>		<b>17,296,031</b>	<b>14,880,614</b>	<b>187,176,646</b>	<b>34,911,236</b>	<b>16,904,755</b>	<b>60,916,457</b>	<b>126,260,190</b>	

For SAMPATH & RAMESH  
Chartered Accountants



(A. KRISHNA REDDY)  
PARTNER M.No. 204755

PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of the Board

*[Signature]*

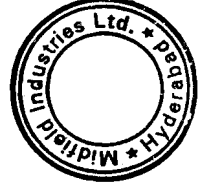
M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING

*[Signature]*

M. ASHOK SAGAR  
DIRECTOR

*[Signature]*

A. DEVI PRASAD  
COMPANY SECRETARY



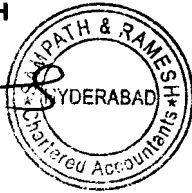
**SCHEDULE - 7**

**INVESTMENTS**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
Centaur India Steels & Tools Pvt. Ltd	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

For **SAMPATH & RAMESH**  
Chartered Accountants

  
**(A. KRISHNA REDDY)**  
PARTNER



PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of Board

   
**M MADHU MOHAN REDDY M. ASHOK SAGAR**  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

  
**A. DEVI PRASAD**  
COMPANY SECRETARY



**SCHEDULE - 8****INVENTORIES**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
Raw Materials	73,249,379	71,949,483
Consumables	11,335,659	10,265,896
Finished Goods	44,898,190	52,918,105
Work in Process	17,195,305	15,907,069
	<b>146,678,533</b>	<b>151,040,553</b>

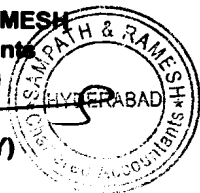
**SCHEDULE - 9****SUNDRY DEBTORS  
( Un-secured, considered good )**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
<b>Outstanding</b>		
For a period exceeding six months	42,928,863	20,138,865
Less than six months	541,734,389	423,651,352
	<b>584,663,252</b>	<b>443,790,217</b>

For SAMPATH & RAMESH  
Chartered Accountants

(A. KRISHNA REDDY)  
PARTNER

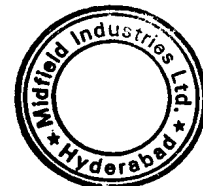
PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY M. ASHOK SAGAR  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY



**SCHEDULE - 10**

**CASH AND BANK BALANCES**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
Cash in Hand	61,527	111,580
Cash at Bank with scheduled bank on current account	400,594	1,861,382
Margin Money Deposit Account	14,259,088	12,985,624
	<b>14,721,209</b>	<b>14,958,586</b>

**SCHEDULE - 11**

**LOANS AND ADVANCES**

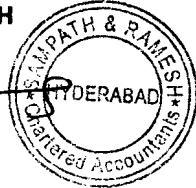
**( Un-Secured, Considered Good )**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
<b>Advances recoverable in cash for which value is to be received</b>		
- Capital Advances	80,658,865	54,263,850
- Others	3,232,654	5,388,862
<b>Income Tax (TDS)</b>	1,111,988	1,818,454
<b>Deposits</b>		
- With Government Authorities	2,246,702	1,774,562
- With Others	14,887,347	530,422
- Security & Earnest Money Deposits	5,682,542	4,528,742
	<b>107,820,098</b>	<b>68,304,892</b>

For **SAMPATH & RAMESH**  
Chartered Accountants

(A. KRISHNA REDDY)  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY M. ASHOK SAGAR  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY



**SCHEDULE - 12**

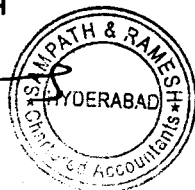
**CURRENT LIABILITIES & PROVISIONS**

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
<b>a) CURRENT LIABILITIES :</b>		
<b>Sundry Creditors</b>		
- Small Scale Industrial Units	467,833	310,677
- Others	165,684,023	84,410,102
	166,151,856	84,720,779
<b>b) PROVISIONS:</b>		
Provision for Gratuity	2,221,346	2,158,632
Provision for Tax	48,559,997	40,347,347
	50,781,343	42,505,979

For SAMPATH & RAMESH  
Chartered Accountants

(A. KRISHNA REDDY)  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY M. ASHOK SAGAR  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY



**SCHEDULE - 13**

**MISCELLANEOUS INCOME**

	<b>Year Ended 31-03-2010</b>	<b>Year Ended 31-03-2009</b>
	<b>Rupees</b>	<b>Rupees</b>
Interest On Term & Consumption Deposits	663,517	734,571
Others	1,248,665	723,648
	<u>1,912,182</u>	<u>1,458,219</u>

For **SAMPATH & RAMESH**  
Chartered Accountants

  
**(A. KRISHNA REDDY)**  
PARTNER

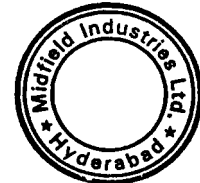
PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

  
**M MADHU MOHAN REDDY** **M. ASHOK SAGAR**  
CHAIRMAN & MANAGING DIRECTOR

  
**A. DEVI PRASAD**  
COMPANY SECRETARY



**SCHEDULE - 15****PERSONNEL COST**

	Year Ended 31-03-2010	Year Ended 31-03-2009
	Rupees	Rupees
Directors Remuneration	1,260,000	1,260,000
Salaries & Wages	12,821,183	12,526,125
Staff Welfare	444,451	591,008
Other benefits	2,373,023	3,661,394
	<u>16,898,657</u>	<u>18,038,527</u>
Less: Expenses to be Capitalized transferred to CWIP	611,070	-
	<u>16,287,587</u>	<u>18,038,527</u>

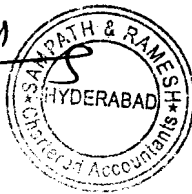
**SCHEDULE - 16****OTHER MANUFACTURING COST**

	Year Ended 31-03-2010	Year Ended 31-03-2009
	Rupees	Rupees
Power	10,578,477	8,965,170
Repairs & Maintenance:		
- for Plant & Machinery	891,495	683,528
- for Others	674,586	346,573
Job Work Charges	880,563	1,007,788
	<u>13,025,121</u>	<u>11,003,059</u>
Less: Expenses to be Capitalized transferred to CWIP	66,570	-
	<u>12,958,551</u>	<u>11,003,059</u>

For **SAMPATH & RAMESH**  
Chartered Accountants

*(Signature)*  
**(A. KRISHNA REDDY)**  
PARTNER

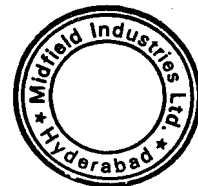
PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

*(Signature)* *(Signature)*  
**M MADHU MOHAN REDDY** **M. ASHOK SAGAR**  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

*(Signature)*  
**A. DEVI PRASAD**  
COMPANY SECRETARY





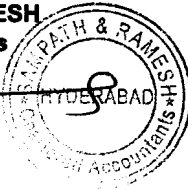
**SCHEDULE - 14**

**RAW MATERIAL CONSUMED**

	Year Ended 31-03-2010	Year Ended 31-03-2009
	Rupees	Rupees
<b>A. RAW MATERIAL:</b>		
Opening Stock	71,949,483	65,070,529
Purchases	<u>503,222,919</u>	<u>508,197,411</u>
	575,172,402	573,267,940
Less: Closing Stock	<u>73,249,379</u>	<u>71,949,483</u>
	<u>501,923,023</u>	<u>501,318,457</u>
<b>B. STORES, SPARES , CONSUMABLES &amp; PACKING MATERIAL</b>		
Opening Stock	10,265,896	5,187,614
Purchases (Including Traded Goods)	<u>77,268,644</u>	<u>60,290,162</u>
	87,534,540	65,477,776
Less: Closing Stock	<u>11,335,659</u>	<u>10,265,896</u>
	<u>76,198,881</u>	<u>55,211,880</u>
<b>C. INCREASE AND DECREASE IN STOCKS</b>		
<b>OPENING STOCK:</b>		
Finished Goods	52,918,105	49,620,757
Work in Process	<u>15,907,069</u>	<u>11,457,908</u>
	<u>68,825,174</u>	<u>61,078,665</u>
<b>CLOSING STOCK:</b>		
Finished Goods	44,898,190	52,918,105
Work in Process	<u>17,195,305</u>	<u>15,907,069</u>
	<u>62,093,495</u>	<u>68,825,174</u>
<b>NET INCREASE/( DECREASE) (Other than Raw Material)</b>	<u>(6,731,679)</u>	<u>7746509</u>
<b>TOTAL MATERIAL CONSUMED</b>	<u>584,853,583</u>	<u>548,783,828</u>

For **SAMPATH & RAMESH**  
Chartered Accountants

*(Signature)*  
**(A. KRISHNA REDDY)**  
PARTNER



PLACE : HYDERABAD  
DATE : 28-05-2010

For and on behalf of Board

*(Signature)* *(Signature)*  
**M MADHU MOHAN REDDY M. ASHOK SAGAR**  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

*(Signature)*  
**A. DEVI PRASAD**  
COMPANY SECRETARY



**SCHEDULE - 18**

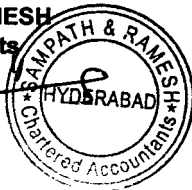
**FINANCE COST**

	<b>Year Ended 31-03-2010</b>	<b>Year Ended 31-03-2009</b>
	<b>Rupees</b>	<b>Rupees</b>
On Cash Credit Accounts	38,731,103	36,746,932
On Term Loans Accounts	18,628,392	11,196,267
Others	8,958,872	8,250,762
	<hr/>	<hr/>
	66,318,367	56,193,961
<b>LESS: Interest to be Capitalized transferred to CWIP</b>	16,451,763	3,640,451
	<hr/>	<hr/>
	<b>49,866,604</b>	<b>52,553,510</b>

For **SAMPATH & RAMESH**  
Chartered Accountants

  
**(A. KRISHNA REDDY)**  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

  
**M MADHU MOHAN REDDY**  
CHAIRMAN & MANAGING DIRECTOR

  
**A. DEVI PRASAD**  
COMPANY SECRETARY



**SCHEDULE - 17**

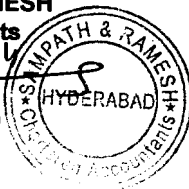
**ADMINISTRATIVE & SELLING EXPENSES**

	Year Ended 31-03-2010 Rupees	Year Ended 31-03-2009 Rupees
Rent	197,400	547,700
Rates & Taxes	627,586	2,662,561
Advertisement & Sales Promotion Expenses	467,789	793,110
Printing & Stationary	379,856	541,724
Postage, Telegrams & Telephones	993,592	1,109,542
Travelling & Conveyance	1,726,415	3,387,107
Car Hire Charges	7,795	2,800
Legal & Professional Charges	873,719	1,070,102
Consultancy Charges	1,102,772	960,610
Transport Charges	12,535,400	18,067,403
Bad Debts	2,604,842	2,378,694
Bank Charges ,LC, & Processing Charges etc	5,435,364	5,110,053
Auditors Remuneration	200,000	150,000
Sales Commission	704,986	1,394,851
Excise Duty	3,652,872	4,368,670
Custom Duty	717,806	701,519
Service Tax	1,017,442	4,579,026
Sales Tax	20,119,538	18,594,889
Other Expenses	49,090,865	40,472,532
	102,456,039	106,892,893
Less: Expenses to be Capitalized transferred to CWIP	247,453	
	102,208,586	106,892,893

For **SAMPATH & RAMESH**  
Chartered Accountants

(A. KRISHNA REDDY)  
PARTNER

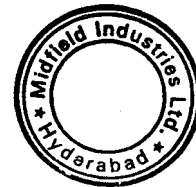
PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY M. ASHOK SAGAR  
CHAIRMAN & MANAGING DIRECTOR  
DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY



**MIDFIELD INDUSTRIES LIMITED  
PLOT NO. 6, PHASE IV EXTENSION  
I.D.A. JEEDIMETLA, HYDERABAD-500 055**

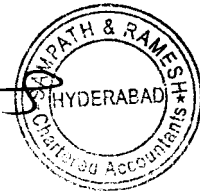
**CALCULATION OF DEFERRED TAX**

<b>FINANCIAL YEAR 2009-2010</b>	<b>AMOUNT IN RUPEES</b>
Depreciation as per the Income Tax Act.	13,292,363
Depreciation as per the Companies Tax Act.	15,116,617
<b>Difference in Depreciation</b>	<u><b>(1,824,254)</b></u>
Deferred Tax	<b>(620,064)</b>

**AS PER OUR REPORT OF EVEN DATE ATTACHED**

**For SAMPATH & RAMESH  
Chartered Accountants**

  
**(A. KRISHNA REDDY)  
PARTNER M.No. 204755**



**PLACE : HYDERABAD  
DATE : 28-05-2010**

**For and on behalf of Board**

  
**M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING  
DIRECTOR**

  
**M. ASHOK SAGAR  
DIRECTOR**

  
**A. DEVI PRASAD  
COMPANY SECRETARY**



## MIDFIELD INDUSTRIES LIMITED

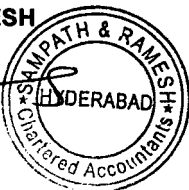
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	As at 31st March 2010 Rs(in Lakhs)
<b>A. CASH FLOW FROM OPERATION ACTIVITIES:</b>	
Net Profit before Tax and Extraordinary items	1,257.60
<b>Adjustments for:</b>	
(+) Depreciation	151.17
(+) Finance and Interest Cost	498.67
(-) Non Trade Income	19.12
<b>Operating Profit before working capital changes</b>	<b>1,888.31</b>
(Increase) / Decrease in Inventories	43.62
(Increase) / Decrease in Receivables	(1,408.73)
(Increase) / Decrease in Loans & Advances	(242.39)
(Increase) / Decrease in Other Current Assets	(152.76)
Increase / (Decrease) in Current Liabilities	814.31
Increase / (Decrease) in Provisions	0.63
<b>Cash generated from operations</b>	<b>942.99</b>
Taxes paid	357.87
<b>Net Cash from Operating activities</b>	<b>585.12</b>
<b>B. CASH FLOW FROM INVESTMENTS ACTIVITIES</b>	
Purchase of Fixed Assets	(31.93)
Sales of Fixed Assets	-
Capital WIP	(175.18)
Investment in JV	-
Non trade income	19.12
<b>Net cash from in investing activities</b>	<b>(187.99)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of shares	-
Proceeds from Share Application money	-
Share Premium	-
Receipts / (Payments) of Secured Loans	66.35
Receipts / (Payments) of Unsecured Loans	32.82
Finance and Interest Cost	(498.67)
<b>Net cash from in financing activities</b>	<b>(399.50)</b>
Net increase in cash and cash equivalents (A+B+C)	(2.37)
Cash and cash equivalents as at (opening balance)	149.59
<b>Cash and cash equivalents (Closing Balance)</b>	<b>147.21</b>

For **SAMPATH & RAMESH**

(A. KRISHNA REDDY)  
PARTNER

PLACE : HYDERABAD  
DATE : 28-05-2010



For and on behalf of Board

M MADHU MOHAN REDDY  
CHAIRMAN & MANAGING  
DIRECTOR

A. DEVI PRASAD  
COMPANY SECRETARY

M. ASHOK SAGAR  
DIRECTOR



## MIDFIELD INDUSTRIES LIMITED

### SCHEDULE 19 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### I. ACCOUNTING POLICIES

1. Accounting Conventions:

The Financial statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2. Revenue Recognition:

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from Works' Contracts is recognized by reference to the completion of the contract activity at the reporting date, where the contract activity extended beyond the reporting date, on the basis of percentage of the completion method.

3. Expenditure :

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

4. Fixed Assets:

Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets.

Fixed assets which are revalued are stated at the amounts revalued are reduced by the depreciation. •

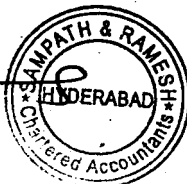
5. Depreciation:

Depreciation on Fixed Assets including on the additions on account of revaluation has been provided on a straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956.

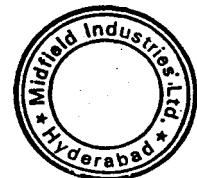
Depreciation on the additional value due to revaluation has been charged to the Revaluation reserve account.

6. Investments:

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value.

*Amir*  


*Amir*  
*Adhuru*

*Amir*  


**7. Inventories:**

Inventories have been valued as under:

- i) Raw materials, work-in-progress and stores and spares have been valued at cost.
- ii) Finished goods has been valued at cost or net realizable value whichever is lower

**8. Sale Tax Deferment Loan:**

The sales tax collected on domestic sales of Company's products form eligible units is treated as interest free sales tax loan from Govt. of A.P. in accordance with the State Govt. incentive Scheme. The amount credited to the loan account is based on the amounts collected as sales tax.

**9. Employee Benefits:**

The company is providing gratuity liability to those who have completed the minimum required services under the provision of gratuity Act.

Company's contribution towards provident fund and pension fund are charged to profit ad loss account.

Leave encashment is accounted on payment basis and charged to profit and loss account.

**10. Foreign Exchange Transactions:**

All the Foreign exchange transactions entered into during the current period are accounted at the exchange rate prevailing on the date of contract/documentation. Foreign Exchange fluctuations on transactions entered into during the period and received/paid during the period are accounted in the current financial year. The out standing accounts in foreign currency are restated at the end of the year at the foreign currency rate prevailing on that date and any fluctuation on the same is recognized and accounted at the end of the period.

**11. Excise Duty:**

Excise duty closing stock of finished goods has been provided in the accounts and considered for valuation of closing stock. A corresponding liability is created for the same amount.

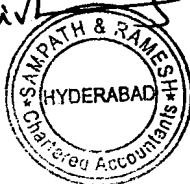
**12. Miscellaneous Expenditure:**


IPO Expenses have been charged to Profit & Loss Account .

**13. Income Tax:**

Income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company.

The deferred tax for the timing difference between book profits and tax profits for the year is accounted for, using the tax rates and laws that have been substantially enacted as of Balance Sheet date.

*Jain*  


*Jain*  
*Adh...*  


## II. NOTES ON ACCOUNTS

### 1. Contingent Liabilities:

(Rupees in Millions)

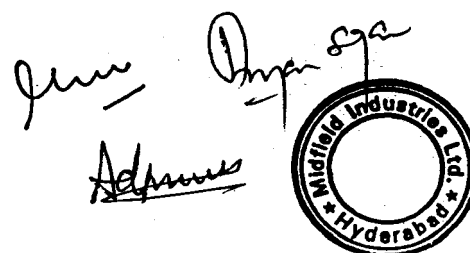
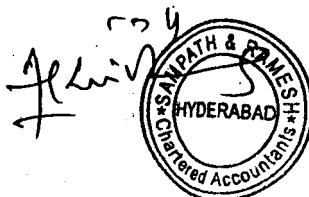
	As at 31.03.2010	As at 31.03.2009
i) Banks Guarantees given by Banks	11.11	6.32

### 2. Secured Loans :

- a) Term Loans by State Bank of India, Axis Bank Ltd. & ICICI Bank Ltd. By joint mortgage by deposit of title deeds of all immovable properties and first charge by way of hypothecation of all movable properties both present and future.
- b) Working Capital facilities sanctioned by State Bank of India, Axis Bank Ltd. & ICICI Bank Ltd. Are secured by hypothecation of raw materials, stock in process, finished goods, stores and spares and book debts both present and future. These are further secured by way of second charge on the fixed assets of the Company.
- c) The company had availed loan of Rs.350 lacs from M/s.S E Investment Limited secured by charge on intangible assets including Good will, Patent, Licence under patent, Trademark, copy right or licence under copy right of the company. The said loan has further been secured by pledge of 500,000 equity shares by the promoter of the company, namely Mr. Madhu Mohan Reddy. The company has four overdue installments.

### 3. The details of the disputed dues to customs & Sales Tax are given bellow:

Sl. No.	Nature of Statute	Nature of dues	Forum where dispute is pending	Rupees in Millions
1	CST ACT for the Asst.Years 2003-04	Set-off (U/R-27 A)	The Appellate Dy.Commissioner , Hyderabad Rural, Nampally, Hyderabad.	1.96
2	CST ACT for the Asst.Years 2004-05	Set-off (U/R-27 A)	The Commercial Tax Officer, IDA Gandhinagar Circle, Nampally, Hyderabad.	2.78
3	CST ACT for the Asst.Years 2005-06	During the assessment proceedings The Commercial Tax Officer raised the tax demand for non submission of Statutory forms. The company has submitted statutory forms subsequently, the rectification order is pending.	The Commercial Tax Officer, IDA Gandhinagar Circle, Hyderabad.	8.89





**4. Particulars of Managerial Remuneration:**

	(Rupees in Millions)	
	Year Ended 31.03.2010	Year Ended 31.03.2009
Salary	1.26	1.26
Perquisites	--	--
Provident Fund	0.05	0.05
Medical Expenses	0.01	0.01
	1.32	1.32

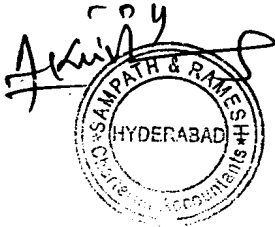
**5. Auditors Remuneration :**

	(Rupees in Millions)	
	Year Ended 31.03.2010	Year Ended 31.03.2009
Audit Fees	0.100	0.100
Tax Audit Fees	0.050	0.025
Certification & others	0.050	0.025

**6. Additional information pursuant to the provision of paragraphs 3, 4C, & 4D of Part II of Schedule VI of the Companies Act, 1956.**

	Year Ended 31.03.2010	Year Ended 31.03.2009
a) Licensed Capacity		
b) Installed Capacity (as certified by the Management)		
(i) Steel Strapping (Tonnes per annum)	12000	12000

	As on 31.03.2010	As on 31.03.2009
	Rupees in Millions	Rupees in Millions
c) Opening Stock of Finished Goods	52.91	49.62
d) Closing Stock Finished Goods	44.89	52.91



*Janu Raju*

*Adhuru*

**8. Deferred Tax Asset:**

	31.03.2010	31.03.2009
<b>a. Deffered Tax Liability</b>		
On a/c of Accumulated Tax Losses		
<b>Deffered Tax Asset</b>		
On a/c of Depreciation	(0.63)	0.91
On a/c of MAT Credit available		
<b>Net Deferred Tax</b>	(0.63)	0.91
<b>b. General Reserve adjusted against Deffered Tax Asset</b>		

**9. Sales Tax Deferment Loan:**

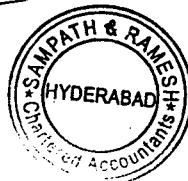
During the year, the company has availed an amount of Rs.32,71,598/- under sales tax deferment scheme and the sales tax deferment availed till the current accounting period is due for repayment Rs. 1,37,52,643/- as under.

Sl.No.	Year of Repayment	Amount in Millions
1	2014-15	0.139
2	2015-16	1.932
3	2016-17	1.510
4	2017-18	1.338
5	2018-19	1.408
6	2019-20	2.608
7	2020-21	0.236
8	2021-22	0.177
9	2022-23	0.838
10	2023-24	0.290
11	2024-25	3.271

**10. Working for the earnings per share in terms of AS 20- "Earning per share"  
(Amount in Rupees)**

	31-03-2010	31-03-2009
1 Net Profit for basis EPS	8,23,80,410	5,34,46,128
2 Weighted Average No. of Shares	8321250	8321250
3 Annualized Basic Earnings per share	9.90	6.42

*Accountant*



*June*

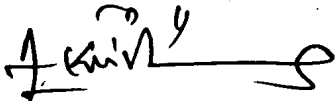
*Manager*

*Admission*



11. Raw Materials purchases includes carriage inwards, material handling and clearing & forwarding charges etc
12. Confirmations are still to be received in respect of the amounts relating to Debtors, Creditors and Loans & Advances.
13. Figures for the previous year have been regrouped/ reclassified/ recast wherever necessary. Figures are rounded off to the nearest rupee.

**For SAMPATH & RAMESH**  
Chartered Accountants



**(A. KRISHNA REDDY)**  
Partner M.No. 204755

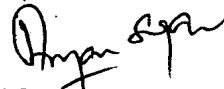


PLACE : Hyderabad  
DATE : 28.05.2010

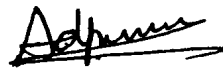
**For and on behalf of Board**



**M. MADHU MOHAN REDDY**  
Chairman & Managing Director



**M. ASHOK SAGAR**  
Director



**A. DEVI PRASAD**  
Company Secretary