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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

<b>SHRI P.K. TYAGI</b>	-	DIRECTOR
<b>SHRI B S RAJU</b>	-	WHOLETEIME DIRECTOR
<b>SHRI P. HARINADHA BABU</b>	-	INDEPENDENT DIRECTOR
<b>SHRI G.NITYANAND</b>	-	INDEPENDENT DIRECTOR
<b>SHRI S.RADHAKRISHNAN</b>	-	INDEPENDENT DIRECTOR
<b>SHRI K.DEEPAK</b>	-	ADDITIONAL DIRECTOR

**AUDITORS** : **M/s G.L. KOTHARI & CO.,**  
Bangalore

**REGISTERED OFFICE** : 25-A Attibele Industrial Area,  
Attibele -562 107,  
Bangalore district.

**CORPORATE OFFICE** : 8-2-684/3/25&26, Road No.12,  
Banjara Hills, Hyderabad,  
Andhra Pradesh- 500 034.

**REGISTRAR AND  
SHARE TRANSFER AGENT** : Integrated Enterprises ( India) Limited  
(Alpha Systems Private Limited.,  
Now merged into)  
30, Ramana Residency, 4th cross,  
Sampige Road, Malleswaram ,Bangalore.

**LISTED AT** : Bombay Stock Exchange Limited  
The Bangalore Stock Exchange Limited  
The Ahmadabad Stock Exchange Limited  
The Delhi Stock Exchange Limited

## NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of the Company will be held on Tuesday, 20th September, 2011 at 11.30 A.M at the Registered office of the Company at 25-A Attibele Industrial Area, Attibele - 562107, Bangalore District to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss Account for the financial year ended on that date along with the Report of Directors and the Auditors thereon.
2. To appoint Director in the place of Sri P.Harinadha Babu , who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in the place of Sri P.K.Tyagi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint G.L. Kothari & Co, Chartered Accountants Bangalore, as Statutory Auditor of the Company to hold the office as such from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:

"RESOLVED THAT Sri Deepak Kukreti who was appointed as an Additional Director

of the company w.e.f 15.10.2010, holds office till the commencement of this Annual General Meeting and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company whose period of office shall be liable to determination by retirement of Directors by rotation."

6. Voluntary Delisting of equity shares of the Company from the Stock Exchanges at Ahmedabad, Bangalore and New Delhi:

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED that consent of the Company be and is hereby accorded for voluntary delisting of equity shares of the Company from Ahmadabad Stock Exchange Limited (ASE) Bangalore Stock Exchange Limited (BGSE) and The Delhi Stock Exchange Limited (DSE) in accordance with the provisions of the Securities and Exchange Board of India (De-listing of Equity Shares) Regulations 2009 and all relevant laws, rules, regulations and guidelines [including any statutory modification(s) or re-enactment(s) thereof or may be enacted hereinafter by Securities and Exchange Board of India (SEBI), or any other appropriate authority(ies) from time to time and for the time being in force] and subject to such approvals, permissions, consents and sanctions as may be required from any relevant authority(ies) including the Stock Exchanges concerned and in compliance with such condition(s) and modification(s) as may be necessary for this purpose."

"FURTHER RESOLVED that the Board of Directors of the Company [hereinafter

referred to as the "Board", which term shall be deemed to include any Committee(s) thereof formed for the time being to exercise the powers conferred by the Board], be and is hereby authorised to seek voluntary de-listing, take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to voluntary de-listing of equity shares from the aforesaid four Stock Exchanges and to execute all such deeds, documents, writings as may be necessary or required for giving effect to this resolution".

BY THE ORDER OF THE BOARD

Sd/-

**B.S. RAJU**

WHOLE TIME DIRECTOR

Place : Hyderabad

Date : 13.08.2011

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books will remain closed from **2nd** September, 2011 to **5th** September, 2011 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
4. Members are requested to quote their Registered Folio No on all correspondence with the Company.
5. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents ) at Integrated Enterprises ( India) Limited ( Alpha Systems Private Limited now merged into, ), 30, Ramana Residency, 4th Cross, Sampige Road, and Malleswaram Bangalore.
6. Shareholders desiring any information regarding the Accounts are requested to write to the company atleast 7 days before the date of the Meeting so as to enable the Management to keep the information ready.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice/documents including annual report can be sent by e-mail to its members. We fully support the Ministry's green initiative. Accordingly, the members are requested to inform their e-mail addresses.
8. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is annexed.

**EXPLANATORY STATEMENT  
(Pursuant to section 173(2) of the Companies Act 1956)**

**Item No. 5**

Mr. Deepak Kukreti was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 15th October, 2010 Pursuant to Section 260 of the Companies Act, 1956, Mr. Deepak Kukreti holds office only up to the commencement of the ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Deepak Kukreti as a candidate for the office of Director.

The Board of Directors recommended the resolution for shareholders approval. None of the directors were interested or concerned except Mr. Deepak Kukreti.

The profile of the said director is annexed hereto under the head "Additional Information "

**Item No. 6 :**

Voluntary delisting of shares from the Stock Exchanges at Bangalore, Ahmadabad, and New Delhi:

The shares of the company can be traded on the BSE, who have extensive network of nationwide trading terminals, In the case of BGSE, ASE and DSE the trading volumes in the Company's shares are nil Hence, the continued listing of the Equity Shares of the Company on these regional exchanges neither serves the interest of the Members/ Investors nor that of the Company.

The Board of your Company at its meeting held on 13th August, 2011 has recommended voluntary delisting of the shares of the Company from BGSE, ASE and DSE subject to the approval of the shareholders, .The shares will however be continued to be listed and traded on BSE and therefore delisting from the said exchanges will not have any major effect on the trading volumes of your Company's shares and would entail savings in Annual Listing Fees and other administrative costs.

In terms of the equity shares of the Company shall continue to remain listed on Bombay Stock Exchange Limited, no exit option is required to be offered to the Shareholders.

The Securities and Exchange Board of India (De-listing of Equity Shares) Regulations 2009 provides option to a company to voluntarily delist its securities, without offering an exit opportunity to its shareholders, if the Company continues to be listed on Stock Exchanges having nationwide terminals. Your Company complies with this condition and is therefore eligible to voluntarily delist its securities from the aforesaid regional stock exchanges.

In accordance with the Securities and Exchange Board of India (De-listing of Equity Shares)

Regulations 2009 consent of the Members by means of a Special Resolution is required for voluntary delisting of the Company's shares. Hence Your Directors recommend the Special Resolution for the approval of the members.

None of the Directors of your Company are in any way concerned or interested in this resolution.

**ADDITIONAL INFORMATION**  
**(pursuant to Clause 49 IV (G) of the Listing Agreement)**

Sri Deepak Kukreti is a graduate of Hotel Management and has vast experience in the field of business industry. His services are considered to be useful to the Company in various aspects.

He is Director in the following Companies:

1. S-Square Bistros Private Limited,
2. Reliance Granite Private Limited.

Shareholding in the Company: Nil

Sri P.Harinadha Babu is a retired Deputy Director , Geological Survey of India having vast experience in exploration of mining operations. He is considered as one of the best experts in the Country in dimensional stone mining and processing.

Shareholding in the Company: Nil

**P K Tyagi**

SRI PRABHAT .K.TYAGI is the promoter of the Company. He is a graduate and having vast experience in the field of granite processing and marketing. He has travelled extensively to USA, Europe, and far Eastern Countries and has gathered wide knowledge in both the manufacture and marketing aspects of the Industry.

The Board considers the knowledge and experience of Sri P K Tyagi, as invaluable use for the Company.

Shareholding in the Company: 17413 Equity shares

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the TWENTY FIRST ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2011.

**FINANCIAL HIGHLIGHTS:**

The performance of the company for the financial year ended 31st March 2011 is summarized below.

<b>PARTICULARS</b>	<b>(Rupees In Lakhs)</b>	
	<b>2010-11</b>	<b>2009-10</b>
Gross Revenue	148.38	69.71
Total Expenditure	176.22	126.82
Profit/ (Loss) before Financial Charges, Depreciation and Taxation	-278.40	-119.98
Less : Financial Charges	0.70	0.59
Depreciation	6.03	6.25
Profit/(Loss) before Tax (PBT )	-27.83	-57.11
Less/Add: Profit/ loss on sale / discard nation of Fixed Assets	0.00	1.67
Less : (Income Tax)	0.00	0.00
Add: Provision for Fringe Benefit Tax	0.00	0.00
Add: Provision for Deferred Tax Liability / (Asset)	-6.10	11.19
Profit/(Loss) after Tax	-33.94	-69.97
Add : Balance brought forward from previous year	-1340.72	-1270.75
Balance carried to Balance Sheet	-1374.67	-1340.72

**PERFORMANCE**

The Company has achieved a gold turnover of 75.85 lacks during the year and achieved a profit of 0.99 lacks

Your Company achieved a overall Turnover of Rs. 148.38 Lacs when compared to Rs 69.71 lacs during the previous year. The operations of the Company resulted in a loss of Rs.27.83 lacs when compared to Rs. 57.11 lacs before taxes during the previous year.

The Major cause for the huge loss is on account of the high cost of goods sold, The Board is striving hard to improve the performance of the Company.



**FUTURE OUTLOOK:**

The management has done well to ensure sustain operations. However, due to high cost and expenditure, the operations resulted in Loss. Efforts are being made to reduce the costs involved. Further the Company has applied for Prospecting Licences for gold mineral in Andhra Pradesh area and Tamilanadu .

**DIVIDEND:**

Your Directors do not recommend any dividend for the financial year 2010-2011, in view of the accumulated losses.

**NAME CHANGE :**

During the Year the members of the Company vide postal ballot results dated 03.07.2010 has approved for its change of name from Nova Granites (India) Limited to Midwest Gold Limited subject to the approval of the Registrar of Companies. The Registrar of Companies, Bangalore has approved the new name of Midwest Gold Limited w.e.f 15.12.2010 and issued Fresh Certificate Incorporation in the new name.

**SHIFTING OF REGISTERED OFFICE :**

The members of the Company has approved the shifting of Registered Office from Bangalore to Hyderabad vide postal ballots results dated 03.07.2010.

**REVOCATOIN OF SUSPENSION IN TRADING OF EQUITY SHARES :**

The Bombay Stock Exchange limited has revoked trading in shares of the company w.e.f 17th March, 2011. However, since the company does not have demat connectivity, the shares of the company are traded in physical form.

**FIXED DEPOSITS:**

The company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

**DIRECTORS:**

Sri P.K.Tyagi and Sri P.Harinadha Babu, directors are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Deepak Kukreti was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 15th October., 2010

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Deepak Kukreti holds office only up to the commencement of the ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with deposit of Rs. 500/- signifying his intention to propose Mr. Deepak Kukreti as a candidate for the office of Director. The relevant resolution proposing the appointment of Mr. Deepak Kukreti as Director is included in the Notice of the Annual General Meeting for your approval.

**AUDITORS:**

M/s. G.L. Kothari & Co. Chartered Accountants, Bangalore, the Statutory Auditors of the company retire at the conclusion of ensuing Annual General Meeting & being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment as the Statutory Auditor of the Company.

**PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, and as amended from time to time as remuneration, none of the employees is in excess of Rs.5,00,000/- per month, if employed for the part of year or Rs.60,00,000/- per annum during the financial year 2010-11 .

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) that the directors have 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 and loss of the company for that period;
- (iii) that the directors have 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 the directors have prepared the annual accounts on a going concern basis.

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

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given as Annexure A and forms part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement forms part of this Report and is annexed hereto.

**CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

**COMPLIANCE CERTIFICATE:**

The Company has obtained Compliance Certificate for the financial year 2010-11, pursuant to the provisions of Section 383A of the Companies Act, 1956 from a qualified Company Secretary in whole time practice. A copy of the same is attached to this report.

**LISTING:**

Your Company's shares are presently listed on the Stock Exchanges of Bombay, Bangalore, Ahmadabad, and Delhi.

**ACKNOWLEDGEMENTS:**

The Board of Directors would like to place on record its appreciation towards all the employees & the managerial personnel of the company for their contribution in the operations of the company during the year under review. The Directors would also like to record their sincere thanks to the Central and State Government officials, customers, vendors and the shareholders for their continued support and co-operation.

BY THE ORDER OF THE BOARD  
**For MIDWEST GOLD LIMITED**

Place : Hyderabad  
Date : 13.08.2011

Sd/-  
**P.K. Tyagi**  
Director

Sd/-  
**B.S. RAJU**  
Whole Time Director

**Annexure – A**

**INFORMATION 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.**

**A. CONSERVATION OF ENERGY :**

- i. The Operations of the Company require extensive use of power and the company is supplementing its power requirement by use of generators installed in the Factory.
- ii. The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy.
- iii. There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- iv. Disclosure under Form A is not applicable to the Company.

**B. TECHNOLOGY ABSORPTION :**

**FORM B**

(Disclosure of particulars with respect to technology Absorption)

- i) Research and Development (R & D) :  
Specific areas in which R & D carried out by the Company : NIL  
Benefits derived as a result of the above : NIL  
Future plan of action : NIL  
Expenditure on R & D : NIL
- ii) Technology absorption, adaptation and innovation : NIL

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange earnings and outgo: Rs in Lacs  
(on receipts and payments basis)

Particulars	2010-2011	2009-2010
Foreign Exchange Earnings	0.00	19.98
Foreign Exchange Outgo	0.00	3.98

BY THE ORDER OF THE BOARD  
**For MIDWEST GOLD LIMITED**

Sd/-  
**P.K. Tyagi**  
Director

Sd/-  
**B.S.Raju**  
Whole Time Director

Place : Hyderabad  
Date : 13.08.2011

**COMPLIANCE CERTIFICATE**

Registration Number : 08-011396  
Authorised capital : Rs.20,00,00,000/-  
Paid up capital : Rs. 3,27,00,000/-

To  
The Members of  
Midwest Gold Limited.

I have examined the Registers, Records, Books and papers of M/s Midwest Gold Limited (Formerly Nova Granites (India) Limited) (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents. I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and rules made there under.
3. The Company being a public limited Company, the provisions of Section 3 (1) (iii) (b), (c) and (d) are not applicable to the Company.
4. The Board of Directors duly met 6 (Six) times respectively on 19.05.2010, 14.08.2010, 05.09.2010, 15.10.2010, 14.11.2010 and 14.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 23rd September, 2010 to 25th September 2010 (Both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 30.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.

8. The Company has not advanced loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. As per the explanations and clarifications given, the Company has not entered into any contracts falling within the purview of section 297 of the Act during the year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act, and the entries are duly recorded therein.
11. As there were no instances falling within the purview of section 314 of the Act, and as such the Company is not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
  - i. Has duly delivered all the certificates on lodgment thereof for transfer / transmission of securities or any other purpose in accordance with the provisions of the Act during the year.
  - ii. Has not deposited any amount in separate Bank Account as no dividend was declared during the financial year.
  - iii. Was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv. Has not transferred the amounts in unpaid dividend account, application money due for refund, matured debentures, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of Seven years to Investor Education and Protection Fund – No such cases
  - v. Has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. Two directors were resigned and one director has been appointed as additional director and necessary forms were filed with Registrar of Companies during the financial year.
15. There are no such instances falling under the provisions of Section 269 of the Act with regard to appointment of Managing Director/ Whole time Director/ Manager.
16. The Company has not appointed any sole selling agents during the financial year.
17. Durig the year under review, the Company is not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar of

- Companies or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
  19. The Company has not allotted any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
  24. The Company has not borrowed any monies from the directors, members, banks during the financial year.
  25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries were required to be made in the register for this purpose during the year.
  26. The Company has altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
  27. The Company has altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
  28. The Company has altered the provisions of the Memorandum with respect to name during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny.
  30. The Company has altered its Articles of Association during the year under scrutiny.
  31. There was no prosecution initiated against or show cause notices received by the Company during the year.

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32. As per the explanations and clarifications provided, the Company has not received any money as security from its employees during the year.
33. The Company has not constituted any provident fund Trust for its employees pursuant to the provisions of Section 418 of the Act.

Place: Bangalore  
Date : 28.05.2011

Name : Gopal Dhanaji  
Practicing Company Secretary  
C.P No. : 8415  
A.C.S No. : 23226

Name of the Company : Midwest Gold Limited.  
Registration Number : 08-011396

### **Annexure – A**

Statutory Registers as maintained by the Company

1. Register of Charges U/s 143
2. Register of Members U/s150
3. Minute Books of Board Meetings and
4. Minute Books of General Meetings U/s 193
5. Register of particulars of contracts in which Directors are interested U/s 301
6. Register of Directors, Managing Director, Manager and Secretary U/s 303
7. Register of Directors Shareholding U/s 307

Place: Bangalore  
Date: 28.05.2011

Name : Gopal Dhanaji  
Practicing Company Secretary  
C.P No. : 8415  
A.C.S No. : 23226



Name of the Company : Midwest Gold Limited.  
Registration Number : 08-011396

**Annexure – B**

Forms and Returns as filed by the Company with Registrar of Companies during the financial year ending 31st March 2011.

SL No/	Form No Return	Under Section	Description	Date of filing	Whether filed with in prescribed Time Yes/No	If delay in filing whether requisite Additional fee paid Yes/No.
1.	Sch VI	220	Annual Reports for the year 2009-2010.	27.10.2010	Yes	No
2.	Sch V	159	Annual Return for the Year 2009-2010.	29.11.2010	Yes	No
3.	Form 66	383A	Compliance Certificate	26.10.2010	Yes	No
4.	Form 62	N.A	For submission of documents with the registrar of Companies	24.05.2010	Yes	No
5.	Form 62	N.A	For submission of documents with the registrar of Companies	22.10.2010	Yes	No
6.	Form 23	192	Registration of Resolution	12.07.2010	Yes	No
7.	Form 23	192	Registration of Resolution	02.12.2010	Yes	No
8.	Form 32	303	Appointment /Cessation of Director	24.05.2010	Yes	No
9.	Form 32	303	Appointment /Cessation of Director	05.06.2010	Yes	No
10.	Form 32	303	Appointment/Cessation of Director	08.11.2010	Yes	No
11.	Form 32	303	Appointment /Cessation of Director	29.11.2010	Yes	No

Place: Bangalore  
Date: 28.05.2011

Name : **Gopal Dhanaji**  
Practicing Company Secretary  
C.P No. : 8415  
A.C.S No. : 23226

**MANAGEMENT DISCUSSION & ANALYSIS**

**OVERVIEW :**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and other statutory requirements. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present our state of affairs, profits and cash flows for the year.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

The products of the Company have a very costly and competitive in domestic as well as in overseas markets, which are confined to some rich countries only, coupled with that the demand for gold is heading scarce material globally. The competition in the International market has also increased to an alarming proportion. The company being aware of these fast developing scenarios is constantly striving to come up with suitable technological innovations and investments.

Further your Company has identified new line of business activity of exploration of gold and other precious metals , acquisition of gold mines in India as well as overseas such as South Africa, Zimbabwe where huge resources available for gold , precious metals and other minerals.

The Company has the mechanism to combat the risks of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural calamities, obsolescence, and fluctuations in foreign currency etc. The management of your company is on constant vigil to combat any eventuality that may pose threat to the company's business.

**SEGEMENT-WISE PERFORMANCE:**

The Company has two segments one is gold, the new activity and other is Granite and Marble, the original activity i.e before change of name and activity and necessary disclosures have been made as per Accounting Standard 17 on Segment Reporting in the notes to Accounts.

**INTERNAL CONROL SYSTEMS AND THEIR ADEQUACY:**

The philosophy we have with regard to internal control systems and their adequacy has been formulation of effective systems and their strict implementation to ensure that assets and interests of the Company are safeguarded; checks and balances are in place to determine the accuracy and reliability of accounting data. The Company has a well

defined organization structure with clear functional authority, limits for approval of all transactions. The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. Company updates its internal control system from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines.

**FINANCIAL PERFORMANCE & OUTLOOK:**

Your Company achieved Turnover from new activity of Rs. 75.85 lacs during the financial year. The operations of the Company resulted in a profit of Rs. 0.99 lacs before taxes during the financial year.

Your Company achieved a overall Turnover of Rs. 148.38 Lacs when compared to Rs 69.71 lacs during the previous year. The operations of the Company resulted in a loss of Rs.27.83 lacs when compared to Rs. 57.11 lacs before taxes during the previous year.

The major cause for the huge loss is on account of the high cost of goods sold, The Board is striving hard to improve the performance of the Company.

The management has done well to ensure sustain operations. However, due to high cost and expenditure, the operations resulted in Loss. Efforts are being made to reduce the costs involved.

**PERSONNEL:**

Human wealth is the ultimate wealth in for any industry. The Company recognizes this fact and understands that employees are one of the most important sources for sustained growth of any business. Quality personnel delivering their optimum potential for the organization is the key differentiator. The Company maintained good relations with its employees and there was no unrest in the Company at any point of time.

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE**

The Company believes in transparency, empowerment, accountability and integrity in its operations duly delegated authority to various functional heads that are responsible for attaining the corporate plans with the ultimate purpose of enhancement of "Stake holder value".

Moreover, the Company believes that sound Corporate Governance practices provide an important platform to assist the management and the Board in delivering its responsibilities. The Company has always been taking the spirit of various legislations as guiding principles and has done well beyond simple statutory compliance. The Board of directors of the company have responsibility of protecting the long term interests of all the stakeholders, while adhering to sound principles of corporate governance.

The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

**2. BOARD OF DIRECTORS**

During the Financial year ended 31st March, 2011, Board of Directors met 6 (Six) times as mentioned below and gap between two Board meetings did not exceed four months. None of the Directors on the Board is a member in more than 10 committees and none of them act as Chairman of more than five committees across all companies in which he is a Director.

19.05.2010	14.08.2010	05.09.2010	15.10.2010	14.11.2010	14.02.2011
------------	------------	------------	------------	------------	------------

The attendance at the Board Meetings conducted during the 12 months period ended 31st March, 2011 and at the Annual General Meeting as also the number of Directorships and committee memberships (other than Midwest Gold Limited ) are given below:

Name of Director	Category	Designation	No. of Board Meetings Attended	Attendance at previous AGM	No. of Memberships in other companies (excluding private limited Companies) Boards Committees	
**K. Deepak	Promoter & Non-Executive	Director	3	--	--	--
P.K.Tyagi	Promoter & Non-Executive	Director	6	Yes	--	--
P. Harinadha Babu	Non-Executive, Independent	Director	6	Yes	1	--
S. Radhakrishnan	Non-Executive, Independent	Director	5	No	--	--
B S Raju	Whole Time Director	Whole Time Non-Executive	6	yes	1	--
G.Nityanad	Non-Executive, Independent	Non-Executive Independent	5	Yes	--	--

\*\* Appointed as Additional Director w.e.f 15.10.2010.

### **3. AUDIT COMMITTEE**

The Committee purely consists of 3 independent and Non-Executive Directors, which provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required.

#### **Composition:**

**The audit Committee has been re constituted with new composition as follows**

Shri G.Nityanand	-	Chairman
Shri S. Radhakrishnan	-	Member
Shri P. Harinadha Babu	-	Member

**The terms of reference as per Clause 49 of the Listing Agreement are as follows**

- a. To review the results and announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the board, focusing particularly on:
  - (i) Any changes in accounting policies and practices.
  - (ii) Compliance with accepted accounting standards.
  - (iii) Compliance with the Listing and other Legal requirements
  - (iii) Major Judgmental Decisions; etc.
- b. To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c. To discuss with the statutory Auditor, before the audit commences, the nature and scope of the Audit.
- d. To discuss problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss.
- e. To consider other matters as may be delegated by the Board from time to time.

#### **Powers of Audit Committee:**

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Meetings during the year:**

During the Financial year ended 31st March, 2011, the Audit Committee met 5 times as follows, and all the members were present in each of such meetings.

19.05.2010	14.08.2010	05.09.2010	14.11.2010	14.02.2011
------------	------------	------------	------------	------------

The Company continued to derive immense benefit from the deliberations of the Audit Committee. Shri G.Nityanand, headed the Audit Committee as Chairman has rich experience and knowledge in Finance, and Accounts apart from technical back ground. The members always added value for the Company. Minutes of each Audit Committee are placed before the Board and discussed in the meeting

**4. REMUNERATION COMMITTEE**

**Terms of Reference:**

The terms of reference as per Clause 49 of the Listing Agreement is to determine and review the remuneration, performance, and related bonuses of Executive Director(s), if any.

**Composition**

During the year remuneration committee was reconstituted with following directors :

Shri S. Radhakrishnan	-	Chairman
Shri P. Harinadha Babu	-	Member
Shri G.Nityanand	-	Member ( W.e.f 19.05.2010)

**Remuneration paid to Directors during the Financial year 2010 -2011:**

Executive Directors : NIL

Non - Executive Directors : NIL

No meeting of the remuneration committee was held during the financial year 2010-2011 since there was no remuneration paid to any director.

**Shareholding of Non-Executive Director:**

None of the Non-Executive Directors of the Company holds any shares in the Company.

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

### Brief description of terms of reference:

The Committee focuses on shareholders' grievances and strengthening of investor relations. The committee looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors.

The Committee specifically looks into investor complaints like Transfer/ transmission/ transposition of shares, non receipt of Annual Report, non – receipt of dividend, and other related issues.

### Composition

The committee consists of the following directors :

Shri S. Radhakrishnan	-	Chairman
Shri B.S.Raju	-	Member
Shri P.Harinadha Babu	-	Member

One Complaint was received during the year and it was resolved with in the time stipulated period. There are no outstanding complaints as on 31st March 2011.

There are no outstanding complaints as on 31st March 2011.

Shri B S Raju, Whole Time Director of the Company is the Compliance Officer of the Company.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

## 7. GENERAL BODY MEETINGS:

### Venue and time where the last three AGMs held:

Year	AGM	Venue	Day & Date	Time
2008	18th	25-A, Attibele Industrial Area Attibele, 562 107 Bangalore district	Tuesday, 30th September, 2008	10:30 A.M
2009	19th	25-A, Attibele Industrial Area Attibele, 562 107 Bangalore district	Tuesday, 29th September, 2009	10:30 A.M
2010	20th	25-A, Attibele Industrial Area Attibele, 562 107 Bangalore district	Thursday, 30th September, 2010	10:30 A.M

**Special Resolutions:**

No Special Resolutions have been passed in the previous 3 AGM's.

**8. Postal ballot:**

**Postal Ballot Notice Dated 19.05.2010**

There were Five items of business transacted by way of Postal Ballot during the financial year 2010-11, the shareholders of the Company passed five special resolutions through postal ballot. Detailed procedure followed by the Company is provided hereunder:

1. The Board of Directors of the Company ("Board") in its meeting held on 19th May, 2010, sought the approval of the shareholders through postal ballot for the following five items as special resolutions:

**Item No. 1**

Special Resolution under Section 16, 17 of the Companies Act, 1956 for amendment of Main Objects Clause III (A) of the Memorandum of Association of the Company by inserting Sub Clauses 3 & 4 after the existing Clause III (A) 2 relating to insertion of gold and other precious metals objects,

**Item No. 2**

Special Resolution under Section 16, 17 of the Companies Act, 1956 for amendment of Other Objects Clause by inserting Sub Clauses 9 & 10 after existing Clause III (C) 8 relating to insertion of oil and power objects.

**Item No.3**

Special Resolution under Section 149 (2A) of the Companies Act, 1956 for commencement of business in the newly inserted sub Clause 9 & 10 in other object clause of the memorandum of Association of the Company relating to oil and power sector.

**Item No. 4**

Special resolution under section 21 of the Companies Act,1956 for changing the name of the company to Midwest Gold Limited.

**Item No. 5**

Special Resolution under Section 146 (2) Companies Act, 1956 for shifting the registered office of the company from the state of Karnataka to the state of Andhra Pradesh



2. The Notice of the Postal Ballot dated 19th May, 2010, Postal Ballot form and self-addressed pre-paid postage envelope were sent to the shareholders. The last date for receipt of the Postal Ballot from the Shareholders was 2nd July, 2010 .
3. Mr.P.S.Rao, Company Secretary in Practice, Hyderabad submitted his report dated July, 03, 2010 with the Company and based on the said report, results of Postal Ballot were declared on 3rd July, 2010 as under:

Item No.	No. of valid ballots received	No. of invalid ballots received	Votes cast in favour	Votes cast against
1	9	Nil	2445495 (100%)	Nil
2	9	Nil	2445495 (100%)	Nil
3	9	Nil	2445495 (100%)	Nil
4	9	Nil	2445495 (100%)	Nil
5	9	Nil	2445495 (100%)	Nil

The Resolutions were approved by the overwhelming majority of the shareholders. The results were also Informed to the Bombay Stock Exchange, other stock exchanges and Registrar of Companies, Bangalore

**Postal Ballot Notice Dated 15.10.2010**

There were another Five items of business were transacted by way of Postal Ballot during the financial year 2010-11, the shareholders of the Company passed three special resolutions and two ordinary resolutions through postal ballot. Detailed procedure followed by the Company is provided hereunder:

1. The Board of Directors of the Company (“ Board”) in its meeting held on 15th October, 2010, sought the approval of the shareholders through postal ballot for the following three items as Special Resolutions and other two are as Ordinary resolutions:

**Item No. 1**

Special Resolution under Section 16, 17 of the Companies Act, 1956 for deletion of Clause 1 & 2 of Main Objects of the Memorandum of Association of the Company and to renumber the existing clause 3 & 4 as 1 & 2.

**Item No. 2**

Special Resolution under Section 16, 17 of the Companies Act, 1956 for insertion of Clause 11 & 12 after the existing clause 10 of the Other Objects of the Memorandum of Association of the Company.

**Item No.3**

Special Resolution under Section 149 (2A) of the Companies Act, 1956 for commencement of business in the newly inserted sub Clause 11 & 12 in other object clause of the memorandum of Association of the company.

**Item No. 4**

Ordinary resolution under Section 293 (1)(d) of the Companies Act, 1956 for Enhancement of the Borrowing Limits in excess of the Paid Up Share Capital Of The Company And Its Free Reserves for an amount not exceeding 25 Crores.

**Item No. 5**

Ordinary resolution under section 293 (1)(a) for Authorizing the Board Of Directors Of The Company To Borrow Moneys By Way of Creating Charge On The Assets Of The Company.

2. The Notice of the Postal Ballot dated 15th October, 2010, Postal Ballot form and self-addressed pre-paid postage envelope were sent to the shareholders. The last date for receipt of the Postal Ballot form from the Shareholders was 22nd November, 2010.
3. Mr.P.S.Rao, Company Secretary in Practice, Hyderabad submitted his report dated November, 23, 2010 with the Company and based on the said report, results of Postal Ballot were declared on 23rd November, 2010 as under:

Item No.	No. of valid ballots received	No. of invalid ballots received	Votes cast in favour	Votes cast against
1	11	Nil	2745495 (100%)	Nil
2	11	Nil	2745495 (100%)	Nil
3	11	Nil	2745495 (100%)	Nil
4	11	Nil	2745495 (100%)	Nil
5	11	Nil	2445495 (100%)	Nil

**9. DISCLOSURES :**

**Related Party Transaction** (Shown in Notes to Accounts)

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., having potential conflict with the interests of Company at large.

**Penalties for non-compliance:**

There were no penalties imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all mandatory requirements prescribed.

**10. C.E.O/C.F.O. Certification**

Mr. P.K.Tyagi , Director & Mr. B.S. Raju, Whole Time Director certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 13.08.2011.

**11. GENERAL SHAREHOLDER INFORMATION:**

**Annual General Meeting :**

Day, Date and time	:	20th Day of September, 2011 at 11.30 A.M
Venue	:	25-A Attibele Industrial Area Attibele -562 107 Bangalore district
Book Closure Date	:	02nd September 2011 to 05th September, 2011 (both days inclusive)
Dividend	:	No dividend is recommended for the year.
Listing on Stock Exchanges	:	The shares of the company are listed on : Bombay Stock Exchange Limited The Bangalore Stock Exchange Limited The Ahemedabad Stock Exchange Limited The Delhi Stock Exchange Ass. Limited
Stock Code	:	BSE - 526570 BGSE- NVG ASE- 41019 DSE - 6771
Market Price Data	:	<b>22.9</b>

Registrars and Transfer Agents : Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to :

Integrated Enterprises India Limited  
(Alpha Systems Private Limited.,)  
30, Ramana Residency, 4th cross,  
Sampige Road, Malleswaram Bangalore  
Ph : 080-23460815 - 818, Fax :080-23460819

**Share Transfer System :**

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

**Issue of Equity Shares : Nil**

**DISTRIBUTION OF HOLDINGS AS ON 31.03.2011**

Shares or Debenture holding of nominal value of					
		Share/ Debenture holders		Share/ Debenture Amount	
Rs.	P.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto	-- 5,000	6882	99.57	1803610	5.52
	5,001 - 10,000	9	0.13	651110	1.99
	10,001 - 20,000	5	0.07	724130	2.21
	20,001 - 30,000	4	0.06	1006220	3.08
	30,001 - 40,000	9	0.13	3114930	9.53
	40,001 - 50,000	0	0.00	0	0.00
	50,001 - 1.00,000	0	0.00	0	0.00
	1,00,001 and above	3	0.04	25400000	77.68
<b>Total</b>		<b>6912</b>	<b>100.00</b>	<b>32700000</b>	<b>100.00</b>

**Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity:**

The Company has not issued any of these instruments till date.

**Share Capital Audit:**

A qualified practicing Company Secretary carries out Share Capital Audit every quarter to reconcile the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form.

**Address for correspondence :**

**Plant Location & Registered Office** : 25-A Attibele Industrial Area  
Attibele -562 107, Bangalore District

**Corporate Office** : 8-2-684/3/25&26, Road No.12,  
Banjara Hills, Hyderabad,  
Andhra Pradesh- 500 034.

**MEANS OF COMMUNICATIONS:**

As per the Clause 41 of the listing requirements, the Company's Quarterly, Half-yearly and annual results are published in Business Standard in English and Sanjevani in Kannada Newspapers. The Annual Report and other communication are sent to the shareholders through Post.

**Nomination Facility :**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

**12. Code of Conduct for the Board & Senior Management Personnel:**

The Company has laid down a Code of Conduct which has been effectively adopted by the Board Members and Senior Management Personnel of the Company.

**DECLARATION OF COMPLIANCE OF CODE OF CONDUCT**

MIDWEST GOLD LIMITED has adopted a Code of Business Conduct and Ethics (the Code) which applies to all the employees and Directors of the Company. Under the Code, it is the responsibility of all the employees and directors to familiarize themselves with the code and comply with its standards.

We hereby certify that the Board of Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year 2010-11.

Sd/-  
**P.K.Tyagi**  
Director

Sd/-  
**B.S. Raju**  
Whole Time Director

Place: Hyderabad  
Date: 13.08.2011

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members,  
**MIDWEST GOLD LIMITED**  
**(Formerly NOVA GRANITES (INDIA) LIMITED)**  
Bangalore

We have examined the compliance of conditions of corporate governance by MIDWEST GOLD LIMITED (Formerly NOVA GRANITES (INDIA) LIMITED) for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the Management. Our examinations 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 expression of the opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 G.L.Kothari & Co.**  
Chartered Accountants  
Sd/-  
**G. L. Kothari**  
Proprietor  
M. No. 25481

Place: Bangalore  
Date : 28.05.2011

**CEO/CFO CERTIFICATION**

To  
The Board of Directors  
Midwest Gold Limited  
(Formerly Nova Granites (India) Limited)

We, B S Raju, Whole time Director and P K Tyagi, Director, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. To the best of our knowledge and belief, no transactions entered into by the Bank during the year 2010-11 which are fraudulent, illegal or violative of the Bank's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting.
- d. There are no deficiencies in the design or operation of internal controls.
- e. We have disclosed to the Company's Statutory Auditors and to the Audit Committee of the board that:
  - There were no significant changes in internal control over financial reporting during the year under review.
  - There were no significant changes in accounting policies during the year.
  - There were no Instances of significant fraud of which we 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 over the financial reporting.

Place : Hydreabad  
Date : 28.5.2011

Sd/  
**P.K.Tyagi**  
Director

Sd/-  
**B.S.Raju**  
Whole Time Director

**AUDITORS' REPORT**

To,  
The Members of  
**MIDWEST GOLD LIMITED**  
(Formerly Nova Granites (India) Limited)

*We have audited the attached Balance sheet of MIDWEST GOLD LIMITED (Formerly Nova Granites (India) Limited as at 31st March 2011 and also 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 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.

We report as follows:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of section 227 (4A) of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that: -
  - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b. In our opinion, the Company has kept proper books of accounts as required by Law so far as appears from our examination of such books.
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our Opinion, the Balance Sheet, Profit and 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.



- e. On the basis of written representations received from all the Directors of the Company as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified from being appointed as Directors of the Company under clause (g) of sub-section (1) of section 274 of Companies Act, 1956.
- f. The Company's rehabilitation scheme has been approved by the BIFR and the implementation of the same has been done. Accordingly, these accounts have been prepared under going concern assumption. We have relied upon management assessment on such assumption.
- g. Subject to the foregoing, in our opinion and to the best of our information & according to the explanation given to us, the said accounts read with the schedule to the notes (Schedule –“N”) give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the Accounting principles generally accepted in India: -
- a. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011.
- b. In the Case of the Profit & Loss Account, of the Loss for the year ended on that date: and
- c. In the case of Cash Flow Statement, of the cash Flows for the year ended on that date.

**For G.L.KOTHARI & Co.,**  
CHARTERED ACCOUNTANTS  
(Registration No.001445 S)

PLACE : Bangalore  
DATE : 28.05.2011

Sd/-  
**G.L.KOTHARI**  
PROPRIETOR  
M. No. 25481

**Annexure to the Auditors' Report  
Referred to in paragraph 1 of our report**

1. In respect of Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion frequency of verification is not reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification. However, necessary records in support of the said statement have not been made available to us.
  - (c) The Company has not disposed off any substantial part of the fixed assets during the current year.
  
2. **In respect of Inventories:**
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of account.
  
3.
  - (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to and from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - (b) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

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 nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - (a) According to the information and explanations given to us, we are of the opinion that the transaction that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions during the year made in pursuance of the contract or arrangements with the parties referred to in (a) above, and exceeding the value of Rs. 5.00 Lakhs in each case. The rates charged / paid were not comparable as no such transactions were made with any other party for such material.
6. In our opinion and according to the information and as per the explanations given to us, the Company has not accepted deposits from the public during the year under consideration and the Company Law Board has not passed any orders against the Company for any contravention under Sections 58A & 58AA of the Companies Act.
7. In our opinion, the Company does not have an internal audit system commensurate with the size and the nature of its business.
8. As informed to us, in respect of this Company, maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2011 for a period of more than six months from the date on which they become payable.
10. According to the records of the Company, Income tax, Sales tax, Wealth Tax, Customs Duty, Excise Duty and cess, which have not been deposited on account of dispute, are given below.

## Annual Report 2010- 2011

Nature of the Statute	Amount Unpaid (Rs in Lakhs)	Year to which it relates	Forum where dispute is pending
Custom Duty	15.01	2001-2002	Directorate General of Central Excise Intelligence.

11. The accumulated losses at the end of the financial year are more than 100% of its net worth .The Company has incurred cash loss during the current financial year 2010-11. The company total capital is Rs.3, 27, 00,000/-against total accumulated losses of Rs.13, 74, 67,100/.
12. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
13. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and as per the explanations given to us, the provisions of any special statute applicable to chit funds are not applicable to the Company.
15. In our opinion and according to the information and as per the explanations given to us, the Company is not dealing in or trading in Shares, Securities, debentures and other investment.
16. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or Financial Institutions are not prejudicial to the interest of the Company.
17. In our opinion and to the best of our information and as per the records of the Company, the Company had not borrowed any Term Loans during the year under consideration.
18. According to the Cash flow statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis, prima facie, not been used during the year for long term investment and vice versa.
19. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained U/s 301 of the Companies Act, 1956.

20. The Company has not issued any debentures during the year and therefore the question of creating security in respect there of does not arise.
21. The Company has not made any Public issues during the year and therefore the question of disclosing the end use of money does not arise.
22. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For G.L.KOTHARI & Co.,**  
CHARTERED ACCOUNTANTS  
( Registration No.001445 S)

PLACE : Bangalore  
DATE : 28.05.2011

Sd/-  
**G.L.KOTHARI**  
PROPRIETOR  
M. No. 25481

## Annual Report 2010- 2011

<b>BALANCE SHEET AS ON 31-03-2011</b>				(Amount in Rupees)	
Particulars	Sch No	As at 31-03-11		As at 31-03-10	
<b>I. SOURCES OF FUNDS:</b>					
<b>Share Holders' Funds:</b>					
Share Capital	A	32,700,000		32,700,000	
Reserves & Surplus	B	38,014,360	70,714,360	38,014,360	70,714,360
<b>2. LOAN FUNDS</b>					
Secured Loans		-		-	
Unsecured Loans		-	-	-	-
<b>3. DEFERRED TAX LIABILITY</b>			35,134,082		34,523,755
<b>TOTAL</b>			<b>105,848,442</b>		<b>105,238,115</b>
<b>1. FIXED ASSETS</b>					
Gross Block	C	162,286,253		162,268,354	
Less: Depreciation		105,438,491		104,834,952	
Net Block		56,847,762		57,433,402	
Add : Capital Work in Progress		-	<b>56,847,762</b>	-	57,433,402
<b>2. LOANS AND ADVANCES</b>					
Inventories	D	16,867,606		16,978,508	
Sundry Debtors	E	42,071,747		45,377,419	
Cash & Bank Balances	F	945,361		812,160	
Loans & Advances	G	11,857,128		11,213,298	
		71,741,842		74,381,385	
Less: Current Liabilities & Provisions	H	160,208,261		160,649,539	
Net Current Assets			<b>(88,466,419)</b>		(86,268,154)
<b>3. PROFIT &amp; LOSS ACCOUNT</b>			137,467,100		134,072,867
<b>TOTAL</b>			<b>105,848,442</b>		<b>105,238,115</b>
Significant Accounting Policies & N					
Notes to accounts					
(Schedules A to N form part of Accounts)					
As per Our Report of Even Date Attached					
<b>For G.L.Kothari &amp; Co.,</b>		<b>For &amp; on behalf of the Board of Directors</b>			
Chartered Accountants,					
Sd/-		Sd/-		Sd/-	
<b>G.L.Kothari</b>		<b>P K Tyagi</b>		<b>B.S.Raju</b>	
Proprietor.		Director		Whole Time Director	
M. No. 25481					
Place : Bangalore					
Date : 28.05.20011					

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011**

Particulars	Sch No	As on 31-03-11	As on 31-03-10
<b>I. INCOME:</b>			
Sales	I	14,608,975	6,389,323
Other Income	J	229,179	581,841
		<b>14,838,154</b>	<b>6,971,164</b>
<b>II. EXPENDITURE</b>			
Cost of Goods Sold	K	13,583,733	7,327,083
Administrative & Other Expenses	L	3,364,351	4,671,335
Finance Charges	M	70,436	59,279
Depreciation	C	603,539	624,666
		<b>17,622,059</b>	<b>12,682,363</b>
Profit / -(Loss) for the year before extra-ordinary items		(2,783,905)	(5,711,199)
Less/Add: Profit /(Loss) on Sale/ Discardation of Fixed Assets		-	(167,481)
		(2,783,905)	(5,878,680)
Add: Provision for Deferred Tax		(610,327)	1,118,667
Profit /( Loss) After Tax		(3,394,233)	(6,997,347)
Add/(Less): Balance in Profit & Loss A/c. as per last Balance Sheet		(134,072,867)	(127,075,520)
		<b>(137,467,100)</b>	<b>(134,072,867)</b>

**Significant Accounting Policies**

**& Notes to Accounts**

**N**

**(Schedules A to N form part of Accounts)**

As per Our Report of Even Date Attached

**For G.L.Kothari & Co.,**  
Chartered Accountants,

**For & on behalf of the Board of Directors**

Sd/-  
**G.L.Kothari**

Sd/-  
**P K Tyagi**

Sd/-  
**B.S.Raju**

Proprietor.  
M. No. 25481

Director

Whole Time Director

Place : Bangalore  
Date : 28.05.2011

## Annual Report 2010- 2011

### SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As on 31-03-2011	As on 31-03-2010
<b>SCHEDULE "A" - <u>SHARE CAPITAL</u></b>		
<b>Authorised:</b>		
2,00,00,000 Equity Shares of Rs. 10 /-Each	200,000,000	200,000,000
Issued, Subscribed and Paid up; 32,70,000 Equity Shares of Rs.10/- each fully paid up	32,700,000	32,700,000
	<b>32,700,000</b>	<b>32,700,000</b>
<b>SCHEDULE "B" - RESERVES &amp; SURPLUS</b>		
Capital Reserve Represents the Reduction of Share Capital by Virtue of BIFR Order No. 39/99(11) Dated 11.11.03 which is not Available for Distribution of Dividends	38,014,360	38,014,360
	<b>38,014,360</b>	<b>38,014,360</b>
<b>SCHEDULE "D" - INVENTORIES</b> (as verified, valued and Certified by the Management)		
Raw Materials	8,783,212	9,251,702
Finished Goods	5,032,076	5,122,604
Trading Goods -Marble	448,116	-
Consumables, Stores and Spares	2,594,224	2,594,224
Packing Materials	9,978	9,978
	<b>16,867,606</b>	<b>16,978,508</b>
<b>SCHEDULE "E" - SUNDRY DEBTORS</b> (Unsecured, Considered Good)		
Debts Outstanding for a period exceeding six months	19,280,102	45,259,676
Others (Unsecured, Considered Doubtful)	2,001,958	117,743
Debts Outstanding for a period exceeding six months	20,789,687	-
	<b>42,071,747</b>	<b>45,377,419</b>



**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011**

Particulars	As on 31-03-2011	As on 31-03-2010
<b>SCHEDULE "F" - CASH AND BANK BALANCES</b>		
Cash in hand	13,642	262,234
Balances with Scheduled Banks in current accounts	931,719	549,926
	<b>945,361</b>	<b>812,160</b>
<b>SCHEDULE "G" - LOANS AND ADVANCES</b> (Unsecured, and Considered Good)		
Receivable in Cash or in Kind or for value to be received	7,832,580	7,819,250
Deposits	4,024,548	3,394,048
	<b>11,857,128</b>	<b>11,213,298</b>
<b>SCHEDULE "H"</b> <b>CURRENT LIABILITIES AND PROVISIONS</b>		
Current Liabilities		
Sundry Creditors for Goods & Services	152,305,612	152,284,216
Sundry Creditors for Services	2,672,218	2,632,649
Other Liabilities	1,244,131	697,348
Advance received from Customers	3,986,300	5,035,326
	<b>160,208,261</b>	<b>160,649,539</b>

**SCHEDULE - C - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block			
	As on 01.04.10	Additions/ During the year	Deletions/ During the year	As at 31.03.11	As at 01.04.2010	for the Year	Written Back	As at 31.03.2011	As at 31.03.2011	As at 31.3.2010
Land	10,037,981	-	-	10,037,981	-	-	-	-	10,037,981	10,037,981
Freehold Quarry Land	1,017,637	-	-	1,017,637	773,726	50,882	-	824,608	193,029	243,911
Building -Office	1,353,352	-	-	1,353,352	268,551	22,060	-	290,611	1,062,741	1,084,801
Building -Factory	13,890,606	-	-	13,890,606	6,838,742	463,946	-	7,302,688	6,587,918	7,051,864
Temporary Shed	35,010	-	-	35,010	35,010	-	-	35,010	-	-
Plant & Machinery	131,807,528	-	-	131,807,528	93,075,054	-	-	93,075,054	38,732,474	38,732,474
Office Equipments & Appliances	1,052,823	-	-	1,052,823	770,452	65,924	-	836,376	216,447	282,371
Office Equipments & Appliances - Computer	732,826	17,899	-	750,725	732,826	727	-	733,553	17,172	-
Furniture & Fixtures	957,481	-	-	957,481	957,481	-	-	957,481	-	-
Vehicles	1,383,110	-	-	1,383,110	1,383,110	-	-	1,383,110	-	-
<b>TOTAL</b>	<b>162,268,354</b>	<b>17,899</b>	<b>-</b>	<b>162,286,253</b>	<b>104,834,952</b>	<b>603,539</b>	<b>-</b>	<b>105,438,491</b>	<b>56,847,762</b>	<b>57,433,402</b>
<b>PREVIOUS YEAR</b>	<b>160,499,967</b>	<b>6,637,632</b>	<b>4,869,245</b>	<b>162,268,354</b>	<b>108,412,050</b>	<b>624,666</b>	<b>4,201,764</b>	<b>104,834,952</b>	<b>57,433,402</b>	

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2011**

Particulars	As on 31-03-2011	As on 31-03-2010
<b>SCHEDULE "I" SALES</b>		
Third Party Export Sales -Granite	825,855	3,504,107
Domestic Sales -Granite /Marble	-	2,885,216
Domestic Sales Trading -Marble	6,197,920	-
Domestic Sales Trading -Gold	7,585,200	-
	<b>14,608,975</b>	<b>6,389,323</b>
<b>SCHEDULE "J" OTHER INCOME</b>		
Interest on Time Deposit /Others	229,179	158,852
Fluctuation Gain / (Loss)	-	382,797
Excess provision for expenses written off	-	40,192
	<b>229,179</b>	<b>581,841</b>
<b>SCHEDULE "K" - COST OF GOODS SOLD</b>		
a. Raw Materials Consumed		
Opening Stock	9,251,702	11,422,232
Add : Purchases (Inclusive of freight & Dressing Charges)	-	-
	9,251,702	11,422,232
Less : Closing Stock	8,783,212	9,251,702
Consumption	<b>468,490</b>	<b>2,170,530</b>
b. Purchases of Trading Marble Slabs (Incl. of Freight & Custom duty)	5,984,071	3,740,082
c. Purchases of Trading - Gold	7,486,100	-
d. Stores & Spares Consumed	2,500	9,015
e. Consumables Consumed	160	23,991
f. Finished Goods & Work-in-progress		
<b>Add : Opening Stock</b>		
- Finished Goods	5,122,604	6,506,069
	5,122,604	6,506,069
<b>Less : Closing Stock</b>		
- Finished Goods -Mfg.	5,032,076	5,122,604
- Marble -Trading	448,116	-
	<b>5,480,192</b>	<b>5,122,604</b>
	(357,588)	1,383,465
<b>Total (a+b+c+d+e)</b>	<b>13,583,733</b>	<b>7,327,083</b>

## Annual Report 2010- 2011

### SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2011

Particulars	As on 31-03-2011	As on 31-03-2010
<b>SCHEDULE "L"</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Power, Fuel, Electricity & Water Charges	538,051	767,276
Salaries, Wages & Other Benefits to employees		
- Salaries, Wages & Bonus	670,710	652,615
- Staff & Labour Welfare	53,728	59,940
Repairs & Maintenance		
- Plant & Machinery	1,950	13,469
- Others	13,998	15,817
- Vehicle Maintenance	4,500	61,125
- Garden Maintenance	430	250
Rates & Taxes	261,549	192,550
Insurance	1,099	29,935
Travelling & Conveyance	99,470	59,907
Postage & Telecommunication Expenses	157,909	77,535
Legal & Professional Charges	243,233	440,550
Auditors Fees	82,725	82,725
Printing & Stationary Expenses	151,553	23,461
Export & Marketing Expenses	-	11,555
Clearing & Forwarding Expenses	-	38,960
Sample Expenses	-	2,000
AGM Expenses	741	-
Advertisement & Publicity Expenses	80,475	-
Carriage Outwards	11,670	-
General Expenses	40,031	42,679
Fluctuation Gain/ Loss	6,790	-
Misc.debit balances written off	18,888	2
Expenses pertaining to previous year	62,570	27,116
Listing Fee	38,605	11,030
Quarry Lease Application fee	10,000	15,013
Sales Tax / Entry Tax	18,415	1,533,561
Packing Materials	-	89,483
Service Tax	2,515	-
Penalty	480,000	-
Watch & Ward	312,746	422,781
	<b>3,364,351</b>	<b>4,671,335</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS AT 31ST MARCH, 2011**

<b>Particulars</b>	<b>As on 31-03-2011</b>	<b>As on 31-03-2010</b>
<b>SCHEDULE "M" - FINANCE CHARGES</b>		
Interest Others	2,569	10,426
Bank Charges	67,867	48,853
	<u><b>70,436</b></u>	<u><b>59,279</b></u>

**SCHEDULE "N"**

**ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011.**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**I** The Accounts are prepared on a historical cost convention; all the expenses and income to the extent considered payable and receivable, unless stated otherwise, have been accounted for on accrual basis.

**II FIXED ASSETS AND DEPRECIATION:**

1. Fixed Assets are Stated at Cost less Depreciation.
2. Depreciation on all Assets, other than leasehold Land / free hold quarry Land is provided on straight line method in accordance with the provision of schedule XIV of the Companies Act, 1956.
3. Depreciation on Free Hold Quarry land has been provided taking economic life of the quarries on 20 Years. In case of abandoning a quarry the remaining book value will be written off in the year it is abandoned.
4. Depreciation on the Fixed Assets added during the year has been provided with reference to the date of acquisition thereof.

**III VALUATION OF INVENTORIES ARE MADE AS UNDER**

- |                     |   |
|---------------------|---|
| 1. Raw Material     | - At Cost (Weighted Average)                  |
| 2. Stores & Spares  | - At Cost (FIFO)                              |
| 3. Consumables      | - At Cost (FIFO)                              |
| 4. Work In Progress | - Lower of Cost or Estimated Realizable Value |
| 5. Finished Goods   | - Lower of Cost or Net Realizable Value       |
| 6. Stock in Trade   | - Lower of Cost or Net Realizable Value       |

**IV SALES**

1. Sales are accounted for on passing of title to the customers. Returns and rebates and discounts against goods sold are recognized as and when ascertained and deducted from sales of the respective year.

**V MISCELLANEOUS EXPENDITURE**

**1. Preliminary & Public Issue Expenses:**

Preliminary & Public Issue Expenses incurred by the Company will be charged to revenue on a deferred basis over a period of 10 Years on a Commencement of Commercial Production.

**2. Quarry Development Expenditure:**

Expenditure incurred on quarry development is treated as deferred revenue expenditure to be written off over a period of ten years after commencing regular quarrying Operation. In the event of abandoning the quarrying operation within the period of Ten Years, the Same shall be written off in that year.

**VII TRANSACTIONS IN FOREIGN CURRENCY :**

1. Foreign currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
2. Foreign currency balances as on the Balance Sheet date are realigned in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising there from, is adjusted to the cost of fixed Assets or charged to the Profit and Loss Account, as the case may be.

**VIII RETIREMENT BENEFITS FOR EMPLOYEES**

**IV EMPLOYEE BENEFITS**

**Defined Contribution Plan**

The Company makes contribution towards Provident Fund and Employee State Insurance as a defined contribution retirement benefit fund for qualifying employees.

The Provident Fund plan is operated by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost, as per the statute, to the retirement benefit schemes to fund the benefits. Employee State Insurance is remitted to Employee State Insurance Corporation.

**Defined Benefit Plan**

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains or losses are recognized in full in the Profit and Loss Account for the period in which they occur .

**(a) GRATUITY**

Provision for Gratuity is made as determined actuarially under group gratuity scheme of Life Insurance Corporation of India(LIC)

**(b) Leave Encashment Benefits**

The Company extends benefits of leave to the employees while in service as well as on retirement.

**Short Term Employee Benefits.**

The Company extends benefits of leave to the employees while in Service as well as on retirement.

**IX RESEARCH AND DEVELOPMENT EXPENDITURE**

Research and development expenditure of revenue nature are charged to the Profit and Loss Account, while capital expenditure are added to Fixed Assets in the year in which they are incurred.

**X CONTINGENCIES**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to Accounts

**XI BORROWING COSTS**

Borrowings costs incurred in relation to the acquisition, construction of assets are capitalized as part of the costs of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charges as an expense in the year in which these are incurred.

**XII TAXES ON INCOME**

- a. Provision for Tax for current year has been made on the basis of estimated taxable income computed in accordance with the provisions as per Income Tax Act, 1961.
- b. Deferred Tax resulting from all timing differences between Book Profit and profit as per Income Tax Act, 1961 is accounted for, at the enacted rate of Tax, to the extent that the timing difference as expected to crystallize. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realized.



**B. NOTES ON ACCOUNTS:**

1. The Company name has been changed from “Nova Granites (India) Limited” to “Midwest Gold Limited (formerly Nova Granites (India) Limited) with effect from December 15, 2010 as per ROC, Karnataka –Fresh Certificate of Incorporation.

**2. Contingent Liability not provided for:**

	Particulars	As at 31.03.2011 Rs. in Lakhs	As at 31.03.2010 Rs. in Lakhs
a.	Un expired Bank Guarantee	14.40	14.40
b.	Corporate Guarantee given by M/s.Midwest Granite Pvt Ltd in favor of President of India	175.00	175.00
c.	Bond in favor of President of India on account of Central Excise.	10.00	10.00
d.	Bond in favor of President of India on account of Custom	468.23	468.23
E	Custom Duty	---	13.54
f	Customs Duty (Refer Note No B-7)	15.01	15.01

3. The Company has received a Show Cause Notice from the Customs Department towards differential duty under Notification No2/95 Dated 1/4/95 to the tune of Rs.15.01 Lakhs. The company has decided to go for appeal this at Appellate Tribunal.

**4. AUDITORS FEE**

	Particulars	At 31.03.2011 Rs. in Lakhs	At 31.03.2010 Rs. in Lakhs
a.	Audit Fee	0.60	0.60
b.	Tax Audit Fee	0.15	0.15
c.	Other Services	Nil	Nil
d.	Service Tax	0.08	0.08

**5. Directors Remuneration** : Rs . NIL (Previous year Rs. NIL)

**6. Value of Imports on C.I.F. basis.**

	Particulars	At 31.03.2011 Rs. In Lakhs	At 31.03.2010 Rs. In Lakhs
1	Raw Materials/Consumables, Stores & Spares	46.57	31.09
2	Capital Goods	Nil	Nil

**7. Foreign Currency Expenditure**

Nil	Nil
-----	-----

**8. Earnings in Foreign Exchange**

FOB Value of Exports	---	19.98
Exchange Fluctuation Gain / (Loss) Net	(0.07)	3.83

**9.** Sundry Debtors includes amount due from Company under the same management Rs. –Nil- ( Previous year Rs.-Nil- Lakhs) maximum amount due at any time during the year Rs. –Nil-.

**10.** Secured Loans, Unsecured Loans, Sundry Creditors, Other liabilities, Sundry Debtors, Loans & Advances are subject to confirmation. Sundry Debtors includes Rs.207.90 Lacs outstanding for more than 3 years for which Company has not initiated any legal action.

**11.** In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

**12.** There are no Micro and Small Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 13. EARNING PER SHARE

Earning Per Share is calculated by dividing the Profit attributable to the Equity Share Holders by weighted average number of equity shares outstanding during the year as under:

	Year – 10-11 Rs. In Lakhs	Year - 09-10 Rs. In Lakhs
a) Amount used as the numerator in calculating the earnings per share	(33.94)	(69.97)
b) The weighted average number of equity shares used as denominator in calculating earnings per share.	327	327
c) Earning per share	Rs.(0.10)/-	Rs.(2.14)/-
d) Nominal Value of Equity Share	Rs.10/-	Rs.10/-

### 14. AS -15

The Company has not provided any details & workings for defined benefit plan which is required as per revised AS 15. In the absence of these details we could not report the quantum of expenses & provisions.

### 15. RELATED PARTY DISCLOSURES

Following disclosure has been made as per the requirements of Accounting Standard 18 on "Related Party Disclosures" (AS 18), issued by the Institute of Chartered Accountants of India

Name of the Related parties and description of their relationship:

Name of the Related parties and description of their relationship:

1. Key Managerial Personnel : Mr. Deepak Kukreti Director  
: Mr. P.K. Taygi Director  
: Mr. B.S. Raju Whole Time Director

2. Associate Companies : Midwest Granite (P) Ltd  
: Victorian Granites (P) Ltd  
: Reliance Granite (P) Ltd  
: RLP Granite (P) Ltd

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Related Party	Nature of Relationship	Transactions	Amount 2010-11 (Rs. in Lakhs)	Outstanding Balance as on 31.03.11 (Rs. in Lakhs)
Midwest Granite Pvt. Ltd	Holding Company	Sales	Nil	1141.77
Victorian Granites Pvt. Ltd	Associate Company	Sales/Purchase	Nil	267.02
Reliance Granite Pvt. Ltd	Associate Company	Sales/Purchase	Nil	Nil
RLP Granite Pvt. Ltd	Associate Company	Purchases	Nil	2.91

**Note:**

- (a) There is no amount Written Off or Written back during the year in respect of debts due from or to related parties.
- (b) There are no other entities where the control exists as defined in AS-18.

### 16. BUSINESS SEGMENTS

Reporting of Segment wise Revenue, Results

(Rs. in Lakhs)

Sl. No.	Particulars	GOLD	GRANITE & MARBLE	OTHERS	GOLD	GRANITE & MARBLE	OTHERS	Total	Total
		2010-11	2010-11	2010-11	2009-10	2009-10	2009-10	2010-11	2009-10
1	Segment Revenue ( net sale/ income from each segment )								
	Trading	75.85	61.98	0.00	0.00	0.00	0.00	137.83	0.00
	Manufacturing	0.00	8.26	0.00	0.00	63.89	0.00	8.26	63.89
	Increase / (Decrease) in Stock	0.00	(1.11)	0.00	0.00	(35.79)	0.00	(1.11)	-35.79
	Other Income	0.00	0.00	0.00	0.00	0.00	4.23	0.00	4.23
	Total Revenue	75.85	69.13	0.00	0.00	28.10	4.23	144.98	32.33
2	Segment Results	0.99	(31.09)	0.00	0.00	(62.83)	4.23	(30.10)	-58.60
	Interest Income	0.00	0.00	2.29	0.00	0.00	1.59	2.29	1.59
	Interest Expenses	0.00	0.03	0.00	0.00	0.10	0.00	0.03	0.10
	Profit before Extraordinary Item & Tax	0.99	(31.06)	2.29	0.00	(62.93)	5.82	(27.84)	-57.11
	Profit/(Loss) Before Tax	0.99	(31.06)	2.29	0.00	(62.93)	5.82	(27.84)	-57.11
	Provision for								

	Taxation Profit/(Loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	After Tax	0.99	(31.06)	2.29	0.00	(62.93)	5.82	(27.84)	-57.11
3	Segment Assets	0.00	2660.57	0.00	0.00	2658.88	0.00	2660.57	2658.88
	Segment Liabilities	0.00	2660.57	0.00	0.00	2658.88	0.00	2660.57	2658.88
	Depreciation & amortization	0.00	6.03	0.00	0.00	6.25	0.00	6.03	6.25
	Non Cash Expenses other than Depreciation & amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### 17. DEFERRED TAX

In accordance with Accounting Standard –22 “Accounting for Taxes on Income” The Company has reviewed the deferred tax Assets and Liability at the end of the year. The net deferred tax liability is estimated to Rs.351.34 Lakhs( previous Year Rs. 345.24 lakhs.) The deferred tax liability is mainly on account of difference in carrying value of fixed assets between book figures and income tax records.

		At the end of the Current period Tax Liability/Asset
<b>Deferred Tax Liability recognized for the Timing differences due to:</b>		<b>Rs. Lakhs</b>
1)	Difference in Depreciation as per books and as per Income tax Act 1961	118.18
2)	Pre Paid Insurance	0.01
Deferred Tax Asset recognized for the Timing differences due to:		
1)	Brought Forward Depreciation Loss	255.99
2)	Brought Forward Business Loss	213.53
Net Deferred tax liability charged to Profit and Loss A/c		351.34

18. In terms of accounting standard 28- Impairment of Assets issued by ICAI, the Management has reviewed its fixed assets and the difference between the carrying amount and recoverable value of relevant assets was not material. Hence, provision for impairment loss is not considered necessary to be made in the books.

19. Amounts have been rounded off to the nearest Rupee.

20. Previous years figures have been rearranged / regrouped wherever necessary so as to correspond with current year's figures.
  21. Schedule's "A" to "N" form an integral part of Balance Sheet and the Profit and Loss Account and have been duly authenticated.
- 

As per Our Report of Even Date Attached

**For G.L.Kothari & Co.,**  
Chartered Accountants,

Sd/-

**G.L.Kothari**

Proprietor.

M. No. 25481

Place : Bangalore

Date : 28.05.2011

**For & on behalf of the Board of Directors**

Sd/-

**P K Tyagi**

Director

Sd/-

**B.S. Raju**

Whole Time Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

Particulars	As on 31-03-2011	As on 31-03-2010
<b>(A) CASH FLOW FROM OPEARTING ACTIVITIES</b>		
<b>Net profit/(Loss) before Tax and Extra ordinary Item</b>	<b>(27.84)</b>	<b>(57.11)</b>
Add/(Less) Adjustment for :		
Depreciation	6.03	6.25
Interest Charges	0.03	0.10
Interest Received	(2.29)	(1.59)
Fluctuation Gain	0.07	(3.83)
Prior Period Expenses	0.63	0.27
Credit Balances and Excess provison written Back	0.00	0.40
<b>Operating Profit Before Working Capital Changes</b>	<b>(23.37)</b>	<b>(55.51)</b>
Adjustment for :		
Trade & Other Receivables	26.62	33.97
Inventories	1.11	35.79
Trade Payables	(4.41)	(20.23)
Adjustment in Provisions	0.00	(0.00)
Cash generated from Operations	(0.05)	(5.98)
Interest Paid	0.03	0.10
<b>Net Cash From Operating Activites</b>	<b>(0.08)</b>	<b>(6.08)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(0.18)	(0.38)
Sale of Fixed Assets	0.00	5.00
Income Tax	0.00	0.00
Interest Income	2.29	1.59
Fluctuation Gain	(0.07)	3.83
Prior Period Expenses	(0.63)	(0.27)
Credit Balances and Excess provison written Back	(0.00)	(0.40)
Decrease in Investment	0.00	0.00
<b>Net Cash used in Investing Capital Activities</b>	<b>9.37</b>	<b>9.37</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital & Share Application Money	-	-
Proceeds from long Term Borrowings	-	-
Repayment Of Borrowed Loan	0.00	0.00
Proceeds from Short Term Borrowings	0.00	0.00
<b>Net Cash used in Financing Activities</b>	<b>0.00</b>	<b>0.00</b>
<b>Net increase in Cash &amp; Cash equivalents (A+B+C)</b>	<b>1.33</b>	<b>3.29</b>
<b>Cash &amp; Cash Equivalents as at (Opening Balance)</b>	<b>8.12</b>	<b>4.83</b>
<b>Cash &amp; Cash Equivalents as at (Closing Balance)</b>	<b>9.45</b>	<b>8.12</b>

	<b>For &amp; on behalf of the Board of Directors</b>	
	Sd/-	Sd/-
Place : Hyderabad	<b>P K Tyagi</b>	<b>B.S.Raju</b>
Date : 28/05/ 2011	Director	Wholetime Director

**AUDITORS CERTIFICATE**

We have verified the above Cash Flow statement of MIDWEST GOLD LIMITED,(Formerly NOVA GRANITES (INDIA) LIMITED) derived from the annual financial statements for the year ended March 31, 2011, and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreements with the Stock Exchange.

**For G.L.Kothari & Co.,**  
Chartered Accountants,  
(Registration No. : 001445S)

Sd/-  
**G.L.Kothari**  
Proprietor.

Place : Bangalore  
Date : 28/05/ 2011

M. No. 25481  
(Firm Regn No. :001445 S)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**A. Registration Details**

Registration No:	11396	State Code: 08
Balance Sheet	Date: 31.03.2011	

**B. Capital Raised during the Year (Amount in Rs. Thousand)**

Public Issue: Nil	Right Issue:	Nil
Bonus Issue: Nil	Private Placements:	Nil

**C. Position of Mobilization and deployment of Funds (Amount in Rs. Thousands)**

<b>TOTAL LIABILITIES</b>	<b>105848</b>	<b>TOTAL ASSETS</b>	<b>105848</b>
Sources of Funds			
Application of Funds:			
Paid- Up Capital	32,700.00	Net Fixed Asset s:	56848.00
Reserve & Surplus	38,014.00	Investments:	0.00
Secured Loans	-	Net Current Asset	(88466.00)
Unsecured Loans	-	Accumulated Loses	137467.00
Deferred Tax	34523.00		

**D. Performance of Company (Amount in Rs. Thousands)**

Turnover:	14838.00	Total Expenditure	17622.00
Profit/loss Before Tax	(2784)	Profit/loss After Tax	(3394)
Earning per share	Rs. (0.10)	Dividend (%)	Nil

**E General Names of Three Principal services of Company**

Item code No. (ITC Code)	:	680223 -00
Product Description	:	Polished granite slabs and Tiles
Item code No. (ITC Code)	:	680223 -01
Product Description	:	Dimensional Granite Blocks
Item code No. (ITC Code)	:	680221 -01
Product Description	:	Polished Marble slabs and Tiles

As per Our Report of Even Date

**For G.L.Kothari & Co.,**  
Chartered Accountants,

Sd/-  
**G.L.Kothari**  
Proprietor.  
M. No. 25481

**For & on behalf of the Board of Directors**

Sd/-  
**P K Tyagi**  
Director

Sd/-  
**B.S. Raju**  
Whole Time Director

Place : Bangalore  
Date : 28.05.2011



**MIDWEST GOLD LIMITED**  
 (Formerly : Nova Granites (India) Limited)  
 Regd Off : 25-A, Attibele Industrial Aria, Attibele – 562 107 Bangalore District

**PROXY FORM**

Regd. Folio No. : \_\_\_\_\_ No. of Shares Held: \_\_\_\_\_

I/We .....  
 of .....in the District of .....  
 .....being a member/members of the above  
 named company hereby appoint .....  
 of ..... in the  
 District of ..... as my/our  
 Proxy to attend and to vote for me/us on my/our behalf at the 21st Annual General Meeting  
 of the Company to be held on – 20.09.2011 at 11.30 A.M. at 25-A, Attibele Industrial Aria,  
 Attibele – 562 107 Bangalore District and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand Eleven

Affix Revenue Stamp

Note: This Proxy Form duly completed should be deposited at the Registered Office of the Company not less the  
 48 (Forty Eight) hours before the time fixed for holding the meeting.



**MIDWEST GOLD LIMITED**  
 (Formerly : Nova Granites (India) Limited)  
 Regd Off : 25-A, Attibele Industrial Aria, Attibele – 562 107 Bangalore District

**ATTENDANCE SLIP**

(Please present this slip at the Meeting Venue)  
 21st ANNUAL GENERAL MEETING

Regd. Folio No. : \_\_\_\_\_ No. of Shares Held: \_\_\_\_\_

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the members  
 of the Company held on 20.09.2011 at 11.30 A.M. at 25-A, Attibele Industrial Aria, Attibele  
 – 562 107 Bangalore District

Name of the Shareholder: .....

Name of the Proxy: .....

Signature of Member / Proxy: .....