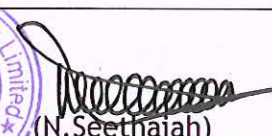
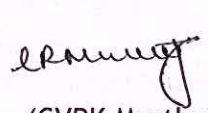
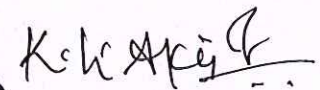



## FORM A

(Pursuant to Clause 31 (a) Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Madhucon Projects Limited CIN-L74210TG1990PLC011114
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	Un-qualified
4	Frequency of Observation	NA
5	To be signed by:	
	i. Managing Director	 (N. Seethaiah)
	ii. General Manager (F&A)	 (CVRK Murthy)
	iii. Auditor of the company	 S. Siva Ramakrishna Prasad M. No. 022964 Partner- M/s. Kota & Company Chartered Accountants Firm Registration No. 011982S
	iv. Audit Committee Chairman	 Dr. C. Venkateswara Rao Independent Director & Chairman of the Audit Committee



MADHUCON

# MADHUCON PROJECTS LIMITED

**24<sup>TH</sup> ANNUAL REPORT  
2013 - 2014**



## MADHUCON PROJECTS LIMITED

### BOARD OF DIRECTORS:

**N. Seethaiah**  
Managing Director

**K. Srinivasa Rao**  
Wholetime Director

**Kandimalla KVN Prasad**  
Independent Director

**Ch.Lakshimi Kumari**  
Woman-Independent Director

**P. Madhava Rao**  
Independent Director

**C.Bharathi**  
Company Secretary

### Auditors:

**M/s Kota & Company**  
Chartered Accountants  
(FRN-011982S)  
H.No.331, Arora Colony-2  
Road No.3, Banjara Hills,  
Hyderabad-500034.

### Registered Office:

1-7-70, Madhu Complex,  
Jublipura, Khammam-507003.

### Corporate Office:

Madhucon House, Plot No.1129/A,  
Road No.36, Jubilee Hills,  
Hyderabad-500033.

### Registrar & Share transfer Agents:

Karvy Computershare Private Limited  
Plot No.17-24, Vittal Rao Nagar  
Madhapur, Hyderabad-500081

### Bankers:

Canara Bank  
ICICI Bank Limited  
IDBI Bank Limited  
IndusInd Bank Limited  
State Bank of India  
Oriental Bank of Commerce  
Yes Bank Limited  
AXIS Bank Limited  
Standard Chartered Bank  
HDFC Bank Limited  
United Bank of India  
Bank of India  
Bank of Bahrain & Kuwait BSC

## MADHUCON PROJECTS LIMITED

### NOTICE

To  
The Members  
**Madhucon Projects Limited**

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of Madhucon Projects Limited will be held on Saturday the 27<sup>th</sup> September 2014 at 3.00 PM at the Registered Office of the Company situated at Madhu Complex 1-7-70, Jublipura, Khammam-507003 to transact the following items of business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 and Statement of Profit and Loss and Notes thereto of standalone and consolidated for the year ended on that date together with the Report of the Auditors and Directors thereon.
2. To declare Dividend on the Equity Shares of the Company.
3. To appoint Auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in accordance with the provisions of section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Kota & Company, Chartered Accountants, (FRN 011982S) Hyderabad be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration (including out of pocket and incidental expenses) as may be determined by the Board of Directors of the Company”.

#### SPECIAL BUSINESS:

4. **Appointment of Sri Kandimalla KVN Prasad (DIN 00084398) as an Independent Director:**

To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (as amended on 17.04.2014), Sri Kandimalla KVN Prasad (DIN-00084398) who was appointed as an Additional Director pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing his candidature to hold office for a term of 3 (Three) years for the office of Independent Director”.



5. **Appointment of Smt. Ch. Lakshimi Kumari (DIN-06942473) as Woman Director under Independent Category:**

To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (as amended on 17.04.2014), Smt.Ch.Lakshimi Kumari (DIN-06942473) who was appointed as an Additional Director pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing her candidature to hold office for a term of 3 (Three) years for the office of Director under Independent and Woman Category”.

6. **Renewal of Borrowing Limits and creation of Charge/Mortgage as per Section 180(1)(c) & (a) of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modifications the following resolution as **Special Resolution**:

**“RESOLVED THAT** the earlier resolution passed by the members of the Company at the 20<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2010, be and is hereby renewed and consent of the company accorded to the Board of Directors the borrowing powers up to Rs.5000 Crores (herein after referred to as the ‘Board,’ which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) as required u/s 180(1)(c) of the Companies Act, 2013 and such borrowings from time to time such sum(s) of money in any manner, either in Rupee Currency and / or in Foreign Currency, including Foreign Currency Convertible Bonds or any other financial instruments with or without security and on such terms and conditions as the Board may in its absolute discretion deem fit, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans from the Company’s Banker’s in the ordinary course of business) may exceed the aggregate for the time being of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of the moneys to be so borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company’s banker’s in the ordinary course of business) and outstanding at any time shall not exceed the sum of **Rs. 5000 Crores** (Rupees Five Thousand Crores only)”.

**“RESOLVED FURTHER THAT** pursuant to Section 180 (1) (a) of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to mortgage and/or charge all the present and future immovable and movable properties of the Company in favour of the Banks and financial institutions for the purpose of securing such borrowings up to a limit of **Rs. 5000 Crores** (Rupees Five Thousand Crores only) outstanding at any time including the interest thereon”.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

**By Order of the Board**

Place: Hyderabad  
Date: 09.08.2014



*C. Bharathi*  
**C. Bharathi**  
Company Secretary

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy Form is attached herein.

A person can act as proxy on behalf of the members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at this Annual General Meeting.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to **Special Business** to be transacted at this Annual General Meeting is annexed, which forms part of this notice.
4. Members who hold shares in the physical form and wish to make/ change nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may submit their request to the Company in Form-2B.
5. The Register of Members and Share Transfer Books will remain closed from 23<sup>rd</sup> September, 2014 to 27<sup>th</sup> September, 2014 (inclusive of both days).
6. Dividend on Equity Shares, if declared, will be paid to the members whose names appear in the Company's Register of Members before the date of commencement of Book Closure. In respect of shares held in electronic mode, the dividend will be paid to the beneficiaries as per the details furnished by the Depositories.
7. The Shareholders are requested to inform the change of their address to the Registrars and Share Transfer Agents, M/s Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 and also register their E-mail

IDs for online dispatch of Annual Reports and other communication as per the provisions of Companies Act, 2013.

8. Members are requested to demat their physical shareholdings with Depository Participants (DP) along with Permanent Account Number (PAN) in order to facilitate the benefit of electronic trading.
9. Members holding their shares in demat form shall correspond with their respective Depository Participants (DP) with regard to any changes.
10. Dividend, if any remained unpaid or unclaimed for a period of 7 years or more, will be transferred to Investor Education and Protection Fund pursuant to the provision of section 125 of the Companies Act, 2013 and thereafter, no claim shall lie against such fund or against the Company.
11. The Shareholders who have not encashed their dividend for the financial year 2006-2007 to 2012-2013 may approach the Secretarial Department of the Company for issue of fresh Dividend Warrants / Demand Drafts against production of such proof of documents as may be required.
12. The Dividend which remained un-encashed for the financial year 2006-2007 is due to be transferred to "Investor Education and Protection Fund "on 8<sup>th</sup> October, 2014. Therefore, Shareholders may approach Secretarial Department of the Company for claiming their dividend on or before 8<sup>th</sup> October, 2014.
13. Where members are holding their shares in joint name, the members whose name appears first will be considered for dividend and/or voting purpose.
14. **The business of the Meeting will also be transacted through electronic voting system and your Company is providing the facility for voting by electronic means through the platform of Karvy Computershare Pvt Ltd (RTA) in terms of Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and provisions of the Listing Agreement. The procedure to be followed in the electronic voting is detailed in the identification form (ID form) sent separately to the shareholders along with Notice of AGM through e-mail / physical form.**

#### **ANNEXURE:**

#### **Explanatory Statement Pursuant to the provision of Section 102(1) of the Companies Act, 2013:**

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice.

#### **Item No. 4: Appointment of Sri Kandimalla KVN Prasad (DIN-00084398) as an Independent Director:**

Sri Kandimalla KVN Prasad who was appointed as an Additional Director under Independent Category at the Board meeting held on 9<sup>th</sup> August, 2014, ceased to office at this Annual General Meeting. The Company received a notice from the member to appoint him as Director under the category of Independent Director.



The Board of Directors commends the proposed resolution for approval of shareholders.

None of the directors of the company are concerned / interested in this proposed resolution.

**Item No. 5: Appointment of Smt. Ch. Lakshimi Kumari (DIN -06942473) as Women Director under Independent Category:**

Smt. Ch. Lakshimi Kumari who was appointed as an Additional Director under Independent – Women Category at the Board meeting held on 9<sup>th</sup> August, 2014, ceased to office at this Annual General Meeting. The Company received a notice from the member to appoint her as Director under the category of Independent-Women Director.

The Board of Directors commends the proposed resolution for approval of shareholders.

None of the directors of the company are concerned / interested in this proposed resolution.

**Items No.6: Renewal of Borrowing Limits and creation of Charge/Mortgage as per Section 180(1)(c) & (a) of the Companies Act, 2013**

The shareholders at its 20<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2010 accorded their approval to the Board of Directors of the company empowering to borrow moneys up to Rs.5000 Crores by creation of charge / mortgage as security against borrowings.

Section 180(1)(c) of the Companies Act, 2013 requires renewal / confirmation by special resolution of the members to borrow moneys up to Rs.5000 Crores by the Board of Directors and committees thereof and creation of charge / mortgage as security to the extent of Rs.5000 Crores as approved by the shareholders at its 20<sup>th</sup> Annual General Meeting.

The Board of Directors commends the proposed resolution as special resolution for approval of shareholders.

The Directors of the Company may be deemed to be concerned or interested in the resolutions to the extent of securities that may be subscribed or extent of securities held.

Place: Hyderabad  
Date: 09.08.2014

**By Order of the Board**

*C.Bharathi*



**C.Bharathi**  
Company Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2014.

### A. FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	2013-2014	2012-2013
Gross Income	89779.64	106384.24
Profit before Depreciation & Taxation	9673.90	8880.65
Depreciation	4701.86	5459.18
Profit before Taxation	4972.04	3421.47
Provision for Taxation		
i) Current Tax	1042.17	684.56
ii) Deferred Tax	758.19	(639.99)
Profit after Taxation	3171.68	3376.90
Profit available for appropriation	3171.68	3376.90
<b>APPROPRIATION</b>		
General Reserve	317.17	337.69
Proposed Dividend	*73.79	73.79
Corporate Tax on Proposed Dividend	11.97	11.97
Balance transferred to Balance Sheet	2768.75	2953.45
Earnings per Share (Rs.)	4.30	4.58
Book Value (Rs.)	95.71	91.53
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	69888.83	66802.92

\*Provision of proposed dividend for the year 2013-14 was made @ 10%

### B. DIVIDEND:

Your Directors are pleased to recommend an Equity Dividend of 20% (20 Paise per share) on paid up equity capital for the year ended 31.03.2014, subject to approval of the members at this Annual General Meeting.

### C. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2014; the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- That the Directors have selected 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 or loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies

Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

- iv. That the Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March 2014 on a "Going Concern" basis.

## D. MANAGEMENT DISCUSSION AND ANALYSIS:

### I. Industry Structure and Developments

Infrastructure is a major sector that propels overall development of the Indian economy. India's focus on infrastructure over the last decade made the country the second fastest growing economy in the world. India's constant growth gives investors a tremendous opportunity in the transportation and power segments. India has second largest Road network in the world with 33 lakh Kms.

Considering the enhanced focus on this sector by the Indian Government, policy makers expect the infrastructure spend on an average to be around 8.18% of the GDP at the end of the twelfth five-year plan, targeting an overall investment of Rs. 55.75 trillion over the duration. Moreover, the role of private sector investments has been further projected to enhance at 48% by the completion of twelfth five-year plan.

### II. Opportunities and Strengths:

Madhucon has made a successful transition from being just an EPC Contractor to a fully integrated infrastructure developer. Infrastructure development and service delivery through Public Private Partnerships (PPPs) Policy increases vast investment opportunities in different infrastructure sectors both in rural and urban areas. Your Company is having opportunities and strengths with an order book position of Rs. 9360 Crores and participating in various Tenders and RFPs valued at Rs. 4200 Crores in various projects in India and abroad.

### III. Segment Wise Performance:

#### 1. Transportation Division:

##### a) BOT Toll and Annuity based Projects:

Your company has completed 1459 lane Kms of 4 BOT projects and 2018 lane Kms in 5 Toll and Annuity Projects are under progress as detailed below:

Sl. No.	Name of the Project	No. of Lane Kms.	Name of the SPV	Status of the Project
1	Chhapra- Hajipur, NH-19 DBFOT Annuity Basis Project	280	Chhapra-Hajipur Expressways Limited	In Progress
2	Barasat-Krishnagar NH-34 DBFOT Annuity Basis, West Bengal	336	Barasat-Krishnagar Expressways Limited	In progress
3	Ranchi -Jamshedpur, NH-33 DBFOT Annuity Basis, Jharkhand	715	Ranchi Expressways Limited	In Progress
4	Vijayawada-Machilipatnam, NH-9 DBFOT Toll Basis Project, Andhra	258	Vijayawada-Machilipatnam	In Progress*



	Pradesh		Expressways Limited	
5	Rajauli-Bakhtiyarpur, NH-31 of BSRDCL, DBFOT Toll Basis Project, Bihar	429	Rajauli-Bakhtiyarpur Expressways Limited	In Progress*

\* Financial closure of Vijayawada-Machilipatnam Project and Rajauli-Bakhtiyarpur Project are under process and expected to be completed by 30.09.2014.

#### b) Item Rate Projects:

Your Company has been awarded an item rate project of Construction of Concrete Pavement in the Coal Transport Roads in different projects of Talcher Coalfields (except Kanitha OCP) by Mahanadi Coalfields Limited. Total road Length of the Project is 23 Kms and the cost Rs.165.92 Crores. The Agreement has been signed on 23.04.2014.

The Status of ongoing projects is as follows:

Sl. No.	Name of the Project	No. of Lane Kms.	Status of the Project
1	Jhanjapur-Dharbanga Section NH-57, Bihar, NHAI.	168	Completed
2	Nagaon- Dharamtul, NH-37, Assam, NHAI	120	Substantially completed
3	Anik Panjarpole Link Road Project (APLR), MMRDA, Maharashtra	30	Completed

#### 2. Irrigation Projects:

Your Company is now executing 10 projects valued Rs.2172.13 Crores of which Rs.1433.25 Crores related to Irrigation Projects of Andhra Pradesh and Telangana.

#### 3. Energy Projects:

Thermal Power Plant -Tamminapatnam, Chillakur Mandal, SPSR Nellore District.

The EPC Contract of Phase-I (2X150MW) of Simhapuri Energy Limited was completed and generating power with full capacity.

The Phase-II (2X150 MW) Third Unit has already generating power and the fourth unit is expected to start its commercial operation by Oct' 2014.

#### 4. Mining Division:

The work for removal of OB 416.46 Lakhs Cub. Mtrs. and Coal 159.39 Lakhs Metric Tons valued Rs.42,206 Lacs at Phularitand (BCCL) Project within the period of 7 years vide work order dated 07.02.2012 is under progress.

The highest production of coal in a month is 2.31 Lakhs Metric Tons.

## **5. Overseas Division:**

Your Company has been allotted 8,663 hectares coal mine in South Sumatra, Indonesia in the name of PT Madhucon Indonesia with mineable reserves of 550mn tons and mining rights for 40 years. The mine is in initial stage of operation.

Your Company is setting up of Mine Mouth Coal Fired 2 X150 MW Thermal Power Plant in Indonesia through PT Madhucon Sriwijaya Power (SPV) for generation and supply of power to PT PLN (PERSERO), Government Electricity Company of Indonesia for a period of 25 years and entered into Power Purchase Agreement. Financial tie-up for project finance is under process.

## **IV. Future Outlook**

Government of India envisaged the investment of US\$ 1 trillion for the infrastructure development under PPP and FDI during the 12<sup>th</sup> Five-Year Plan (2012-17), with 40 percent of the funds coming from the country's private sector. Your company will get significant growth.

The Company has been participating in International tenders and is confident of winning the Projects in Roads & Infrastructure sector.

## **V. Risks and Concerns:**

Your company may envisage the commercial, political, legal and technological risk which may affect the business and earning potential of your company.

## **VI. Internal Control System:**

Your Company has adequate system of Internal Control developed by our in-house Internal Audit team consisting of qualified and experienced accounting, costing and technical professionals. The Internal Audit Team suggests various means of cost reduction and cost control measures in all resources used in the Company. The Internal Control Systems and the Reports of Internal Audit will be reviewed by the Audit Committee in consultation with the Internal Auditors and Statutory Auditors and experts in the field thereafter by Board of Directors.

## **VII. Discussion on financial performance with respect to operational performance**

During the year under review, your Company has achieved a gross income of Rs. 897,79.64 lakhs as against Rs. 1063,84.24 lakhs in the previous year. The Company has earned a net profit of Rs. 31,71.68 lakhs as against Rs. 33,76.90 lakhs in the previous year after providing for depreciation of Rs.47,01.86 lakhs as against Rs.54,59.18 lakhs in the previous year.

Your Company has consolidated its financial statements combining the financial information from its various subsidiary companies as per the applicable Accounting Standards and as a result, the consolidated turnover and consolidated profit/(loss) after elimination of intra group transactions are shown as Rs. 1636,20.09 lakhs and Rs. (223,80.83) lakhs respectively.

### VIII. Material developments in Human Resources / Industrial Relations:

Your Company has recruited competent Professionals at all levels of management for all verticals of the Company like Roads, Irrigation, Power, Mining, Building & Property Division as a part of corporate restructuring process and strengthening its Organizational Hierarchy to meet the pace of growth of your Company. The industrial relation is very cordial.

#### E. Accounting Standards:

The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

#### F. Share Capital:

The Paid-Up Equity Share Capital of the Company is Rs.7,37,94,940/- consisting of 7,37,94,940 Equity Shares of Re.1/- each.

#### G. Subsidiary Companies:

The Company has 9 (Nine) Indian Subsidiaries and 1 (One) Foreign Subsidiary as on 31.03.2014. The details of investments held by Madhucon Projects Limited in the following subsidiary companies are given below:

#### INDIAN SUBSIDIARY COMPANIES:

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Shares (Rs)	Value of Equity shares (Rs)	Percent age (%)
1	Madhucon Infra Limited (CIN: U45200TG2006PLC049235)	22.02.2006	122,20,27,045	10	1222,02,70,450	94.89
2	Madurai-Tuticorin Expressways Limited (CIN-U45203TG2006PLC050114)	11.05.2006	8,85,61,500	10	88,56,15,000	54.12
3	Madhucon Energy Limited (CIN- U45309TG2000PLC034007)	24.03.2000	1,00,090	5	5,00,450	99.95
4	Madhucon Mega Mall Private Limited (CIN-U45400TG2007PTC056734)	18.12.2007	20,000	10	2,00,000	66.66
5	Nama Hotels Private Limited (CIN-U55101TG2007PTC056818)	24.12.2007	2,71,21,200	10	27,12,12,000	99.96
6	Madhucon Heights Private Limited (CIN-U45209TG2007PTC056733)	18.12.2007	20,000	10	2,00,000	66.66
7	Agastyamuni Hydro Power Private Limited (CIN-U40108TG2010PTC068128)	28.04.2010	6,000	10	60,000	60.00

8	Rudraprayag Hydro Power Private Limited (CIN-U40108TG2010PTC068130)	28.04.2010	6,000	10	60,000	60.00
9	Tilwara Hydro Power Private Limited (CIN-U40300TG2010PTC068127)	28.04.2010	6,000	10	60,000	60.00

#### FOREIGN SUBSIDIARY COMPANIES:

Sl.No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face value of Equity Share	Value of Equity Shares held	Percent age (%)
1	Madhucon Natural Resources Limited, Singapore (200603264W)	09.03.2006	750	S\$ 1/-	S\$ 750 (Equivalent to Rs.36075)	75.00

#### STEP DOWN SUBSIDIARIES:

1. Madhucon Agra-Jaipur Expressways Limited
2. TN (DK) Expressways Limited
3. Trichy-Thanjavur Expressways Limited
4. Chhapra-Hajipur Expressways Limited
5. Simhapuri Energy Limited
6. Madhucon Toll Highways Limited
7. Barasat Krishnanagar Expressways Limited
8. Ranchi Expressways Limited
9. Vijayawada Machlipatnam Expressways Limited
10. Rajauli-Bakhtiyarpur Expressways Limited
11. PT Madhucon Indonesia, Indonesia
12. PT Madhucon Sriwijaya Power, Indonesia

#### H. Consolidation of Accounts:

In accordance with the Accounting Standards AS-21 on "Consolidated Financial Statements" and AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements" read with Accounting Standard AS-27 on "Financial Reporting of Interests in Joint Ventures", Listing Agreement and Section 212 of the Companies Act 1956, the figures of the subsidiary Companies are consolidated with figures of Madhucon Projects Limited.

The Board of Directors of the Company has, by resolution, given consent for not attaching the Balance Sheet of Subsidiary Companies concerned. The Company has presented the Consolidated Financial Statements of Holding Company and all its Subsidiaries in this Annual Report duly audited by its Statutory Auditors.

#### **I. Corporate Governance:**

In terms of compliance with the requirement of clause 49(VI) (i) of Listing Agreement, a separate section titled "Corporate Governance" containing the due compliance on corporate governance is given in the Directors' Report forming the part of this Annual Report.

In terms of compliance with the requirement of clause 49(VII) of Listing Agreement, the Auditors' certificate confirming the compliance of the conditions of the Corporate Governance is annexed hereto which form the part of this Annual Report and the same will be sent to National and Bombay Stock Exchanges along with the Annual Report.

#### **J. Directors:**

Sri Kandimalla KVN Prasad (DIN-00084398) has been appointed as an Additional Director under the category of Independent Director by your Board at its meeting held on 09.08.2014 and he will continue in office till the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing his candidature to hold office for a term of 3 (Three) years for the office of Independent Director.

Smt. Ch. Lakshimi Kumari (DIN-06942473) has been appointed as an Additional Director under the category of Independent – Woman Director by your Board at its meeting held on 09.08.2014 and she will continue in office till the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing her candidature to hold office for a term of 3 (Three) years for the office of Director under Independent and Woman Category.

Dr. C.Venkateswara Rao, (DIN-00385987) Independent Director who ceased the office at the ensuing Annual General Meeting in terms of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and qualification of Directors) Rules, 2014 and Listing Agreement dated 17.04.2014 requires re-appointment for a fresh term. Dr. C.Venkateswara Rao expressed his unwillingness to seek fresh term of appointment.

#### **K. Industrial Relations:**

The relations with the employees are cordial.

#### **L. Deposits:**

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

#### **M. Transfer To Investor Education and Protection Fund ::**

During the financial year 2013-14, the Company has transferred a sum of Rs. 1,00,747/- to the Investor Education and Protection fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents the amount in the unpaid dividend account for the financial year 2005-06 which is lying in Unpaid Dividend Account with Bank for a period of 7 years from the due dates of payment.

**N. Particulars of Employees:**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended 31st March, 2014, none of the employees of the Company was in receipt of remuneration, which exceeds the limits fixed under Section 217 (2A) of the Companies Act, 1956, except Sri N. Seethaiah, Managing Director of the Company.

**O. Quality Management System - ISO 14001:2004**

The Company has established a Quality Management System in Design, Execution, Operation & Maintenance of Irrigation & Water Resources Projects, Highway/ Road Projects, Power Transmission Projects, Building and Property Development Projects and Design & Execution of Power Projects and Over Burden Removal in Opencast Mining Projects in compliance with the International Quality System Standards - ISO 14001:2004. The Certificate No.IND13.5479U/E dated 18.02.2013 is valid up to 17.02.2016. The Company is being obtained EMS-ISO 14001:2004 and OHSAS-18001:2007 registration.

**P. Auditors:**

M/s Kota & Company, Statutory Auditors (FRN-011982S) of the Company, expressed their willingness to be re-appointed for the financial year 2014-2015 and to hold office up to the conclusion of the next Annual General Meeting, if they are appointed at this Annual General Meeting. They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance with the limits specified under 224(1-B) of the Companies Act, 1956.

**Q. Information as per Sec- 217(1) (E) of The Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of The Board of Directors) Rules, 1988):**

The information as required Under Section 217(1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the annexure attached to this Report.

**R. Acknowledgements:**

Your Directors express their appreciation for the support and co-operation of the Bankers, Central and State Government Authorities including National Highway Authorities of India (NHAI), Irrigation & CAD Department, Central Government, Government of various States, Clients, Consultants, Employees, Suppliers etc., for their continued support and encouragement from time to time.

For and on behalf of the Board

Place: Hyderabad  
Date: 09.08.2014

  
**N. SEETHAIAH**  
Managing Director

  
**K. SRINIVASA RAO**  
Whole-time Director





## ANNEXURE-I TO THE DIRECTORS REPROT

(Information as per Sec- 217(1) (e) of the Companies Act, 1956 read with Companies  
(Disclosure of particulars in the Report of the Board of Directors) Rules, 1988)

### I. CONSERVATION OF ENERGY:

The Company is engaged in Civil Construction Activity which is not a predominantly power intensive. However, energy conservation measures are taken up wherever required.

### II. TECHNOLOGY ABSORPTION:

The Company is constantly updating its technology in the areas wherever necessary for improving the productivity, efficiency and quality of its performance.

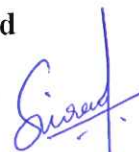
### III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lakhs)		
PARTICULARS	2013-14	2012-13
Foreign Exchange Earnings:	Nil	Nil
Foreign Exchange Outgo:		
i. Towards traveling	0.78	22.10
ii. Towards import of capital goods (CIF)	0.18	Nil
iii. Towards payment to equipment suppliers	868.89	21,337.21
iii. On account of others:		
a) Investment	Nil	657.38
b) Interest	29.40	52.12
iv. Others	27.34	2027.15

For and on behalf of the Board

  
N. SEETHAIAH

MANAGING DIRECTOR



K. SRINIVASA RAO  
WHOLE-TIME DIRECTOR

Place: Hyderabad  
Date: 09.08.2014



## **REPORT ON CORPORATE GOVERNANCE**

The Directors have pleasure in presenting the Company's Report on "Corporate Governance" pursuant to Clause 49 of the Listing Agreement of the Stock Exchange.

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

Madhucon Projects Limited aims to maximize its contribution towards enrichment of quality of life and societal welfare by nurturing an excellent organization for nation building.

Madhucon Projects Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance Shareholders' value. The Company's philosophy on Corporate Governance envisages attainment of high-level transparency, accountability, disclosures and integrity in the functioning of the Company. The Company believes that its systems and actions must be integrated for enhancement of corporate performance resulting in the maximization of shareholders value in the long run.

### **2. BOARD OF DIRECTORS:**

#### **i. Composition and Category of the Directors:**

In terms of compliance with the requirement of clause 49(I) (A) of Listing Agreement, the Company endeavor to have an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board and separate the functions of Governance and Management through Board and Committees.

As on 31<sup>st</sup> March 2014, the Board consist of 4 (Four) Directors. There is 1(One) Managing Director, 1(One) Whole-time Director and 2(Two) Independent Non-Executive Directors.

#### **ii. Attendance of each Director at the Board Meetings and the last Annual General Meeting:**

The particulars of attendance of Board Meetings and Annual General Meeting by Directors for the financial year ended 31.03.2014 has been set out here below:

Sl. No.	Name of the Director	Board Meetings attended during the financial year (2013-2014)	Meeting attended at Previous AGM held on 28.09.2013
1	Sri N. Seethaiah Managing Director	26	Yes
2	Sri K. Srinivasa Rao Whole-time Director	26	No
3	Dr. C. Venkateshwara Rao Independent Director	26	No
4	Sri P. Madhava Rao Independent Director	26	Yes

**iii. Number of other Boards or Board Committees in which director is a member or Chairperson:**

In terms of compliance with the requirement of clause 49(I) (C) (ii) of Listing Agreement, the number of directorship and membership in Board of Directors and Committees respectively in other Companies are set out below:

Sl. No.	Name of the Director	Position	No. of Directorships in other Companies	Committee Membership in other Companies	Committee Chairmanship in other Companies
1	Sri N. Seethaiah	Managing Director	19	7	2
2	Sri K. Srinivasa Rao	Whole-time Director	20	8	5
3	Dr. C. Venkateshwara Rao	Independent Director	17	1	1
4	Sri P. Madhava Rao	Independent Director	3	1	0

None of the Directors is a Member in more than 10 Committees and Chairman in more than 5 Committees.

**iv. Number of Board Meetings held and Date on which held:**

In terms of compliance with the requirement of clause 49(I) (C) of Listing Agreement, Twenty Four (24) Board Meetings were held during the financial year ended 31.03.2014 on the following dates:

First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Meeting No.	Date	Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
491	08.04.2013	496	13.07.2013	502	11.11.2013	506	08.01.2014
491 (Adjourned)	10.04.2013	497	14.08.2013	503	22.11.2013	507	14.02.2014
492	29.04.2013	498	03.09.2013	504	13.12.2013	508	20.02.2014
493	29.05.2013						
493 (Adjourned)	30.05.2013	499	16.09.2013	505	21.12.2013	509	22.02.2014
494	10.06.2013	500	27.09.2013			510	25.02.2014
495	25.06.2013	501	30.09.2013			511	03.03.2014
						512	07.03.2014
						513	25.03.2014
						514	31.03.2014

### **3. AUDIT COMMITTEE:**

#### **i. Brief description of terms of reference:**

In terms of compliance with the requirement of clause 49(II) of Listing Agreement, the Audit Committee has been constituted consisting of qualified and independent Board members for providing accurate and transparent financial reporting to the Board and shall have the powers and roles to perform the functions as mentioned in Clause 49(II) (C) and 49(II) (D) of the Listing Agreement respectively read with Section 292 A of the Companies Act, 1956.

#### **ii. Composition, Name of Members and Chairperson:**

The Audit Committee was re-constituted on 29.04.2006 consisting of three members namely Dr. C. Venkateswara Rao, Independent Director as Chairman, Sri P. Madhava Rao, Independent Director and Sri K. Srinivasa Rao, Whole-time Director as Members of the Committee.

#### **iii. Meeting and attendance during the year:**

In terms of compliance with the requirement of clause 49(II)(B) of Listing Agreement, the Audit Committee met 4 (Four) times during the financial year under review, on 28.05.2013, 14.08.2013, 11.11.2013, and 14.02.2014 and the attendance of the members of the Audit Committee as recorded is as under:

Sl. No.	Name of the Director	Status	No. of meetings attended
1	Dr. C. Venkateswara Rao	Chairman	4
2	Sri P. Madhava Rao	Member	4
3	Sri K. Srinivasa Rao	Member	4

CGM (F&A), Head of Internal Auditors and representative of Statutory Auditors attended the meetings of the Audit Committee as Invitees.

In terms of compliance with the requirement of clause 49(II) (E) of Listing Agreement, the Audit Committee reviews the information from time to time as specified in the said clause.

### **4. REMUNERATION COMMITTEE:**

#### **i. Brief description of terms of reference:**

The terms of reference of Remuneration Committee are as follows:

1. To determine the Company's policy on specific remuneration package for Executive Directors including compensation payment, if any, on behalf of the Board of Directors and Shareholders.

2. To review, assess and recommend the appointment of Executive Director from time to time and also remuneration package including Employees Stock Option Scheme to the Board of Directors.

3. Any other function as may be delegated by Board of Directors.

## ii. Composition, Name of the Members and Chairperson:

The Company has re-constituted the Remuneration Committee on 22.12.2012 consisting of three (3) members namely Dr. C.Venkateswara Rao, Independent Director as Chairman and Sri P. Madhava Rao, as Independent member and Sri K. Srinivasa Rao, Whole-time Director as member.

## iii. Attendance during the year:

The Remuneration Committee met 1 (One) time, during the financial year under review, on 29.04.2013 and the attendance of the meeting by the members of the Committee as recorded is as under:

Sl. No.	Name of the Director	Position	No. of meetings Attended
1	Dr. C Venkateswara Rao	Chairman	1
2	Mr. P. Madhava Rao	Member	1
3	Mr. K. Srinivasa Rao	Member	1

## iv. Remuneration Policy:

Remuneration Policy of the company will be determined by the Management from time to time with the recommendations of 'Nomination and Remuneration Committee' of Board of Directors and subject to the compliances of the provisions of the Companies Act, 2013 and rules made thereunder.

## v. Details of Remuneration to all Directors:

Details of Remuneration of the following Directors for the financial year ended 31<sup>st</sup> March 2014 are as follows:

Sl. No.	Director	Consolidated Salary	Perquisites, Allowances and other Benefits	Performance Bonus/ Incentive/ Commission/ Stock Option	Sitting Fees	Total
1	Sri N. Seethaiah Managing Director	5,00,000/-	-	-	-	60,00,000/-
2	Sri K. Srinivasa Rao Whole-time Director	2,50,000/-	-	-	-	30,00,000/-

## 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee is empowered to oversee the redressal of Shareholders/Investors Complaints/ Grievances pertaining to share transfers/non-receipt of Annual Reports/dividend payments, issue of duplicate share certificates, transmission of shares and other complaints etc.

### i. Name of Non-Executive Director heading the Committee:

The Shareholders/ Investors Grievance Committee was reconstituted on 22.12.2012 consisting of three (3) members namely Sri P. Madhava Rao, Chairman, Sri K. Srinivasa Rao, Whole-time Director as Member, and Dr. C. Venkateswara Rao, Independent Director as Members of the Committee.

**ii. Name and Designation of Compliance Officer:**

Mrs. C.Bharathi, the Company Secretary has been designated as the Compliance Officer of the Company.

**iii. Number of Shareholders' Complaint received during the year under report:**

During the period under review, the Company has received 34 Complaints from Shareholders and disposed of 34 and the balance is Nil.

**iv. Number of Complaints not solved to the satisfaction of Shareholders as on the date of approval of Directors Report - Nil**

**v. Number of Pending Complaints as on the date of approval of Directors Report - Nil**

**vi. E-mail ID for redressal of Shareholders' Grievances:**

The Company has created a separate e-mail ID: [cs@madhucon.com](mailto:cs@madhucon.com) for the Grievance Redressal Division/ Compliance Officer exclusively for the purpose of registering and redressal of complaints by investors / shareholders.

**vii. Attendance during the year:**

The Shareholders/Investors Grievances Committee met 4 (Four) times during the year on 27-05-2013, 12-08-2013, 09-11-2013 and 12-02-2014 and the attendance of the members of the Committee as recorded is as under:

Sl.No.	Name of the Director	Position	No. of meetings attended
1	Sri K. Srinivasa Rao	Chairman	4
2	Dr. C.Venkateswara Rao	Member	4
3	Sri P. Madhava Rao	Member	4

**Shares held by Non-Executive and Independent Directors:**

Sl. No.	Name of the Director	Status	No. of Shares held	Percentage (%) of total shares
1	Dr. C.Venkateswara Rao	Independent	Nil	Nil
2	Sri. P. Madhava Rao	Independent	Nil	Nil

**6. GENERAL BODY MEETINGS:**

**i. Location and Time for the last three Annual General Meetings held and**

**ii. Special resolutions passed in the last three Annual General Meetings held:**

The particulars of previous 3 (Three) Annual General Meetings of the Company held is set out here under:



Particulars	Date & Time	Venue	Special Resolution passed/ approved
23 <sup>rd</sup> AGM(2012-2013)	28.09.2013, 3.00PM	Regd. Office: Madhu Complex, 1-7-70, Jublipura, Khammam	Nil
22 <sup>nd</sup> AGM (2011-2012)	29.09.2012, 3.00PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	Issue of Further Securities.
21 <sup>st</sup> AGM (2010-2011)	30.09.2011, 3.00PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	1. Amendment of Unpaid Dividend Clause in Articles of Association. 2. Insert Nomination Clause in Articles of Association. 3. Insert Dematerialization of Securities Clause in Articles of Association. 4. Amendment of Attorney of the Company Clause in Articles of Association. 5. Issue of Further Securities.

**iii. Special Resolution passed through Postal Ballot:**

No Special Resolution was passed through Postal Ballot during 2013-2014.

**iv. Voting through Electronic Means**

To widen the participation of shareholders in company decisions, the Companies Act, 2013 and Securities and Exchange Board of India through Clause 35B of the Listing Agreement require a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings and in respect of those businesses which are transacted through postal ballot.

Hence the Company has provided the e-Voting facility to its shareholders / members through M/s Karvy Computershare Pvt. Ltd. (RTA) for the businesses to be transacted in the ensuing Annual General Meeting.

**7. DISCLOSURES:**

In terms of compliance with the requirement of clause 49(IV)(A), 49(IV)(B) and 49(IV)(C) of Listing Agreement, the Company complies with the requirement relating to related party transactions, accounting treatment, risk management as specified therein wherever required. The clause 49(IV)(D) of Listing Agreement is not applicable since the Company has not raised any proceeds from Public Issues, Rights Issues, Preferential Issues etc. during the financial year ended 31.03.2014. Similarly, clause 49(IV) (E) of Listing Agreement relating to remuneration to Non-Executive Director is not applicable since no Non-Executive Director was paid any remuneration during the financial year ended 31.03.2014.

In terms of compliance with the requirement of clause 49(IV) (F) of Listing Agreement, information as required under Management Discussion and Analysis Report (MDAR) is given in the Directors' Report forming the part of this Annual Report.

- i) None of the related party transactions of the Company have any material significance and potential conflict with the interest of the Company.
- ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or Statutory Authority on any matters relating to capital markets during the last three years - None
- iii) The Company has affirmed that no personnel has been denied to access to the Audit Committee under whistle blower policy.
- iv) The Company has complied all the mandatory requirements as required under Clause-49 of Listing Agreement.
- v) None of the Non- Executive Directors have any pecuniary relationships or transactions with the Company.
- vi) Material non-listed Subsidiary Companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges - Given separately in the Report.

The details as given above are in conformity with the list of items to be included in the report on corporate governance in the Annual Report as specified in the Annexure IC of Clause-49 of Listing Agreement of the stock exchange.

## 8. SHAREHOLDERS COMMUNICATION:

- i. The quarterly financial provisional un-audited results of the Company will be published in the leading daily newspaper within 45 days from the end of the respective quarter and fourth quarter duly audited within 60 days as per the amended clause-41 Listing Agreement.

The financial calendar events of 2014-15 relating to quarterly un-audited financial results are as follows:

<b>Financial Reporting for the :</b>	
1 <sup>st</sup> Quarter ended 30 <sup>th</sup> June 2014	09 <sup>th</sup> August, 2014
2 <sup>nd</sup> Quarter ended 30 <sup>th</sup> September 2014	14 <sup>th</sup> November, 2014
3 <sup>rd</sup> Quarter ended 31 <sup>st</sup> December 2014	14 <sup>th</sup> February, 2015
4 <sup>th</sup> Quarter ended and financial year 31 <sup>st</sup> March 2015	30 <sup>th</sup> May, 2015

- ii. The financial provisional un-audited results are published in a leading daily newspaper in English and in Regional language having nationwide circulation viz. Financial Express and Andhra Prabha.
- iii. These financial provisional results and shareholding pattern are submitted to National Stock Exchange in <https://www.connect2nse.com/LISTING/> and to Bombay Stock Exchange in <http://listing.bseindia.com/> and also it will be placed in Company's website <http://www.madhucon.com>.

iv. The performance of the quarterly, half yearly and annual together with financial results of the Company released time to time in media by the press statements and also displays on Company's website.

v. The Company from time to time made the presentations through video conference to institutional investors and/or to the analysts.

## 9. INVESTMENTS/EQUITY PARTICIPATION IN OTHER COMPANIES:

### i) Madhucon Projects Limited Investments in Equity of Subsidiary Companies as on 31.03.2014

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Shares (Rs)	Value of Equity shares (Rs)	Percentage (%)
1	Madhucon Infra Limited (CIN: U45200TG2006PLC049235)	22.02.2006	122,20,27,045	10	1222,02,70,450	94.894
2	Madurai-Tuticorin Expressways Limited (CIN-U45203TG2006PLC050114)	11.05.2006	8,85,61,500	10	88,56,15,000	54.12
3	Madhucon Energy Limited (CIN- U45309TG2000PLC034007)	24.03.2000	1,00,090	5	5,00,450	99.95
4	Madhucon Mega Mall Private Limited (CIN-U45400TG2007PTC056734)	18.12.2007	20,000	10	2,00,000	66.66
5	Nama Hotels Private Limited (CIN-U55101TG2007PTC056818)	24.12.2007	2,71,21,200	10	27,12,12,000	99.96
6	Madhucon Heights Private Limited (CIN-U45209TG2007PTC056733)	18.12.2007	20,000	10	2,00,000	66.66
7	Agastyamuni Hydro Power Pvt. Ltd (CIN-U40108TG2010PTC068128)	28.04.2010	6,000	10	60,000	60.00
8	Rudraprayag Hydro Power Pvt. Ltd. (CIN-U40108TG2010PTC068130)	28.04.2010	6,000	10	60,000	60.00
9	Tilwara Hydro Power Private Ltd (CIN-U40300TG2010PTC068127)	28.04.2010	6,000	10	60,000	60.00

### ii) Madhucon Projects Limited Investments in Equity of Foreign Subsidiary Companies as on 31.03.2014:

Sl.No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face value of Equity Share	Value of Equity Shares held	Percentage (%)
1	Madhucon Natural Resources Limited, Singapore (200603264W)	09.03.2006	750	S\$ 1/-	S\$ 750 (Equivalent to Rs.21036)	75.00

### iii) Madhucon Projects Limited Investments in Equity of Group Companies (other than subsidiaries) as on 31.03.2014:

Sl.No	Name of the Company	Date of Incorporation	No. of Equity Shares held by Madhucon Projects Limited	Equity Share Face Value of Rs	Value of Equity shares held (Rs.)	Percentage (%)
1	Madhucon Sugar & Power Industries Limited (CIN:U15427TG2002PLC039859)	05.11.2002	4811500	10	48115000	10.36

2	MBN Anchored Earth Limited (CIN U45200TG1998PLC029310)	28.04.1998	40000	10	400000	40.00
3	Madhucon Properties Limited (CIN: U45200TG2005PLC045366)	15.02.2005	20000	10	200000	33.33
4	Madhucon Toll Highways Limited (CIN- U93000TG2008PLC060479)	05.08.2008	30000	10	300000	0.01
5	Madhucon Agra-Jaipur Expressways Limited (CIN-U45203TG2005PLC045689)	23.03.2005	100000	10	1000000	0.10
6	TN(DK) Expressways Limited (CIN- U45200TG2006PLC048941)	31.01.2006	100000	10	1000000	0.13
7	Trichy-Thanjavur Expressways Limited (CIN- U45200TG2006PLC049815)	13.04.2006	100000	10	1000000	0.15
8	Chhapra-Hajipur Expressways Limited (CIN- U45209TG2010PLC068742)	02.06.2010	100000	10	1000000	0.17
9	Simhapuri Energy Limited (CIN-U40101TG2005PLC048264)	02.12.2005	10000	10	100000	0.01
10	Rajanagaram Gas Power Private Limited (CIN- U40108TG2010PTC066560)	05.01.2010	488080	10	4880800	13.56
11	Ramnagar Power Private Limited (CIN- U40108TG2010PTC071246)	16.11.2010	10000	10	100000	50.00
12	Barasat-Krishnagar Expressways Ltd (CIN- U45203TG2011PLC073469)	24.03.2011	14000	10	140000	0.04
13	Ranchi Expressways Limited (CIN- U45209TG2011PLC073568)	29.03.2011	14000	10	140000	0.02
14.	Vijayawada – Machilipatnam Expressways Limited (CIN- U45209AP2011PLC077676)	28.11.2011	8000	10	80000	3.20
15.	Rajauli-Bakhtiyarpur Expressways Limited (CIN- U45203TG2012PLC080775)	07.05.2012	12000	10	120000	24.00

**iv) Madhucon Projects Limited Investments in Equity of Foreign Group Companies (other than subsidiary) as on 31.03.2014:**

Sl.No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face value of Equity Share	Value of Equity Shares held	Percentage (%)
1	PT Madhucon Indonesia (Deed No.30) (H.R.01.01.TH 2006) Jakarta, Indonesia	19.12.2005	1,565,000	Rph.10,110	US\$1,565,000 (equivalent to Rs.943.08 Lacs)	10%
2	PT Madhucon Sriwijaya Power (Deed No.46 ) (Decree No.AHU-10886, AH:01.01.Tahun.2012 dated 28th February, 2012)	20.02.2012	5,000,000	Rph.9000	US\$5,000,000 (equivalent to Rs. 3013.05 Lacs)	25%

## **10. SEBI Prevention of Insider Trading:**

With SEBI imposing the responsibility of "Prohibition of Insider Trading" in the Organizations, Board has designed a Code of Conduct strictly in accordance with the Model Code of Conduct prescribed by SEBI. The Code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company, while in possession of the unpublished price sensitive information in relation to the Company. As on the date, there have been no violations of insider trading regulation.

## **11. Auditors' Certificate:**

Auditors' Report certifying the compliance of Corporate Governance as required under clause 49 of the Listing Agreement is annexed herein forming a part of Corporate Governance Report.

## **12. GENERAL SHAREHOLDER INFORMATION:**

### **i) AGM: Date, Time and Venue:**

Date : 27<sup>th</sup> September, 2014  
Day : Saturday  
Time : 3:00 PM  
Venue : Regd. Office: Madhu Complex, 1-7-70, Jublipura,  
Khammam-507 003, Telangana

### **ii) Financial Year:**

The Company follows the financial year commencing from 1<sup>st</sup> April to 31<sup>st</sup> March on consistent basis.

### **iii) Date of Book Closure:**

The Share Transfer Register will be closed from 23.09.2014 to 27.09.2014 (inclusive of both days) to determine the entitlement of shareholders to receive the dividend, if any, declared for the financial year ended 31<sup>st</sup> March, 2014. Dividend will be paid to the beneficial owner of the shares as per the details provided by the Depositors.

### **iv) Dividend Payment Date:**

On or before 26<sup>th</sup> October, 2014

### **v) Listing on Stock Exchanges:**

Bombay Stock Exchange (BSE)  
Stock Code No.: BSE - 531497

National Stock Exchange (NSE)  
Stock Code No.: NSE - MADHUCON

Luxembourg Stock Exchange  
Security Name: Madhucon Projects Ltd.

**vi) Stock Code:**

INE 378D01032

**vii) Market Price Data:**

**High and Low during each month in last financial year 2013-2014:**

High and Low of Market Price of the Company's Equity Shares Traded on the BSE & NSE Stock Exchanges during the 12 months period ended 31<sup>st</sup> March 2014 are as under-

**A) BSE:**

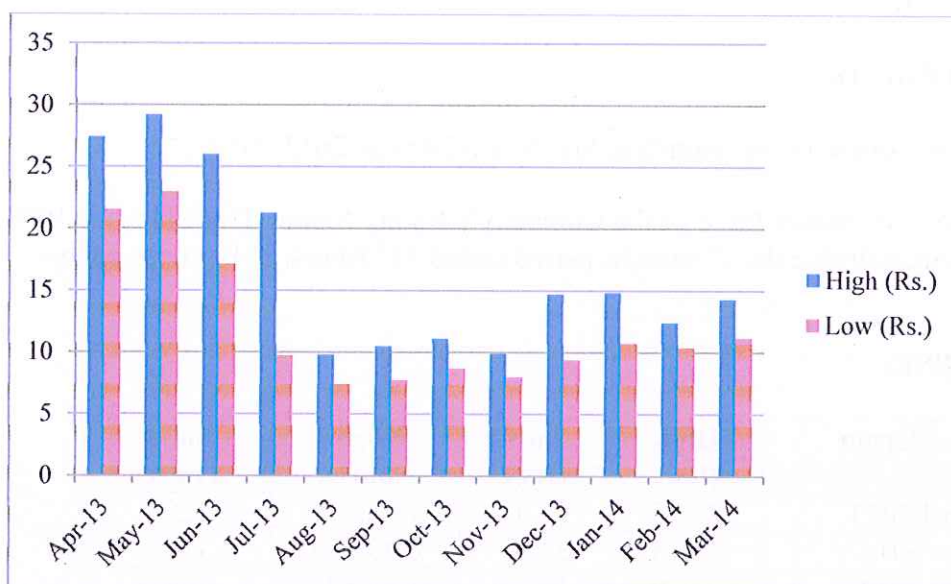
Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2013	27.45	21.95	1,72,273	2,239
May 2013	29.15	23.00	6,43,569	3,343
June 2013	24.30	17.10	1,64,170	2,468
July 2013	22.20	9.70	5,43,995	4,610
August 2013	9.75	7.37	4,37,562	3,024
September 2013	10.40	7.77	4,13,324	2,224
October 2013	11.00	8.80	7,11,933	2,988
November 2013	10.00	8.11	11,48,394	4,999
December 2013	14.45	9.40	32,92,729	14,241
January 2014	14.75	10.60	9,79,620	6,029
February 2014	12.46	10.45	4,61,367	2,918
March 2014	14.30	11.30	5,41,350	4,371

**B) NSE:**

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares
April 2013	27.40	21.55	5,59,058
May 2013	29.20	22.95	15,64,160
June 2013	26.00	17.15	4,57,303
July 2013	21.25	9.75	19,17,221
August 2013	9.80	7.40	15,08,917
September 2013	10.50	7.75	20,15,916
October 2013	11.10	8.70	27,27,145
November 2013	9.90	8.00	50,41,154
December 2013	14.70	9.40	86,93,374
January 2014	14.85	10.75	32,03,556
February 2014	12.40	10.40	16,78,986
March 2014	14.30	11.20	20,21,800



### Share Price Movement Diagram:



### viii) Registrar and Transfer Agents:

Karvy Computershare Private Limited  
Plot No. 17-24, Vittal Rao Nagar  
Madhapur, Hyderabad-500081

Phone No.: 040-23420818 Fax: 040-23420814

E-mail: madhusudhan@karvy.com

Contact Person Name & Designation: Mr. M.S. Madhusudhan, General Manager

### ix) Share Transfer System:

All the Share Transfers that are received will be processed by the Registrar and Share Transfer Agents (RTA) and approved and registered by the Board of Directors within 15 days from the date of lodgment and de-mat requests are normally confirmed within an average period of 15 days from the date of lodgment for transfer.

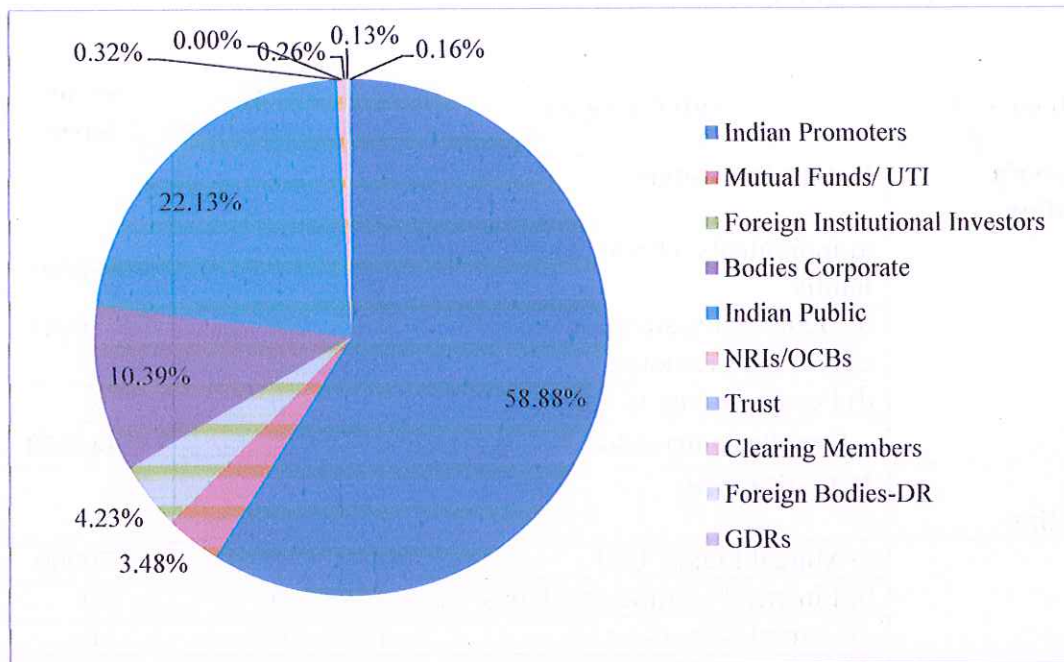
### x) A) Distribution of Shareholding as on 31<sup>st</sup> March, 2014

Equity Share holding of nominal Value of Rs. 1/- each	Equity Shareholders		Equity Shares Amount	
	Numbers	%	In Rs.	%
1 - 5,000	13006	96.44	5829399	7.90
5,001 - 10,000	233	1.73	1764710	2.39
10,001 - 20,000	105	0.78	1469665	1.99
20,001 - 30,000	44	0.33	1081952	1.47
30,001 - 40,000	16	0.12	564693	0.77
40,001 - 50,000	16	0.12	725183	0.98
50,001 - 1,00,000	28	0.21	1993561	2.70
1,00,001 - Above	38	0.28	60365777	81.80
<b>TOTAL</b>	<b>13486</b>	<b>100.00</b>	<b>73794940</b>	<b>100.00</b>

**B) Shareholding Pattern as on 31<sup>st</sup> March 2014 in terms of Clause 35 of Listing Agreement is as follows:**

Category	Sub Category	No. of Shareholders	No. of Shares	% of Shares
<b>A) Promoter's Shareholding</b>	<b>Indian Promoters</b>			
	a) Individuals/ Hindu Un-dividend family	18	31028595	42.05
	b) Bodies Corporate	3	12416943	16.83
	c) Foreign Promoters	0	0	0
	d) Persons acting in Concert	0	0	0
	<b>Total Promoters Shareholdings (A)</b>	<b>21</b>	<b>43445538</b>	<b>58.88</b>
<b>B) Public Shareholding</b>	<b>1) Institutions</b>			
	a) Mutual Funds/ UTI	1	2570000	3.48
	b) Financial Institutions/Banks	0	0	0
	c) Central/State Govt.(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e) Insurance Companies	0	0	0
	f) Foreign Institutional Investors	4	3124832	4.23
	g) Foreign Venture Capital Investors	0	0	0
	<b>2) Non- Institutions</b>			
	a) Bodies Corporate	356	7669279	10.39
	b) Individual Shareholders holding:			
	i) Nominal share capital up to Rs.1 Lakh.	12856	10607425	14.37
	ii) Nominal share capital in excess of Rs.1 Lakh	11	5730403	7.77
	c) NRI/OCB	166	235747	0.32
	d) Trust	1	3000	0.00
	e) Clearing Members	67	194416	0.26
	f) Foreign Bodies-DR	2	93500	0.13
	<b>Total Public Shareholding (B)</b>	<b>13464</b>	<b>30228602</b>	<b>40.96</b>
<b>C) Shares held by Custodians and against which depository receipts have been issued</b>	Duetches Bank Trust Company Americas – GDR's	1	120800	0.16
	<b>Total ( C )</b>	<b>1</b>	<b>120800</b>	<b>0.16</b>
	<b>Grand Total: (A)+(B)+(C)</b>	<b>13486</b>	<b>73794940</b>	<b>100.00</b>

## Shareholding Distribution



### C) Top Shareholders as on 31<sup>st</sup> March 2014 holding more than 1%

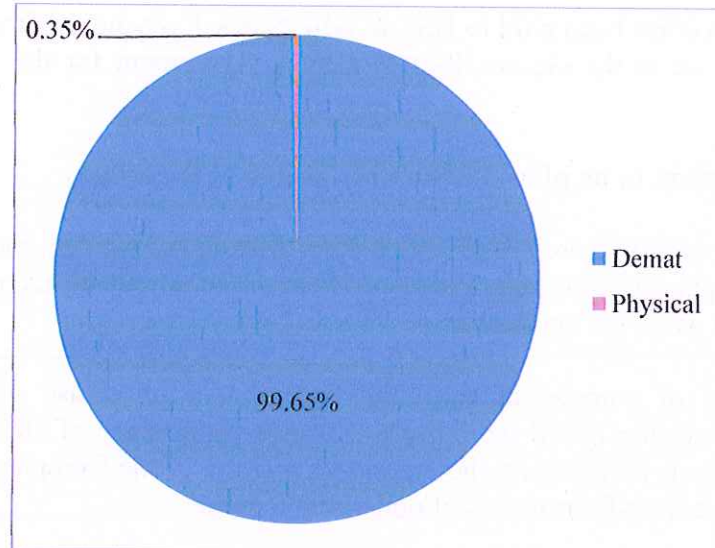
Category	Name	No. of Shares	% of Shares
<b>A) Promoter's Holding</b>			
<b>Individuals</b>	Nama Nageswar Rao	10732262	14.54
	Nama Chinnamma	6158000	8.34
	Seethaiah Nama	6001800	8.13
	Nama Krishnaiah	2676183	3.63
	Nama Prithvi Teja	1001500	1.36
	Kamma Srinivasa Rao	1009000	1.37
	<b>Total (A)</b>	<b>39267155</b>	<b>53.21</b>
<b>B) Public Shareholding</b>			
<b>B1) Institutional Investors</b>			
a) Mutual Funds	Sundaram Mutual Fund A/C Sundaram Select Midcap	2570000	3.48
b) Foreign Institutional Investors	Copthall Mauritius Investment Limited	2699891	3.66
<b>B2) Non Institutions</b>	ICICI Prudential Life Insurance Company Ltd	3673484	4.98
<b>B3) Individual</b>	1) Ashish Dhawan	1794999	2.43
	2) Chandra Singh Lodha	1745995	2.37
	<b>Total (B1 + B2 +B3)</b>	<b>12484369</b>	<b>16.92</b>



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

7,35,37,430 Equity Shares equivalent to 99.65 % of the total equity share capital have been de-materialized and 2,57,510 are in physical form equivalent to 0.35% as on 31<sup>st</sup> March 2014.

Trading of equity shares in Demat Form is made compulsory with effect from 1<sup>st</sup> January 2002 as per the Notification issued by Securities and Exchange Board of India (SEBI). Therefore, shareholders are advised to use the Demat facilities for trading in shares.



xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity - No outstanding instruments.

xiii. Plant Locations – Not applicable since the company is not engaged in manufacturing activities.

**xiv. Address for Correspondence:**

For any assistance in respect of status on Dematerialization of Shares, Transfer, Transmission, Transposition, Issue of Duplicate Certificates, Change of Address etc., members are requested to contact the following Registrar and Transfer Agent of the Company.

**Karvy Computershare Private Limited**

Plot No. 17-24, Vittal Rao Nagar

Madhapur, Hyderabad-500 081

Phone No.: 040-23420815-24 Fax: 040-23420814

E-mail: madhusudhan@karvy.com

Contact Person Name & Designation: Mr. M.S.Madhusudhan, General Manager

For any queries regarding shares held in Demat Form, members are requested to contact their respective Depository Participants.

For any other information about the Company, members are requested to contact the following officer of the Company.

**Company Secretary & Compliance Officer:**

Corp. Off: "Madhucon House", Plot No.1129/A,  
Road No.36, Jubilee Hills, Hyderabad – 500 033 India  
Telephone: (040) 23556001 / 2 / 3 / 4  
Fax No: (040) 23556005  
E-Mail: [cs@madhucon.com](mailto:cs@madhucon.com)

**13. Listing Fees:**

Listing fee has been paid to BSE & NSE Stock Exchanges within the prescribed time limit as set in the clause 38(a) of Listing Agreement for the Financial Year 2014-2015.

**14. Information to be placed before the Board of Directors:**

In terms of Annexure I A of clause 49 of Listing Agreement, the required information will be placed before the Board of Directors as a part of agenda for discussion and decision wherever applicable.

In terms of compliance with the requirement of clause 49(I)(C)(iii) of Listing Agreement, the Board periodically reviews compliance of all laws applicable to the Company as prepared by the respective officers of the Company and also steps taken by them to rectify instances of non-compliances.

**15. Code of Conduct:**

In terms of compliance with the requirement of clause 49(I)(D) of Listing Agreement, the Board of Directors has adopted a code of conduct for all Board members and senior management of the Company and affirmed its compliance on annual basis for the Financial Year ended 31<sup>st</sup> March 2014.

**16. Secretarial Audit:**

Quarterly Secretarial Audit will be conducted by Practicing Company Secretary in accordance with circular of SEBI No. D&CC /FITTC/CIR-16/2002 dated 31<sup>st</sup> December 2002 and Certificates will be issued accordingly.

**17. Record of Dividend and Cash Bonus for the past three years (For Equity shares):**

Year	Type of Payment	Rate in %	Amount per Share(Rs.)	Total Amount(Rs.)
2012-2013	Final	10	0.10	7379494
2011-2012	Final	10	0.10	7379494
2010-2011	Final	25	0.25	18448735

**ECS Facility for Dividend Payment**

The Company has provided facility of Electronic Clearing Services (ECS) for payment of dividend to shareholders for the financial year ended 31.03.2013 as per Securities and Exchange Board of India (SEBI) Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013.



### **Unclaimed Dividend**

In terms of Section 205A and 205C of the Companies Act, 1956, the company is required to transfer the amount of dividend which remains unpaid and unclaimed for a period of seven years from the date of transfer of dividend to the unpaid dividend account to the Investor Education and Protection Fund (IEPF) Hence the shareholders are advised to claim their dividend(s) before transfer of the same to IEPF. During the financial year 2013-14, the Company has transferred the unclaimed dividend a sum of Rs. 1,00,747/- pertaining to the year 2005-06 to IEPF.

### **18. Profile of Directors:**

#### **Sri Kandimalla KVN Prasad, Additional Director under Independent director category:**

Sri Kandimalla KVN Prasad has been appointed as an Additional Director under Independent director category by your Board at its meeting held on 09.08.2014 and he will continue in office till the ensuing Annual General Meeting.

Sri Kandimalla K.V.N.Prasad aged about 43 years, post graduated in M.Tech and having experience of 18 years in project, IT and financial management including ERP systems and as CEO from 2006 – 2013 in a reputed power company responsible for development in power (Coal and Wind Power) resources and infrastructure.

#### **Smt. Ch. Lakshimi Kumari, Additional Director under Independent-Woman Director category:**

Smt. Ch. Lakshimi Kumari has been appointed as an Additional Director under Independent-Woman Director category by your Board at its meeting held on 09.08.2014 and she will continue in office till the ensuing Annual General Meeting.

Smt. Ch. Lakshimi Kumari, aged about 58 years and graduated in B.Sc, B.Ed. She is an educationist and inspired to develop the learning modules with technical and scientific aspirations in teaching profession and upliftment of backward and girijan children and youth in order to build the future managers of India.


### **19. Declaration of compliance with the Code of Conduct:**

In terms of compliance with the requirements of clause 49 (I)(D)(ii) of the Listing Agreement, the members of the Board and Senior Management personnel of the Company affirm that the code of conduct, as framed by the Company, is being complied with from time to time during the period under review.

Place: Hyderabad  
Date: 09.08.2014

**For and on behalf of the Board**



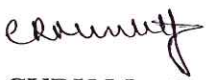
  
**N. Seetharam**  
**Managing Director**

## 20. CEO Certification:

In terms of compliance with the requirements of clause 49(V) of the Listing Agreement, Sri N. Seethaiah, Managing Director as CEO and Sri CVRK Murthy, GM (F&A) of the Company certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. That the Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company'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 Company during the year which is fraudulent, illegal or violates of the company's code of conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal control if any of which we are aware and steps that we have taken or proposed to take to rectify these deficiencies.
- d) Further, we have indicated to the Auditors and the Audit Committee
  - i. Significant changes in internal control over financial reporting during the year, wherever applicable;
  - ii. Significant changes in accounting policies during the year and correct information has been disclosed in the notes to the financial statements, wherever applicable and
  - iii. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in company's internal control system over financial reporting, wherever applicable.

Place: Hyderabad  
Date: 09.08.2014

  
**CVRK Murthy**  
General Manager  
Finance & Accounts

  
**N. Seethaiah**  
Managing Director





### **Auditor's Certificate on Compliance of Corporate Governance**

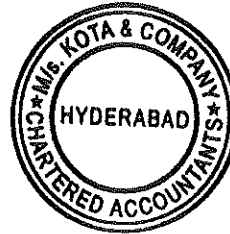
We have examined the compliance of conditions of Corporate Governance by Madhucon Projects Limited having its Regd. Office at: 1-7-70, Jubilipura, Khammam – 507 003, Andhra Pradesh for the year ended 31<sup>st</sup> March, 2014 as stipulated in Clause-49 of the Listing Agreement of the Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the listing agreement.

We state in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2014, no Investor Grievances are pending against the Company as per the records maintained by the Company Registrar & Transfer Agents and SEBI SCORES and presented to the investors/shareholders grievance committee. We further state that such compliance is neither an assurance as for the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For KOTA & COMPANY**  
Chartered Accountants  
FRN 011982S



*K.S.R.K. Prasad*

**K.S.R.K. Prasad**  
PARTNER

Membership No.022964

Place: Hyderabad  
Date: 09.08.2014

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Madhucon Projects Limited

### **Report on Financial Statements**

We have audited the accompanying financial statements of Madhucon Projects Limited ("the Company") which comprise the Balance Sheet as at 31st March 2014, Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

The Company's Management is responsible for the preparation of these financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Companies internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### Opinion

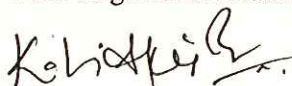
In our opinion, and to the best of our information and according to the explanations given to us, the afore said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of Statement of Profit and Loss, of the profit 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order) issued by Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report That:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act; read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; and
  - e. on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Kota & Company  
Chartered Accountants  
Firm Registration Number : 011982S

  
K. Siva Rama Krishna Prasad  
PARTNER

Membership Number : 022964



Date : 30/05/2014

Place: Hyderabad



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date:**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details of Fixed Assets.
- (b) All the assets have not been physically verified by the management during the year, but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on the verification.
- (c) During the year, the company has not disposed any substantial part of fixed assets.
- (ii)
  - (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 explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) a) According to the information and explanations given to us, the Company has granted loans to four companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.10,594.64 lakhs and the year-end balance of loans granted to such parties was Rs.10,594.64 lakhs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest on which the unsecured loan has been granted is prima facie not prejudicial to the interest of the Company. Since the company has not entered into a formal agreement for loans given, we are not in a position to comment whether the other terms and conditions on which the loans are granted are prima facie not prejudicial to the interests of the Company.
- (c) & (d) Since the repayment schedule for such loans is not stipulated, we are unable to comment on the regularity of receipt of principal and interest payment as well as the adequacy of steps taken to recover the amount.
- (e) According to the information and explanations given to us, the Company has taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.4,054.19 lakhs and the year-end balance of loans taken from such party was Rs.3,954.19 lakhs.



- (f) In our opinion and according to the information and explanations given to us, the rate of interest on which the unsecured loan has been obtained is prima facie not prejudicial to the interest of the Company. Since the company has not entered into a formal agreement for loans taken, we are not in a position to comment whether the other terms and conditions on which the loans are taken are prima facie not prejudicial to the interests of the Company.
- (g) Since the repayment schedule for such loans is not stipulated, we are unable to comment on the regularity of repayment of principal and interest payment.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure or major weaknesses in internal controls.
- (v) According to the information and explanations given to us, the transactions made in pursuance of contracts or agreements entered in the register maintained under Sec. 301 of the Act and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA or any other relevant provisions of the Act and Rules there under are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system which needs to be improved so as to commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Cost Accounting Record Rules 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of applicable undisputed statutory dues including Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, professional tax and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been significant delays in payments. According to the information and explanations given to us, undisputed amounts payable in respect of aforesaid dues outstanding for more than six months from the date they became payable as at 31<sup>st</sup> March 2014 are as follows:



Statement of Arrears of Statutory Dues Outstanding for More than Six Months:

Name of the Statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates
Provident Fund	Employee & Employer Contribution	124.67	2011-2014
Professional Tax	Of Employees	27.43	2011-2014
Income Tax	TDS	133.73	2013-2014
Service Tax	Service Tax	254.86	2013-2014
VAT	VAT	71.08	2013-2014
Income Tax	Dividend Tax	25.83	2013-2014

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

Name of the Statute	Amount (Rs. Lakhs)	Period to which it relates	Forum where dispute is Pending
Sales Tax	5,795.52	2001-02 to 2004-05 & 2009-10	Hon'ble AP High Court
Entry Tax	629.11	2006-07, 2007-08, 2009-10 & 2010-11	Hon'ble Rajasthan High Court
Income Tax	6,621.52	2009-10 AY to 2011-12 AY	CIT (Appeals), Hyderabad

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) *The details of principal and interest not paid on due dates i.e. the last dates specified in loan documents to the Financial Institutions and Banks during the year are as follows:*

Delay in days	Principal Amount (Rs. Lakhs)	Interest Amount (Rs. Lakhs)
0 to 30	2812.25	4302.40
31 to 60	1718.06	1993.54
61 to 120	6870.02	1422.42
121 to 180	3420.61	221.17
181 to 278	2122.72	10.74

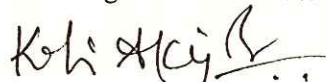
Out of these dues, an amount of Rs. 6,690.56 lakhs and Rs.5,798.77 lakhs pertaining to principal and interest respectively have been paid before 31<sup>st</sup> March, 2014. Rs. 6,848.58 lakhs of principal and Rs.1,141.39 lakhs of interest was restructured before 31<sup>st</sup> March, 2014

- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- (xvi) Based on the examination of the books of account, term loans were applied for the purpose for which the loans were obtained.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the Company has used funds raised on short-term basis for long-term investment.*
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares during the period under audit.
- (xix) According to the information and explanations given to us during the period covered by our audit report, the company has not issued debentures.
- (xx) According to the information and explanations given to us during the period covered by our audit report, the company had not raised money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Kota & Company  
Chartered Accountants

Firm Registration Number : 011982S



K. Siva Rama Krishna Prasad  
PARTNER

Membership Number : 022964



Date : 30/05/2014

Place: Hyderabad

(41)



# Madhucon Projects Limited

## Balance Sheet as at 31st March, 2014

(Rupees in Lakhs)

	Note	As at 31 March 2014	As at 31 March 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	69,888.83	66,802.92
<b>A</b>		<b>70,629.15</b>	<b>67,543.24</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term Borrowings	2.3	9,031.98	8,655.58
(b) Other Long term Liabilities	2.4	1,13,849.88	75,335.07
<b>B</b>		<b>1,22,881.86</b>	<b>83,990.65</b>
<b>(3) Current Liabilities</b>			
(a) Short-term Borrowings	2.5	42,239.15	39,192.84
(b) Trade Payables	2.6	15,382.07	25,449.78
(c) Other Current Liabilities	2.7	58,211.13	80,065.00
(d) Short-term Provisions	2.8	7,704.81	12,030.63
<b>C</b>		<b>1,23,537.16</b>	<b>1,56,738.25</b>
<b>Total (A+B+C)</b>		<b>3,17,048.17</b>	<b>3,08,272.14</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	2.9	12,820.66	17,321.43
(b) Non-Current Investments	2.10	1,37,721.40	1,35,749.27
(c) Deferred Tax Asset (net)	2.11	-	758.19
(d) Long term Loans and Advances	2.12	48,240.69	12,523.50
(e) Other Non-Current Assets	2.13	35,661.77	48,401.73
<b>A</b>		<b>2,34,444.52</b>	<b>2,14,754.12</b>
<b>(2) Current Assets</b>			
(a) Inventories	2.14	5,158.06	5,733.25
(b) Trade Receivables	2.15	11,645.56	38,196.05
(c) Cash and Bank Balances	2.16	1,956.78	2,291.88
(d) Short-term Loans and Advances	2.17	26,251.01	17,913.16
(e) Other Current Assets	2.18	37,592.24	29,383.68
<b>B</b>		<b>82,603.65</b>	<b>93,518.02</b>
<b>Total (A+B)</b>		<b>3,17,048.17</b>	<b>3,08,272.14</b>

Significant Accounting Policies and Notes forming part of the Financial Statements

1&2

The accompanying Notes including other Explanatory information form an Integral part of Financial Statements  
As per our Report of even date attached

For Kota & Company

Chartered Accountants

K.S.R.K. Prasad  
Partner

Place: Hyderabad  
Date: 30-05-2014



N. Seethalah  
Managing Director

For and on behalf of the Board

K. Srinivasa Rao  
Whole-time Director



C. Bharathi  
Company Secretary

# Madhucon Projects Limited

## Statement of Profit and Loss for the year ended 31st March, 2014

(Rupees in Lakhs)

	Note	Year ended 31 March 2014	Year ended 31 March 2013
<b>Revenue:</b>			
I Revenue from Operations	2.19	86,531.42	104,497.17
II Other Income	2.20	3,248.22	1,887.07
<b>III Total Revenue (I + II)</b>		<b>89,779.64</b>	<b>106,384.24</b>
<b>IV Expenses:</b>			
Cost of Materials consumed	2.21	46,887.62	73,814.38
Changes in inventory	2.23	575.19	(1,539.47)
Employee Benefit Expenses	2.24	4,007.17	5,642.83
Finance Costs	2.25	12,644.26	11,090.04
Depreciation	2.9	4,701.86	5,459.18
Other Expenses	2.26	15,991.50	8,495.81
<b>Total Expenses</b>		<b>84,807.61</b>	<b>102,962.77</b>
V Profit Before Tax (V - VI)		4,972.04	3,421.47
VI Tax Expense:			
1) Current Tax		1,042.17	684.56
2) Deferred Tax		758.19	(639.99)
		1,800.36	44.57
VII Profit/(Loss) from the period from continuing operations (V-VI)		3,171.68	3,376.90
<b>Earning per equity share:</b>			
Basic and Diluted		4.30	4.58

Significant Accounting Policies and Notes forming part of the Financial Statements

1&2

As per our Report of even date attached

For Kota & Company

Chartered Accountants

K.S.R.K. Prasad

Partner

Place:-Hyderabad

Date: 30-05-2014



*N. Seethalakshmi*  
N. Seethalakshmi  
Managing Director

For and on behalf of the Board



*K. Srinivasa Rao*  
K. Srinivasa Rao  
Wholtime Director

*C. Bharathi*  
C. Bharathi  
Company Secretary



# Madhucon Projects Limited

## Cash Flow Statement for the year ended 31st March, 2014

Rupees in Lakhs

PARTICULARS	As at 31.03.2014	As at 31.03.2013
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,972.04	3,421.47
Adjustments for:		
<u>Add:</u>		
Depreciation	4,701.86	5,459.18
Interest	12,109.17	10,737.67
<u>Less:</u> Income from Investment	3,003.74	1,348.75
<b>Operating profit before working capital changes</b>	<b>18,779.33</b>	<b>18,269.56</b>
Adjustments for:		
(Increase)/Decrease in stocks	575.19	(1,539.47)
Increase /Decrease in Trade Receivables and other advances	(12,973.17)	28,552.16
Increase/Decrease in Trade Payables and other Liabilities	2,267.42	(3,948.90)
	<b>(10,130.56)</b>	<b>23,063.78</b>
<b>Cash Generated from operations</b>	<b>8,648.77</b>	<b>41,333.34</b>
Direct taxes	1,042.17	684.56
Cash flow before extraordinary items	7,606.60	40,648.78
Extraordinary items		
<b>Net Cash from Operating activities (A)</b>	<b>7,606.60</b>	<b>40,648.78</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets(net)	(201.09)	(2,702.20)
Increase in Investments	(1,972.13)	(21,324.58)
Income from investment (Interest)	3,003.74	1,348.75
<b>Net Cash used in investing activities (B)</b>	<b>830.52</b>	<b>(22,678.02)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(12,109.17)	(10,737.67)
Increase / Decrease in long Term Borrowings	376.40	(9,303.06)
Increase/ Decrease in Short Term Borrowings	3,046.31	965.66
Dividend Paid	(73.79)	(73.79)
Dividend Tax thereon	(11.97)	(11.97)
Dividend and Dividend Tax Adjustments of Previous Year	-	-
<b>Net cash from financing activities (C)</b>	<b>(8,772.23)</b>	<b>(19,160.84)</b>
<b>Net Increase in Cash and Cash equivalents</b>	<b>(335.11)</b>	<b>(1,190.07)</b>
Cash and cash equivalents as at 31/03/2013 (Opening Balance)	2,291.89	3,481.97
Cash and cash equivalents as at 31/03/2014 (Closing Balance)	<b>1,956.78</b>	<b>2,291.89</b>

**Note:** Proceeds from Long Term and Short Term Borrowings are shown Net of Repayments

As per our Report of even date attached

For and on behalf of the Board

For Kota & Company

Chartered Accountants

K.S.R.K. Prasad  
Partner



Place: Hyderabad  
Date: 30.05.2014



N. Seethalakshmi  
Managing Director

K. Srinivasa Rao  
Wholetime Director

C. Bharathi  
Company Secretary

# Madhucon Projects Limited

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31<sup>st</sup> MARCH, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the company and are same as used in the previous year.

#### B. Use of Estimates:

Management makes estimates, technical and other assumptions regarding the amounts of income and expense in accordance with Indian GAAP in the preparation of its financial statements. Difference between the actual results and estimates are recognized in the period in which they are determined.

#### C. Inventories:

- a) The stock of stores, embedded goods and fuel are valued at cost or net realizable value whichever is lower.
- b) Work-in-progress is valued on the basis of the actual expenditure incurred in the case of all incomplete contracts.

#### D. Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses if any. The cost of acquisition consists of purchase price and incidental costs if any to bring the asset to its working condition or for their intended use. Borrowing costs relating to acquisition of tangible assets which takes substantial period of time to get the asset ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

#### E. Depreciation and Amortization:

Depreciation is provided for in the accounts on Straight-Line method in accordance with the Schedule XIV of the Companies Act, 1956 as in force and proportionate depreciation are charged for additions/deletions during the year. In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion. Depreciation on adjustments to the historical cost of the assets on account of reinstatement of long term borrowings in foreign currency, if any, is provided prospectively over the residual useful life of the asset.

**F. Impairment of Assets:**

The carrying amount of assets other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is greater than the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

**G. Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Long-term Investments. Current Investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Long-term Investments are carried at cost; provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

**H. Employee Benefits:**

**Provident Fund:**

Provident fund is defined Contribution scheme and contributions are charged to profit and loss account of the year when the contributions to the respective funds are due.

Other retirement benefits such as Gratuity, leave encashment etc., are recognized on cash basis.

**I. Revenue Recognition:**

**i) Accounting of Construction Contracts:**

The Company follows the percentage completion method, based on the stage of completion at the balance sheet date, taking into account the contractual price and revision thereto by estimating total revenue and total cost till completion of the contract and the profit so determined has been accounted in proportion to the percentage of the actual work done. Future expected loss, if any, is recognized as expenditure.

**Revenue is recognized as follows:**

- a) In case of Item rate contracts on the basis of physical measurement of work actually completed at the balance sheet date.
- b) In case of Lump sum contracts, revenue is recognized on the completion of milestones as specified in the contract or as identified by the management. Foreseeable losses are accounted for as and when they are determined except to the extent they are expected to be recovered through Claims presented or to be presented to the customer or in arbitration.

**ii) Accounting of Supply Contracts-Sale of goods:**

Revenue from supply contract is recognized when the substantial risk and rewards of ownership is transferred to the buyer

**a) Accounting Policy for Claims:**

Claims are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received.

**b) Interest:**

Revenue is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.

**J. Income Tax:**

**a) Current Tax:**

Tax expense comprises both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**b) Deferred Taxes:**

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**K. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition and construction of qualifying asset are capitalized as a part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of the time to get ready for its intended use. Other borrowing costs are charged to statement of Profit & Loss as incurred.

**L. Accounting for Joint Venture Contracts**

a) Contracts executed in Joint Venture under work sharing arrangement (consortium) are accounted in accordance with the Accounting policy followed by the Company as that of an independent contract to the extent work is executed.

b) In respect of contracts executed in Integrated Joint Ventures under profit sharing arrangement (assessed as AOP under Income tax laws), the services rendered to the Joint Ventures are accounted as income on accrual basis. The profit/loss is accounted for, as and when it is determined by the Joint Venture and the net investment in the Joint Venture is reflected as investments, loans & advances or current liabilities.

**M. Foreign Currency Translation:**

- a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing on the date of the transaction.
- b) Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account. In case of fixed assets they are adjusted to the carrying cost of such assets. Foreign Currency Monetary Items are re-translated at the exchange rate prevailing on the reporting date.
- c) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those relating to liability for acquiring fixed assets from outside India which are capitalized and those arising from investments in non-integral operations.

**N. Provisions, Contingent Liabilities & Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

**O. Leases:**

The companies leasing arrangements are mainly in respect of operating leases for premises and construction equipment. The leasing arrangements range from 11 months to 10 years, generally and are usually cancellable / revocable by mutual consent an agreed terms. The aggregate lease rent same payable are charged as rent / hire in the statement of profit and loss account.



## 2.0 NOTES FORMING PART OF THE FINANCIAL STATEMENTS:

### 2.1 SHARE CAPITAL

Rupees in Lakhs		
	As at 31 March 2014	As at 31 March 2013
<b>a) Authorized Share Capital</b>		
30,00,00,000 Equity Shares of Re.1/- each	3,000.00	3,000.00
20,00,00,000 Redeemable Preference Shares of Rs.100/- each	2,000.00	2,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>b) Issued, Subscribed &amp; Called up Capital:</b>		
7,42,68,940 Equity Shares of Re. 1/- each	742.69	742.69
<b>c) Fully paid up Capital:</b>		
7,37,94,940 Equity Shares of Re.1/- each	737.95	737.95
Add: Forfeited Shares Amount originally paid up	2.37	2.37
<b>Total</b>	<b>740.32</b>	<b>740.32</b>

#### d) Reconciliation of the Number of Shares Outstanding

Equity Shares	As at 31 March 2014		As at 31 March 2013	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	73,794,940	737.95	73,794,940	737.95
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the year end</b>	<b>73,794,940</b>	<b>737.95</b>	<b>73,794,940</b>	<b>737.95</b>

**Terms/ Rights attached to Shares:-** The Company has only one class of paid-up equity shares having par value of Re.1/-per share. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays Dividend in Indian Rupees only. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

#### e) Shares in the company held by each shareholder holding more than 5 percent shares.

Name of the Equity Shareholder	As at 31 March 2014		As at 31 March 2013	
	Number of shares held	% of share holding	Number of shares held	% of share holding
1) Nama Nageswara Rao	10,732,622	14.54	10,147,000	13.75
2) Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
4) Nama Seethaiah	6,001,800	8.13	6,001,800	8.13
<b>Total</b>	<b>30,936,422</b>	<b>41.91</b>	<b>30,350,800</b>	<b>41.12</b>

#### f) Bonus Shares/ Buy back shares for Consideration other than cash being received during the past five Years

- (1) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in Cash - Nil
- (2) Aggregate number and class of shares allotted as fully paid up by way of Bonus shares - Nil
- (3) Aggregate number and class of Shares bought back - Nil

## 2.2 RESERVES AND SURPLUS

	As at 31 Mar 2014		As at 31 Mar 2013	
(a) Securities Premium		29,313.07		29,313.07
(b) General Reserve				
Opening Balance	3,822.39		3484.70	
Add: Additions during the year	317.17		337.69	
Closing Balance		4,139.56		3,822.39
(c) Surplus				
Opening Balance	33,667.45		30,714.01	
Add: Net profit/(Net Loss) for the current year	3171.68		3,376.90	
Proposed Dividend	(73.79)		(73.79)	
Dividend Distribution Tax	(11.97)		(11.97)	
Less: Transfer to Reserves	(317.17)		(337.69)	
Closing Balance		36,436.20		33,667.45
Total (a)+(b)+(c)		69,888.83		66,802.92

## 2.3 LONG TERM BORROWINGS

	As at 31 Mar 2014		As at 31 Mar 2013	
	Rupees in Lakhs			
Term Loans (Secured)	Non Current	Current Maturities	Non Current	Current Maturities
1) From Banks	2,000.00	4,455.10	4,089.31	7,247.17
2) From Financial Institutions	7,031.98	1,600.35	4,566.27	10,494.79
Total	9,031.98	6,055.45	8,655.58	17,741.96

### Notes for Long Term Borrowings From Banks and Financial Institutions

**2.3(1)(i) Term Loan from Bank (ICICI):** Secured by the first Pari-passu charge on the current assets and second Pari-passu charge on movable fixed assets of the company with irrevocable & unconditional personal guarantee of Sri. N. Seethaiah, Managing Director of the company. The loan is repayable in 20 equal quarterly instalments, first instalment will fall due after 3 months from first drawdown date and loan is executed on 17.03.2011. The rate of interest is 10.5% plus spread is 3.50% p.a. and interest is payable monthly at the end of each month. The period of maturity w.r.t. to Balance Sheet date is 8 Installments and payable in quarterly Instalments. Installment amount is Rs. 5 Crores.

**(ii) External Commercial Borrowing from Bank (SCB):** Secured by the Exclusive charge on machinery procured out of the limits sanctioned by Standard Chartered Bank and personal guarantee of Sri Nama seethiah Garu, Managing Director. The loan repayable in 5 years and rate of Interest is fixed up to 3 years 8.5% from 4 to 5th year 9.50%. The Period of maturity w.r.t. Balance Sheet date is 3 months and installment amount US \$ 2,00,000

**(iii) Term Loan from Bank (Axis):** Secured by Subservient charge on the movable fixed assets and current assets of the company along with personal guarantee of Sri N. Seethaiah, Managing Director. The loan is repayable in (Quarterly Installments) 3 years out of which 15 Months are moratorium period and the rate of Interest is 3.00% above the Bank's Base Rate payable and Quarterly installment amount is Rs. 7.5 Crores. Period of maturity w.r.t Balance sheet date is 3 Months (i.e., one Installment)

**(iv) Vehicle Loan From Bank (Axis):** Five loans Secured by the exclusive charge on the vehicles procured out of this funds and repayable in 35 equated monthly installments at the rate of interest 10.39% p.a on monthly reducing basis. Installment amount is Rs.98,288 per Month and period of maturity W.r.t balance sheet date is 8 Months.

**2.3(2)(i) Term loan from financial institution(SREI) -** Nine loans outstanding in the previous year were restructured and converted into three new loans of Rs. 83 Crores secured by Subservient charge on movable fixed assets of the company worth Rs. 108 Crores. The loans are executed on 03-02-2014. Loan is repayable in 44 installments, each installment amounting to Rs. 2,54,55,700 (Out of 48 months total tenure 4 months are Moratorium period) and interest is charged at the rate of 14.78% with monthly rests. In addition to the fixed assets hypothecation, we have extended a collateral security of 7 acres and 79 cents by madhucon projects limited and Sri Nama Seethiah and personal guarantee of Sri Nama seethiah, Managing Director.

**(ii) Term loan from Financial Institution( Magma Fin Corp):** Loan is secured against Plant and Machinery, loan commencement date is 1.04.2012 and repayable in 35 equated monthly installments amounting to Rs.9,94,153. The rate of Interest is 12.05% to 10.60% p.a. and the last installment due date is 1st Feb 2015 Period of maturity w.r.t Balance sheet date is 11 Months

**(iii) Term Loan from Financial Institution(Bajaj Auto Finance):** Secured by the Movable fixed asset of the Company and the loan executed on 31.07.2010. The loan is repayable in 35 Monthly Equated Instalments of each Rs.58.34 Lakhs the Effective Rate of Interest is 9.74% p.a. As on reporting date no installments are due.

## 2.4 OTHER LONG TERM LIABILITIES

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
1) Mobilization Advance	46,576.63	44,428.66
2) Material advance	15,327.09	10,087.06
3) Retention Money Deposits	12,335.99	9,775.95
4) Machinery Advance	3,666.35	3,754.73
5) Other Non Current Liabilities	19,207.01	6,194.07
6) Security Deposit	-	1,094.60
7) Trade Payables - For Suppliers	11,619.24	-
8) Trade Payables - For Services	5,117.58	-
<b>Total</b>	<b>113,849.88</b>	<b>75,335.07</b>

## 2.5 SHORT TERM BORROWINGS

Particulars	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
<b>LOANS REPAYABLE ON DEMAND-SECURED FROM BANKS</b>		
1) Short Term Loans and Cash Credit	42,239.15	39,192.84
<b>Total</b>	<b>42,239.15</b>	<b>39,192.84</b>

*Note:-2.5(1)(i) Axis Bank Limited - CC A/c Secured by the Pari-passu charges on the current assets and unencumbered fixed assets of the Company. The loan is repayable on demand with interest at the rate of 13.25% p.a payable at monthly intervals*

*(ii) Bank of India - CC A/c Secured by pari passu charge on stock & Book Debts of the Company by way of hypothecation and pari-passu second charge on movable assets of the Company and loan was executed on 08.09.2011. The rate of interest is 13.2% p.a with monthly rests and loan is repayable on demand.*

*(iii) IDBI Bank Limited - CC A/c Secured by first pari passu charge on the entire Current Assets on pari-passu basis with other multiple Banking arrangement and collateral Security and second charge on the movable assets of the Company on pari-passu basis with other multiple Banking arrangement and repayable on demand limit up to Rs.75 Crores.*

*(iv) State Bank of India - CC A/c The Loan is Secured by ranking pari passu first charge on current assets & pari passu second charge on all movable fixed assets of the Company to the extent of fund based Cash credit limit Rs.50 Crores. The Cash credit is repayable on demand and renewable every 12 months from the date of sanction. The rate interest is 16.75% p.a (5% above on the base rate of 11.75%).*

*(v) Oriental Bank of Commerce - CC A/c Secured by the first charge by way of hypothecation of the entire current assets both present and future of the company ranking pari passu with other participating Banks. Second charge on all the unencumbered movable fixed assets of the company, both present and future, ranking pari passu with other participating Banks along with personal Unconditional and irrevocable guarantee of Sri. N.Seethaiah, Managing Director. The rate of interest is 12.5% payable on monthly rests. Principal amount of each tranche is to be repaid as bullet payment on maturity date or in installments as agreed upon, but within the validity period.*

*(vi) ING Vysya Bank Limited - CC A/c - Secured by first Pari-passu charge on Current Assets and second Pari-Passu charge on unencumbered Movable Fixed Assets of the Company. The loan is executed on 10.10.2011. The rate of Interest is at present 14.55% p.a. and loan is repayable on demand.*

*(vii) Yes Bank Limited - CC A/c - Secured by the Exclusive charge on the current and future book debts, receivables of Chhpra-Hajipur EPC Contract and personal guarantee N.N.Rao and Smt. Chinnma. The loan is sanctioned on 09-07-2013 and effective rate of interest is 14% p.a. and with tenor of 15 months (subject to renewal at the end of 12 months).*

*(viii) ICICI Bank Limited-CC A/cs: Three CC Accounts Secured by pari passu charge on Stock & Book Debts of the Company by way of hypothecation and pari-passu second charge on movable assets of the Company and Secured by unconditional and irrevocable personal guarantee of Sri N Seethaiah. Loan was executed on 25.06.2013. The rate of interest is 14.75% p.a with monthly rests and is repayable on demand.*

*(ix) Indusind Bank - Discounting of invoices raised by MPL on its SPV Chhpra Hajipur Expressways Limited (CHEL) for EPC works at an interest rate of 11% P.a for a tenor of 45 days repayable on 12 April, 2014.*

*(x) IDBI Short Term Loan: Loan taken from IDBI bank of an amount of Rs 6.00 crores for the purpose of working capital requirement. The loan commencement date is 180 day from the date of disbursement. The rate of interest is Base rate plus 4.50% p.a.*

## 2.6 TRADE PAYABLES

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
1) For Supplies	4,265.26	20,160.84
2) For Services	11,116.81	5,288.94
<b>Total</b>	<b>15,382.07</b>	<b>25,449.78</b>

## 2.7 OTHER CURRENT LIABILITIES

Particulars	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
<b>a) Current maturities of long-term debt</b>		
Secured Loans From Banks	4,455.10	7,247.17
<b>b) Current maturities and finance lease obligations</b>		
Secured Loans From Financial Institutions	1,600.35	10,494.79
<b>c) Other payables</b>		
1) Other Liabilities	26,897.34	33,864.49
2) Material Advance	9,419.00	7,660.52
3) Mobilization Advance	12,807.53	15,354.13
4) Royalty Payable	414.53	238.60
5) Retention Money Deposits	2,543.49	5,131.50
6) Provision for Proposed Dividend	73.79	73.79
<b>Total</b>	<b>58,211.13</b>	<b>80,065.00</b>

### Defaults made during the year towards in repayment of principal and interest to banks and Financial Institutions

Name Of The Bank / Financial Institution	Principal	Period of default as at 31 Mar 2014	Interest	Period of default as at 31 Mar 2014
Yes Bank	-		78.08	0 - 31 Days
Standard Chartered Bank (ECB)	271.65	94 - 278 Days	18.42	3 - 278 Days
IDBI	-		7.36	0 Days
SBI	750.00	75 Days	69.44	0 Days
Axis Bank	-		39.00	0 Days
Oriental Bank of Commerce	-		50.32	0 Days
Bank of India	-		55.81	4 - 32 Days
Ing Vysya Bank	-		54.03	1 Day
ICICI	2,250.00	0 - 59 Days	541.33	0 - 59 Days
<b>Sub Total (i)</b>	<b>3,271.65</b>		<b>913.79</b>	
Bajaj Finance	115.28	167-197 Days	80.37	0 - 197 Days
Magma Fincorp Limited	17.59	30 - 58 Days	15.95	0 - 58 Days
<b>Sub Total (ii)</b>	<b>132.87</b>		<b>96.32</b>	
<b>Total (i+ii)</b>	<b>3404.52</b>		<b>1010.11</b>	

## 2.8 SHORT-TERM PROVISIONS

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
1) Provision for Expenses	6,188.62	9,687.73
2) Provision for Taxation.	1,516.19	2,342.90
<b>Total</b>	<b>7,704.81</b>	<b>12,030.63</b>

2.9 FIXED ASSETS AND DEPRECIATION										
S.No.	Name of the Asset	Gross Block			Depreciation			Net Block		
		As At 01.04.2013	Additions	Deletions	As At 31.03.2014	For the year	Deletions	As At 31.03.2014	As At 31.03.2014	
1	Land	1,407.73	123.81	251.03	1,280.51	-	-	-	1,280.51	1,407.73
2	Buildings	11.10	-	-	11.10	0.18	-	0.74	10.36	10.54
3	Staff Quarters	10.57	-	-	10.57	17,221.19	-	2.29	8.28	8.45
4	Plant & Machinery	32,747.05	24.46	79.54	32,691.97	3,020.97	97.80	26,557.78	6,134.19	9,112.44
5	Tipplers & Trucks	12,310.36	-	74.45	12,235.91	1,163.55	9.18	8,406.64	3,829.27	5,058.10
6	Vehicles	1,560.55	80.39	7.56	1,633.38	178.30	7.29	1,103.67	529.71	627.89
7	Centering Materials	1,877.26	6.00	-	1,883.26	10.61	0.00	1,882.37	0.90	5.51
8	Temporary Structures	2,319.05	189.18	-	2,508.24	200.56	0.00	2,379.77	128.47	139.84
9	Furniture & Office Equipment	1,130.31	40.51	-	1,170.82	73.06	0.00	463.25	707.57	740.13
10	Computer & Software	312.98	35.05	-	348.03	54.46	0.00	156.64	191.40	210.81
	<b>TOTAL</b>	<b>53,686.97</b>	<b>499.41</b>	<b>412.58</b>	<b>53,773.79</b>	<b>4,701.86</b>	<b>114.27</b>	<b>40,953.13</b>	<b>12,820.66</b>	<b>17,321.43</b>

**2.10 NON-CURRENT INVESTMENTS**

Rupees in Lakhs

	No. of Shares Held	As at 31 March 2014	No. of Shares Held	As at 31 March 2013
<b>INVESTMENTS IN EQUITY CAPITAL</b>				
<b>Quoted</b>				
Canara Bank Limited	4,100	1.44	4,100	1.44
(Shares of Rs.10/each with premium of Rs.25/each)				
<b>Total</b>		<b>1.44</b>		<b>1.44</b>
<b>UnQuoted</b>				
<b>Subsidiaries</b>				
In Shares of Rs.10 each, fully paid up				
1) Madhucon Infra Limited.	1,222,027,045	122,202.70	1,222,027,045	122,202.70
2) Madurai Tuticorin Expressways Limited	88,561,500	8,856.15	88,561,500	8,856.15
3) Nama Hotels Private Limited.	27,121,200	2,712.12	27,121,200	2,712.12
4) TN (DK) Expressways Limited	100,000	10.00	100,000	10.00
5) Trichy Thanjavur Expressways Limited	100,000	10.00	100,000	10.00
6) Madhucon Agra Jaipur Expressways Limited	100,000	10.00	100,000	10.00
7) Chhapra Hajipur Expressways Limited	100,000	10.00	100,000	10.00
8) Madhucon Toll Highways Ltd	30,000	3.00	30,000	3.00
9) Madhucon Mega Mall Private Limited.	20,000	2.00	20,000	2.00
10) Madhucon Heights Private Limited	20,000	2.00	20,000	2.00
11) Barasat-Krishnagar Expressways Limited	14,000	1.40	14,000	1.40
12) Ranchi Expressways Limited	14,000	1.40	14,000	1.40
13) Rajauli Bakhtiyarpur Expressways Limited.	12,000	1.20	12,000	1.20
14) Simhapuri Energy Limited	10,000	1.00	10,000	1.00
15) Vijayawada- Machilipatnam Expressways Limited	8,000	0.80	8,000	0.80
16) Agastyamuni Hydro Power Private Limited	6,000	0.60	6,000	0.60
17) Rudraprayag Hydro Power Limited	6,000	0.60	6,000	0.60
18) Tilwara Hydro Power Privated Limited	6,000	0.60	6,000	0.60
19) Madhucon Energy Limited	100,090	5.00	100,090	5.00
Shares of Rs.5/- each, Fully paid up				
20) PT Madhucon Sriwijaya Power	5,000,000	2,629.50	1,250,000	657.38
Shares of Indonesia Rph 9,000 each				
21) PT Madhucon Indonesia	1,565,000	722.72	1,565,000	722.72
Ordinary Shares of Indonesia Rph 10,110				
22) Madhucon Natural Resources Limited (Singapore)	750	0.21	750	0.21
Shares of S\$ 1/-each				
<b>Associates:</b>				
In Shares of Rs.10 each, fully paid up				
23) Madhucon Sugar & Power Industries Limited	4,811,500	481.15	4,811,500	481.15
24) M B N Anchored Earth Limited	40,000	4.00	40,000	4.00
25) Madhucon Properties Limited	20,000	2.00	20,000	2.00
26) Ramnagar Power Private Limited.	10,000	1.00	10,000	1.00
<b>Others :</b>				
27) Rajanagaram Gas Power Private Limited	488,080	48.81	488,080	48.81
<b>Total</b>		<b>137,719.96</b>		<b>135,747.84</b>
<b>(1) Aggregate of Investments</b>				
	<b>As at 31 March 2014</b>		<b>As at 31 March 2013</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
Quoted Investments	1.44	10.84	1.44	15.76
Unquoted Investments	137,719.96	-	135,747.84	-
<b>Grand Total</b>	<b>137,721.40</b>	<b>-</b>	<b>135,749.27</b>	<b>-</b>

**2.11 DEFERRED TAX ASSET**

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
Opening balance	(758.19)	(118.20)
Less: Deferred Tax	758.19	(639.99)
<b>Total</b>	<b>-</b>	<b>(758.19)</b>

Note: Management has taken a decision to write off the deferred tax asset of the company, Since it is not expecting any future benefit from deferred tax assets created in the earlier years.

**2.12 LONG TERM LOANS AND ADVANCES**

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
<b>Loans and Advances to Related Parties</b>		
1) Simhapuri Energy Limited	22,653.92	-
2) Ranchi Expressways Limited	5,616.00	1.71
3) PT Madhucon Indonesia	4,469.62	4,725.27
4) Nama Investments Limited	3,996.11	3,733.79
5) Madhucon Mega Mall Private Limited	3,512.39	3,276.37
6) Madhucon Heights Private Limited	2,689.02	-
7) Nama Hotels Private Limited	4,093.26	-
8) Madurai-Tuticorin Expressways Limited	435.00	435.00
9) NNR Infra Investment Private Limited	397.11	-
10) Rudraprayag Hydro Power Private Limited	127.12	127.12
11) Madhucon Energy Limited	98.57	98.54
12) Madhucon Infotech Limited	60.78	60.72
13) PT Madhucon Sriwijaya Power	18.90	17.86
14) Madhucon Natural Resources Limited ( Singapore)	18.03	14.99
15) Ramnagar Power Private Limited	6.03	13.02
16) African Natural Resources Limited (Mauritius)	23.67	7.65
17) Legend Natural Resources Limited (Mauritius)	20.62	3.57
18) Madhucon Oil & Gas Limited	2.73	2.73
19) Madhucon Minerals Resources Limited	1.57	2.55
20) Rajauli Bakhtiyarpur Expressways Limited	-	1.97
21) Madhucon Toll Highways Limited	0.22	0.22
22) Nama Energy Private Limited	-	0.43
<b>Total</b>	<b>48,240.69</b>	<b>12,523.50</b>

**2.13 OTHER NON-CURRENT ASSETS**

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
1) Earnest Money Deposits	1,174.77	462.11
2) Retention Money Deposits	10,656.52	31,684.66
3) Mobilization Advance	4,370.85	3,069.95
4) Other Non Current Assets	12,979.24	13,185.00
5) Trade Receivables	6,480.39	-

Note: Trade receivables outstanding for a period more than six months unsecured and considered good\*

<b>Total</b>	<b>35,661.77</b>	<b>48,401.73</b>
--------------	------------------	------------------

**2.14 INVENTORIES**

	Rupees in Lakhs	
	As at 31 March 2014	As at 31 March 2013
1) Closing Stock	2,216.62	2,889.56
2) Closing Work-in-Progress	2,941.44	2,843.69
<b>Total</b>	<b>5,158.06</b>	<b>5,733.25</b>

**2.15 TRADE RECEIVABLES**

	Rupees in Lakhs	
Particulars	As at 31 March 2014	As at 31 March 2013
a) Trade Receivables outstanding for a period less than six months Unsecured, considered good	11,645.56	38,196.05
<b>Total</b>	<b>11,645.56</b>	<b>38,196.05</b>



**2.16 CASH AND BANK BALANCES**

		Rupees in Lakhs	
		As at 31 March 2014	As at 31 March 2013
<b>I. Cash and Cash Equivalants</b>			
a) Cash on hand		26.67	20.47
<b>b) Balances with Banks</b>			
1) Current Accounts		876.14	1,305.40
2) Balances with Banks for Unpaid Dividend		10.05	11.09
3) FDR With Banks		6.09	5.59
<b>Total</b>		<b>918.95</b>	<b>1,342.54</b>
<b>II. Other Bank balances</b>			
Bank Deposits with more than 12 months maturity		1,037.83	949.34
Margin Money Deposits			
<b>Total</b>		<b>1,037.83</b>	<b>949.34</b>
<b>Grand Total</b>		<b>1,956.78</b>	<b>2,291.88</b>

**2.17 SHORT TERM LOANS AND ADVANCES**

		Rupees in Lakhs	
		As at 31 March 2014	As at 31 March 2013
<b>Unsecured Considered good</b>			
1) Related Parties			
a) Madhucon Infra Limited		25,864.33	10,989.10
b) Vijayawada Machilipatnam Expressways Limited		7.33	-
c) Rajauli Bakhtiyarpur Expressways Limited		3.34	-
d) Agastyamuni Hydro Power Private Limited		0.26	-
e) Barasat Krishnagar Expressways Limited		220.00	-
f) Nama Hotels Private Limited		-	2,990.35
g) Madhucon Heights Private Limited		-	2,624.00
h) Madhucon Sugar and Power Industries Limited		-	755.69
2) Others			
i) NNR Infra Investment Private Limited		-	370.40
j) Madhucon Land Developers Limited		155.75	183.61
<b>Total</b>		<b>26,251.01</b>	<b>17,913.16</b>

**2.18 OTHER CURRENT ASSETS**

		Rupees in Lakhs	
		As at 31 March 2014	As at 31 March 2013
1) Mobilization Advance		2,299.28	3,209.67
2) TDS Receivable		1,864.95	5,320.00
3) Retention Money Deposits		14,149.78	206.66
4) Other Current Assets		19,278.23	20,647.34
<b>Total</b>		<b>37,592.24</b>	<b>29,383.68</b>

\* Trade receivables from TN(DK) Express Ways Ltd considered to be doubtful to the extent of Rs. 38.40 crores.

## 2.0 NOTES FORMING PART OF THE FINANCIAL STATEMENTS:

### 2.19 REVENUE FROM OPERATIONS:

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from Operations:		
i) Operating Income		
Civil Engineering Projects	83,814.76	102,628.56
ii) Other Operating Income		
Sale of Metal, Scrap & Others	2,716.66	1,868.61
<b>Total</b>	<b>86,531.42</b>	<b>104,497.17</b>

### 2.20 OTHER INCOME

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
(a) Interest Income	3,003.74	1,348.75
(b) Other Non-operating Income	244.48	538.32
<b>Total</b>	<b>3,248.22</b>	<b>1,887.07</b>

### 2.21 COST OF MATERIALS

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
(a) Cement	1,212.10	3,247.64
(b) Steel	1,249.04	2,465.05
(c) Bitumen	1,386.90	1,093.06
(d) General Stores	2,322.83	3,143.41
(e) Other Materials	8,342.88	30,344.34
<b>Total</b>	<b>14,513.75</b>	<b>40,293.49</b>

### 2.22 WORK EXPENSES

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
(a) Road Work Expenses	6,462.46	6,757.10
(b) Civil Works Expenses	4,662.76	10,574.86
(c) Earth Work Expenses	13,729.33	11,635.25
(d) Repairs & Maintenance	1,076.02	1,620.16
(e) Other Works Expenses	6,443.30	2,933.52
<b>Total</b>	<b>32,373.87</b>	<b>33,520.89</b>

### 2.23 CHANGES IN STOCKS & WORK IN PROGRESS

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
Opening Stock	2,889.56	2,519.75
Opening Work-in-Progress	2,843.69	1,674.03
Closing Stock	2,216.62	2,889.56
Closing Work-in-Progress	2,941.44	2,843.69
<b>Increase/Decrease in Work-in-Progress</b>	<b>575.19</b>	<b>-1,539.47</b>

**2.24 EMPLOYEE BENEFIT EXPENSES**

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
(a) Salaries & Wages and Bonus	3,951.88	5,161.91
(b) Staff Welfare Expenses	55.29	480.92
<b>Total</b>	<b>4,007.17</b>	<b>5,642.83</b>

**2.25 FINANCE COST**

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
(a) Interest Expense	12,109.17	10,737.67
(b) B.G. Commission	535.10	352.38
<b>Total</b>	<b>12,644.26</b>	<b>11,090.04</b>

**2.26 OTHER EXPENSES**

Rupees in Lakhs

	Year ended 31.03.2014	Year ended 31.03.2013
<b>Other Non-operating Expenses</b>		
(a) Travelling Expenses	313.91	217.08
(b) Security Expenses	258.60	276.61
(c) Consultancy	17.56	358.99
(d) Insurance Charges	274.79	542.97
(e) Legal Expenses	65.16	107.70
(f) Rent	349.56	357.75
(g) Rates & Taxes	3,528.94	4,282.74
(h) Bad Debts Written off	10,708.08	1,477.77
(i) Other Administrative Expenses	449.91	846.11
<b>AUDIT FEES:</b>		
(a) Statutory Audit Fee	22.00	24.72
(b) Tax Audit Fee	3.00	3.37
<b>Total</b>	<b>15,991.50</b>	<b>8,495.81</b>

## OTHER NOTES ON ACCOUNTS:

### 2.27 Contingent Liabilities not provided for:

(` Lakhs)

S.No	Particulars	As at 31.03.2014	As at 31.03.2013
1	Bank Guarantees/Letter of Credit issued by the banks on behalf of the Company.	57,976.33	79,826.76
2	Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	42,293.00	1,10,177.00
3	Disputed Sales Tax (on appeal)	6,424.63	6,334.07
4	Income Tax demand contested in appeal	6,621.52	5601.84

2.28 The long term unquoted investments in equity shares of subsidiary companies as given hereunder and included in Note No.2.10 are pledged with Banks and Financial Institutions which have extended loan facilities to the respective investee companies.

S.No	Investee Company	No of Shares pledged	
		2013-2014	2012-2013
1	Madurai Tuticorin Expressways Limited	8,34,55,500	7,34,54,000
2	Madhucon Infra Limited	43,57,00,000	4,70,00,000
3	Nama Hotels Private Limited	1,38,41,000	1,38,41,000

### 2.29 Remuneration to auditors:

(` Lakhs)

S.No	Particulars	2013-14	2012-2013
1	Statutory Audit Fee	24.72	24.72
2	Tax Audit Fee	3.77	3.77

### 2.30 Segmental Reporting:

The Company's operations predominantly consist of construction/project activities. Hence there are no reportable segments under Accounting Standard-17.



### 2.31 Joint Ventures:

The Company has interest in the following Joint Ventures:

#### Foreign Joint Ventures:

- (i) Madhucon Sino-Hydro JV

### 2.32 Micro & Small Enterprises

The Management has taken steps to identify the enterprises which have provided goods & services to the company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31<sup>st</sup> March, 2014 has been made in the financial statements based on information received and such amount outstanding as on 31<sup>st</sup> March, 2014 to Micro and Small Enterprises is NIL, which the auditors have relied upon. Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

**2.33** In accordance with Accounting Standard 11(revised) the net exchange gain/(Loss) debited to profit & loss account is Rs.119.78 Lakhs (previous year net exchange gain credited Rs. 6.19 lakhs) and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. Nil (previous year: Rs. Nil ).

**2.34** Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

	(Lakhs)	
	2013-14	2012-13
<b>Foreign Exchange Earnings &amp; Out go :</b>		
I. Foreign Exchange Earning : Interest & Others	Nil	Nil
II. <b>Foreign Exchange Out Go :</b>		
1. Towards Traveling	0.78	22.10
2. Towards Import of Capital Goods ( CIF)	0.18	Nil
3. Towards payment to Materials	868.89	21,337.21
<b>On Account of Others :</b>		
4. Investment	Nil	657.38
5. Interest	29.40	52.12
6. Others	27.34	2,027.15

### 2.35 Related Party Transactions:

(I) Following are the list of related parties

#### A. Subsidiary Company

1. Madhucon Infra Limited
2. Madurai – Tuticorin Expressways Limited
3. Madhucon Energy Limited.
4. Madhucon Mega Mall Private Limited
5. Nama Hotels Private Limited
6. Madhucon Heights Private Limited
7. Agastyamuni Hydro Power Private Limited
8. Rudraprayag Hydro Power Private Limited
9. Tilwara Hydro Power Private Limited
10. Madhucon Natural Resources Limited, Singapore
11. PT Madhcon Sriwijaya Power

**B. Step down Subsidiaries**

12. TN (DK) Expressways Limited
13. Trichy - Thanjavur Expressways Limited
14. Madhucon Agra-Jaipur Expressways Limited
15. Chhapra Hajipur Expressways Limited
16. Barasat-Krishnagar Expressways Limited
17. Ranchi Expressways Limited
18. Simhapuri Energy Limited
19. Madhucon Toll Highways Limited
20. Vijayawada-Machilipatnam Expressways Limited
21. Rajauli Bakthiyarpur Expressways Limited
22. PT Madhucon Indonesia

**C. Associates**

23. M.B.N. Anchored Earth Limited
24. Madhucon Properties Limited.
25. Ramnagar Power Private Limited
26. Madhucon Sugar & Power Industries Limited

**D. Enterprises where Significant Influence Exists**

27. Nama Investments Limited
28. Madhucon Info Tech Limited
29. Madhucon Land Developers Limited
30. Madhucon Estates Limited
31. Nama Properties Limited
32. NNR Infra Investments Private Limited
33. Rajanagaram Gas Power Private Limited
34. Madhucon Stone Crushers Private Limited
35. Madhucon Mineral Resources Limited
36. Nama Energy Private Limited
37. Umarwada Gas Power projects Limited
38. Pallakurichi Power Private Limited
39. Vamu Advisors Private Limited

**E. Joint Ventures**

40. Madhucon Sino-Hydro JV

**F. Key Management Personnel:**

- |                          |                    |
|--------------------------|--------------------|
| 41. Mr. Nama Seethaiah   | Managing Director  |
| 42. Mr. K. Srinivasa Rao | Wholetime Director |

(II) Related Party Transactions during the year ended 31 March, 2014 are as follows:

(' Lakhs )						
Particulars of Transactions	Subsidiaries	Associates	Step Down Subsidiaries	Jointly Controlled/ entities and ventures	Key Management Personnel and Relatives	Enterprises Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives
Sales/Contract Receipts	2,164.17	-	52,868.07	6,329.21	-	-
Rent Paid	-	-	-	-	102.13	-
Remuneration	-	-	-	-	84.00	-
Investments	1,972.13	-	-	-	-	-
Sale of Investments to Subsidiaries	-	-	-	-	-	-
Corporate Guarantees	37,293.00	-	50,387.00	-	-	-
Bank Guarantees	-	-	19,217.23	-	-	-
Loans/Advances paid	19,949.93	42.08	7,078.92	2.95	23.72	289
Loans/Advances Received	114.19	980.45	9,289.47	52.37	610.14	3160
Year end balances in Current Assets	42,638.94	-	20,439.69	1839.1	395.92	4,609.75
Year end balances in Current liabilities	-	763.14	2,950.05	541.57	2,127.20	4,814.76

(III) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year 2012-13

Particulars of Transactions	^ Lakhs
<b>Sales/Contract Receipts:</b>	
Simhapuri Energy Limited	15,392.99
Chhapra Hajipur Expressways Limited	5,631.79
Barasat Krishnanagar Express ways limited	6,748.29
Ranchi Expressways Limited	16,153.55
Madhucon Syno Hydro JV	6,329.21
<b>Rent Paid:</b>	
Sri. Nama Seethaiah	13.44
<b>Remuneration:</b>	
Sri. Nama Seethaiah	60.00
Sri. K. Srinivasa Rao	24.00
<b>Investments:</b>	
PT Madhucon Sriwijaya Power	1,972.13
<b>Corporate Guarantees:</b>	
Nama Hotels Private Limited	25,293.00
Madhucon Infra Limited	15,332.00
Ranchi Expressways Limited	21,555.00
<b>Bank Guarantees:</b>	
Barasat Krishnanagar Expressways Limited	4,335.00
Rajauli - Bhaktiyarpur Expressways Limited	4,300.00
Ranchi Expressways Limited	7,395.00
<b>Loans/Advances Paid:</b>	
Madhucon Infra Limited	18,608.00
Barasat Krishnanagar Expressways Limited	2,441.86
Ranchi Express ways Limited	3,408.53

### 2.36 Earnings per Share:

S.No	Particulars	As at 31.03.2014	As at 31.03.2013
A	Profit computation for basic earnings Net Profit as per Profit & Loss Account Available for equity shareholders. (Rs. Lakhs)	3171.68	3376.91
B	Weighted average number of equity shares For EPS computation. (Nos.) (For Basic EPS)	7,37,94,940 of Re.1/-each	7,37,94,940 of Re.1/-each
C	EPS (weighted average) (Rs)	4.29	4.71

### 2.37 Operating Cycle:

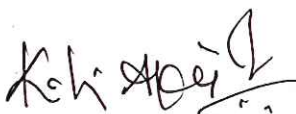
The Company's operating cycle has been assumed as 12 months as there are different types of life spans for different projects as well as activities.

2.38 Figures of previous year have been regrouped/rearranged/reclassified wherever necessary to conform to the current year presentation.


As per our Report of even date attached

For KOTA & COMPANY  
Chartered Accountants

For and on behalf of the Board

  
K.S.R.K. Prasad  
Partner

  
N. Seetharam  
Managing Director

  
K. Srinivasa Rao  
Whole time Director

  
C. Bharathi  
Company Secretary

Place: Hyderabad  
Date: 30.05.2014





**MADHUCON PROJECTS LIMITED**  
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

S.No	Name of the Subsidiary Company	Madhucon infra Ltd.	Madurai Tuticorin Express ways Ltd.	Madhucon Energy Ltd.	Nama Hotels Pvt Ltd.	Madhucon Megamall Pvt Ltd.	Madhucon Heights Pvt. Ltd.	Agastamuni Hydro power Pvt. Ltd.	Rudraprayag hydro power Pvt. Ltd.	Tilwara hydro power Pvt. Ltd.	Madhucon Natural resources Ltd. (Singapore)	PT Madhucon Srijiaya Power
1	Financial year of the subsidiary company ended on	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2	Number of shares in the subsidiary company held by											
	a) Equity Shares.	1,222,277,045	88,561,500	100,090	27,121,200	20,000	20,000	6,000	6,000	6,000	750	5,000,000
	b) Preference Shares	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
3	The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Madhucon Projects Ltd.											
	i) Dealt with in the accounts of Madhucon Projects Ltd.											
	amounted to :											
	a) for the subsidiary's financial year ended March 31, 2014	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	b) for previous financial years of the subsidiary since it became subsidiary of company	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	ii) Not dealt with in the accounts of company amounted to											
	a) for the subsidiary's financial year ended March 31, 2014	(6,475.79)	(4,549.66)	(0.20)	(12.88)	(2.62)	(12.87)	(0.07)	(0.46)	(0.07)	-Nil-	-Nil-
	b) for previous financial years of the subsidiary since it became subsidiary of company	(12,857.14)	(8,588.37)	(93.51)	(41.04)	(26.18)	(22.62)	(0.25)	(78.03)	(0.25)	-Nil-	-Nil-
4	Changes in the interest of Madhucon Projects Ltd between the end of the subsidiary's financial year and March 31 2014											
	Number of Shares acquired	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
5	Material Changes between the end of the subsidiary's financial year and 31st March 2014											
	i) Fixed Assets (Net Additions)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	ii) Investments	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	iii) Moneys lent by the subsidiary	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-



## **CONSOLIDATED FINANCIAL STATEMENTS**

**2013-2014**

## **INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors of Madhucon Projects Limited

### **Report on Financial Statements**

We have audited the accompanying consolidated financial statements of Madhucon Projects Limited (the "Company") and its subsidiaries (collectively referred as 'the Group'), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March 2014, the consolidated Statement of Profit & Loss and consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) in the case of the consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matters

We did not audit the financial statements and other financial information of certain subsidiaries included in the financial statements, whose audited financial statements reflect of total assets of Rs.5,74,643.40 lakhs as at March 31. 2014, total revenue of Rs.25,331.40 lakhs and net loss of Rs.21,554.34 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.

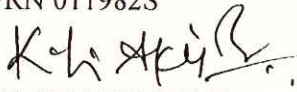
Our opinion is not qualified in respect of these matters.

Place: Hyderabad

Date: 30.05.2014



For KOTA & COMPANY  
CHARTERED ACCOUNTANTS  
FRN 011982S

  
K.S.R.K. PRASAD  
PARTNER  
M.No:022964



**MADHUCON PROJECTS LIMITED**  
Consolidated Balance Sheet As At 31st March, 2014

		(Rs. in Lakhs)	
	Note	As at March 31, 2014	As at March 31, 2013
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	(30,148.54)	(9,010.06)
		(29,408.22)	(8,269.74)
<b>(2) Minority Interest</b>			
		16,293.73	15,221.51
<b>(3) Non-Current liabilities</b>			
(a) Long term Borrowings	2.3	499,013.49	427,636.29
(b) Deferred Tax Liabilities(Net)	2.4	-	66.23
(c) Other Long term liabilities	2.5	61,563.87	40,518.36
(d) Long term Provisions	2.6	4,096.05	7,384.06
		564,673.41	475,604.94
<b>(4) Current Liabilities</b>			
(a) Short term Borrowings	2.7	46,943.50	54,623.09
(b) Trade Payables	2.8	25,723.23	37,082.13
(c) Other Current liabilities	2.9	86,804.10	109,508.40
(d) Short-term Provisions	2.10	23,682.10	12,538.25
		183,152.93	213,751.87
<b>Total Liabilities</b>		<b>734,711.85</b>	<b>696,308.58</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	2.11		
(i) Tangible Assets		240,231.22	177,158.27
(ii) Intangible Assets		173,152.75	172,930.59
(iii) Capital Work-in-Progress		195,464.50	218,417.04
(iv) Intangible Assets under Development		1,996.07	475.16
		610,844.54	568,981.06
(b) Non Current Investments	2.12	538.60	727.33
(c) Long term Loans and Advances	2.13	5,719.87	6,031.65
(d) Other Non-Current Assets	2.14	29,014.74	21,662.20
		35,273.21	28,421.18
<b>(2) Current Assets</b>			
(a) Current Investments	2.15	38.98	915.43
(b) Inventories	2.16	12,066.79	5,971.10
(c) Trade Receivables	2.17	17,424.30	36,463.63
(d) Cash and Bank Balances	2.18	11,301.44	4,712.25
(e) Short-term Loans and Advances	2.19	155.75	16,943.73
(f) Other Current Assets	2.20	47,606.84	33,900.20
		88,594.10	98,906.34
<b>Total Assets</b>		<b>734,711.85</b>	<b>696,308.58</b>

Significant Accounting Policies and Notes forming part of the Financial Statements

1&2

As per our Report of even date attached

As per our Report of even date attached  
For Kota & Company  
Chartered Accountants

K.S.R.K. PRASAD  
Partner

Place : Hyderabad  
Date : 30.05.2014



For and on behalf of the Board



N. Seethalah  
Managing Director

K. Srinivasa Rao  
Whole Time Director

C. Bharathi  
Company Secretary

# MADHUCON PROJECTS LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

(Rs. in Lakhs)

	Note	Year ended 31 March 2014	Year ended 31 March 2013
<b>REVENUE</b>			
Revenue from Operations	2.21	1,61,805.68	89,293.93
Other Income	2.22	1,814.41	1,423.86
<b>Total Revenue</b>		<b>1,63,620.09</b>	<b>90,717.79</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	2.23	61,926.96	12,144.76
Other Construction Expenses	2.24	31,738.91	30,750.18
Change in Stock & Work-In-Progress	2.25	580.72	(1,539.47)
Employee Benefits Expense	2.26	4,321.19	7,476.67
Finance Costs	2.27	42,621.99	36,295.50
Depreciation and Amortization Expense	2.11	14,251.19	24,918.08
Other Expenses	2.28	27,453.87	11,994.82
<b>Total Expenses</b>		<b>1,82,894.82</b>	<b>1,22,040.54</b>
<b>Profit Before Extraordinary Items and Tax</b>		<b>(19,274.73)</b>	<b>(31,322.75)</b>
Prior period items		(198.50)	(14.88)
<b>Profit Before Tax</b>		<b>(19,473.23)</b>	<b>(31,337.63)</b>
<b>Tax expenses:</b>			
(1) Current Tax		2,570.24	1,423.41
(2) Deferred Tax		(66.23)	(2,781.02)
		2,504.01	(1,357.61)
<b>Profit/Loss After Tax Before Minority Interest</b>		<b>(21,977.24)</b>	<b>(29,980.02)</b>
Share of Loss Transferred to Minority Interest		(827.38)	2,133.20
<b>Profit/Loss After Tax, After Minority Interest</b>		<b>(22,804.62)</b>	<b>(27,846.82)</b>
Share of Profit/Loss from Associated Companies		424.60	172.34
<b>Consolidated Profit / Loss for the Year</b>		<b>(22,380.02)</b>	<b>(27,674.48)</b>
<b>Earnings Per Share of Face Value of Rs. 1/-each Basic and Diluted</b>		<b>(30.33)</b>	<b>(37.50)</b>

Significant Accounting Policies and Notes on Accounts 1&2

Accompanying notes form an integral part of the financial statements

As per our Report of even date attached

As per our Report of even date attached

For Kota & Company

Chartered Accountants

FRN 011982S

K.S.R.K. PRASAD

Partner

M.No.22964

Place : Hyderabad

Date : 30.05.2014



For and on behalf of the Board



N. Seethalakshmi  
Managing Director

K. Srinivasa Rao  
Whole Time Director

C. Bharathi  
Company Secretary



# MADHUCON PROJECTS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. Lakhs

	Year Ended 31 March 2014	Year Ended 31 March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(19,473.23)	(31,322.75)
<b>Add:</b>		
Depreciation	14,251.19	24,918.08
Profit/Loss on sale of Investments	42,077.53	29,912.01
Interest	709.13	482.06
<b>Less:</b>		
Income from Investment	-	35.13
Profit on sale of Vehicles	36,146.35	22,990.16
<b>Operating profit before working capital changes</b>		
<b>Adjustments for:</b>		
(Increase)/Decrease in stocks	(6,095.69)	5,131.66
(Increase) /Decrease in Trade Receivables and Other Advances	15,079.91	(21,732.81)
Increase/Decrease in Trade Payables and other Liabilities	(5,161.86)	38,475.10
<b>Cash generated from operations</b>	39,968.72	44,864.11
Direct Taxes	2,570.24	1,423.41
<b>Cash flow before Extraordinary items</b>	37,398.48	43,440.70
Extraordinary items	-	-
<b>Net Cash from Operating Activities (A)</b>	37,398.48	43,440.70
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets(net)	(122,899.25)	(138,486.08)
Increase/decrease other assets	67,709.12	56,878.71
(Increase)/Decrease in Investments	1,065.18	(52.50)
Income from investment (Interest)	709.13	482.06
profit/Loss on Sale of Investments	-	-
<b>Net Cash used in Investing Activities (B)</b>	(53,415.82)	(81,177.82)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(42,077.53)	(29,912.01)
Increase/Decrease in Long and Short Term Borrowing	63,697.61	59,880.26
(Increase)/Decrease in Capital	1,072.22	-
Dividend Paid	(73.79)	(73.79)
Dividend Tax thereon	(11.97)	(11.97)
<b>Net cash from Financing Activities (C)</b>	22,606.54	29,882.48
<b>Net Increase in Cash and Cash equivalents</b>	6,589.19	(7,854.63)
Cash and cash equivalents as at 01/04/2013 (Opening Balance)	4,712.25	12,566.88
Cash and cash equivalents as at 31/03/2014 (Closing Balance)	11,301.44	4,712.25

As per our Report of even date attached

For Kota & Company  
Chartered Accountants  
FRN 0119825

K.S.R.K.Prasad  
Partner  
M.No.22964  
Place: Hyderabad  
Date: 30.05.2014



*(Signature)*  
N. Seethaiah  
Managing Director



For and on behalf of the Board

*(Signature)*  
K. Srinivasa Rao  
Wholetime Director

*(Signature)*  
C. Bharathi  
Company Secretary

## Significant Accounting Policies and Notes on Accounts forming part of the Accounts as at 31<sup>st</sup> March, 2014

### **I SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Principles of Consolidation:**

The consolidated financial statements relate to **Madhucon Projects Limited** ("the Company"), its subsidiary companies and jointly controlled entities ("the group"). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and unrealized profits or losses on intra group transactions as per Accounting Standard (AS) 21- "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
- b) Interest in jointly controlled entities have been consolidated by using the 'Proportionate Consolidation' method as per Accounting Standard (AS) 27 -'Financial Reporting of Interest in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006.
- c) In case of Associates where the Company directly or indirectly through its subsidiaries hold more than 20% equity, Investments in associates are accounted under the equity method as per the Accounting Standard (AS) 23-"Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.
- d) The Financial Statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the company i.e., March 31,2014 except one subsidiary company, as the difference in reporting date is less than 6 months, adjustments were made for the effects of significant transactions or other events that occur between the Balance Sheet date of that subsidiary and the date of the Parents Financial Statements.
- e) The excess of cost to the Company, of its investment in subsidiaries and the jointly controlled entities over the Company's share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- f) The excess of the Company's share of equity of the subsidiaries and jointly controlled entities on the acquisition date, over its cost of investment is treated as Capital Reserve.
- g) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated Balance Sheet separately from current liabilities and equity of the Company.

Minority interest in the net assets of consolidated subsidiaries consists of:

- i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
- ii) The minorities share movements in the equity since the date the parent subsidiary relationship came into existence.

- h) Minority interest in the profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
  - i) Intra-group balances and intra group transactions and resulting unrealized profits/loss has been eliminated.
  - j) In case of foreign subsidiaries being non integral foreign operations, revenue items are consolidated at monthly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year.
  - k) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for the like transactions and the other events similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
2. Investments in subsidiaries, jointly controlled entities and associates not considered for consolidation have been accounted as per Accounting Standard (AS) 13- 'Accounting for Investments' notified by the Companies(Accounting Standards) Rules, 2006.

### 3. Other Significant Accounting Policies

- a) The consolidated Accounts have been prepared on accrual basis under historicalcost convention in accordance with the Generally Accepted Accounting Principles in India and accounting standards prescribed in Companies (Accounting Standards) Rules, 2006 to the extent applicable.
- b) Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### c) Inventories:

- i. The stock of stores and embedded goods and fuel is valued at cost (weightedaverage basis) or net realizable value whichever is lower.
- ii. Work-in-progress is valued on the basis of the actual expenditure incurred in the case of all incomplete contracts.

#### d) Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of acquisition is inclusive of freight, insurance, duties, levies and all incidentals attributable to bringing the asset to its working condition for their intended use.

#### e) Depreciation:

Depreciation is provided on Straight Line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 as in force and proportionate depreciation is charged for additions/deletions during the year.

#### f) Impairment of Assets:

The carrying amount of assets other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such



indication exists, the recoverable amount of the assets is estimated. The recoverable amount is greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

**g) Investments:**

Long term investments are carried at cost. However, wherever necessary provision for diminution in value of investment is made to recognize in decline other than temporary in the value of the investments.

**h) Retirement Benefits:**

(i) Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(ii) Other retirement benefits such as Gratuity, Leave Encashment, etc. are recognized on cash basis.

**i) Revenue Recognition:**

**(i) Interest:**

Revenue is recognized on a time proportionate basis taking into account The amount outstanding and the rate applicable.

**(ii) Contract Income:**

Revenue from Construction Contracts are recognized by reference to the Percentage of Completion of the Contract Activity. The Stage of completion is determined by survey of Work performed and/or on completion of a physical proportion of the contract work, as the case may be, and acknowledged by the Contractee. Future expected loss, if any, is recognized as expenditure.

Contract revenue for the work done is taken on actual billing basis. The work completed, which was not billed, is treated as Work-in-Progress and is valued on the basis of actual expenditure incurred as per the books of Account. In respect of escalation and other claims, revenue is recognized on receipt basis.

**(iii) Other Income:**

(a) Fee collections from users of facilities are accounted as far as and when the amount is due and recovery of which is certain. Revenue from sale of smart cards is accounted as far as and when smart cards are sold.

(b) Other revenues are recognized as per AS-9 when there is no significant uncertainty as to the measurability/collectivity exists.

**j) Income Tax:**

Tax expense comprises both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**k) Grants**

Equity support received from National Highway Authority of India for meeting capital cost of the project is treated as Capital Reserve.

**l) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition and construction of qualifying asset are capitalized as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires substantial period of the time to get ready for its intended use.

**m) Joint Venture Projects:**

In respect of Joint Venture Projects executed jointly control operations, the assets controlled, liabilities incurred, the share of income and the expenses incurred are accounted in accordance with the agreed proportion under respective rights in the financial statements.

Assets, Liabilities and Expenditure arising out of contracts executed wholly by the Company pursuant to a Joint Venture Contract are accounted in respective heads in these financial statements

**n) Foreign Currency Translation:**

- (i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction. Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account except in cases. Where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

- (ii) Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those relating to liability for acquiring fixed assets from outside India which are capitalized and those arising from investments in non-integral operations.

**o) Provisions, Contingent Liabilities & Contingent Assets:**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation if:

- a) The company has a present obligation as a result of past event.
- b) A probable outflow of resources is expected to settle the obligation and
- c) The amount of obligation can be reliably estimated.

Contingent liability is disclosed in the case of:

- a. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b. A possible obligation unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

Provisions, Contingent liabilities and Contingent assets are reviewed at each Balance sheet date.

- p)** In respect of Subsidiary Madhucon Natural Resources Limited Singapore there are no significant transactions during the year, hence not considered for consolidation.

## 2.0 NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in Lakhs)

### 2.1 Share Capital

	As at 31 March 2014	As at 31 March 2013
<b>a) Authorized Share Capital</b>		
30,00,00,000 Equity Shares of Re.1/- each	3,000.00	3,000.00
20,00,00,000 Redeemable Preference Shares of Rs.100/- each	2,000.00	2,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>b) Issued, Subscribed &amp; Called up Capital:</b>		
7,42,68,940 Equity Shares of Re.1/- each	742.69	742.69
<b>c) Fully Paid up Capital</b>		
7,37,94,940 Equity shares of Re.1/- each	737.95	737.95
Add: Forfeited Shares Amount originally paid up	2.37	2.37
<b>Total</b>	<b>740.32</b>	<b>740.32</b>

**Terms/ Rights attached to Shares:-** The Company has only one class of paid-up equity share having par value of Re.1/-per share. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays Dividend in Indian Rupees only. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

**d) Shares in the company held by each shareholder holding more than 5 percent shares.**

Name of the Equity Shareholder	As at 31 March 2014		As at 31 March 2013	
	Number of shares held	Percentage of share holding	Number of shares held	Percentage of share holding
1) Nama Nageswara Rao	10,732,622	14.54	10,147,000	13.75
2) Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) Nama Seethaiah	6,001,800	8.13	6,001,800	8.13
4) Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
<b>Total</b>	<b>30,936,422</b>	<b>41.91</b>	<b>30,350,800</b>	<b>41.12</b>

### 2.2 Reserves and Surplus

	As at 31 March 2014	As at 31 March 2013
<b>(a) Securities Premium Account</b>	29,301.03	29,313.07
<b>(b) General Reserve</b>		
Opening Balance	3,822.39	3,484.70
(+) Additions during the year	317.17	337.69
Closing Balance	4,139.56	3,822.39
<b>(c) Surplus</b>		
Opening Balance	(50,877.56)	(22,779.62)
(+) Net profit for the current year	(22,380.02)	(27,674.48)
(-) Proposed Dividends	(73.79)	(73.79)
(-) Dividend Distribution Tax	(11.97)	(11.97)
(-) Transfer to reserve	(317.17)	(337.69)
(+) Foreign Currency Translation Reserve	827.67	-
Closing Balance	(72,832.84)	(50,877.56)
<b>(d) Reserves on Consolidation</b>		
Capital Reserves	9243.71	8732.03
<b>Grand Total</b>	<b>(30,148.54)</b>	<b>(9,010.06)</b>

### 2.3 Long Term Borrowings

	As at 31 March 2014	As at 31 March 2013
<b>(a) Unsecured Debenture</b>	19,250.00	-
<b>(b) Term Loans-Secured from Banks</b>	423,264.45	419,129.92
<b>(c) Term Loans from Others</b>	56,499.04	8,506.37
<b>Total</b>	<b>499,013.49</b>	<b>427,636.29</b>

**Note No.2.3(a) (i) Unsecured Debentures - 20 cr Fully convertible debentures of face value of Rs.10 together with accrued interest of Rs.20 cr has been converted into 22 crore Non convertible debentures of face value of Rs.10/- each with coupon rate of interest of 12.00% p.a payable quarterly. Amount of Rs.61,275,430 was overdue towards interest repayments as on 31st March 2014 out of which Rs.10,000,000 has been subsequently paid on 02 May 2014.**

	As at 31 March 2014		As at 31 March 2013	
	Secured	Un Secured	Secured	Un Secured
<b>Term Loans</b>				
From Banks	423,264.45	-	419,129.92	-
From Others	55,852.51	646.53	7,578.78	810.00
<b>Total</b>	<b>479,116.96</b>	<b>646.53</b>	<b>426,708.69</b>	<b>810.00</b>

#### 2.4 Deferred Tax Liabilities (Net)

	As at 31 March 2014	As at 31 March 2013
Opening Balance	66.23	2,847.26
Add/Less:- For the Current Year	(66.23)	(2,781.02)
<b>Total</b>	<b>(0.00)</b>	<b>66.23</b>

#### 2.5 Other Long Term Liabilities

	As at 31 March 2014	As at 31 March 2013
(1) Mobilisation Advances	10,040.63	17,772.42
(2) Other Liabilities	22,410.81	10,904.93
(3) Trade Payables	16,739.51	-
(4) Retention Money	12,372.92	11,841.01
<b>Total</b>	<b>61,563.87</b>	<b>40,518.36</b>

#### 2.6 Long Term Provisions

	As at 31 March 2014	As at 31 March 2013
(1) Provision for Periodic Maintenance	4,070.23	7,370.34
(2) Provision for Gratuity & Leave Encashment	25.83	13.72
<b>Total</b>	<b>4,096.05</b>	<b>7,384.06</b>

#### 2.7 Short Term Borrowings

	As at 31 March 2014	As at 31 March 2013
From Banks - Secured	46,943.50	54,623.09
<b>Total</b>	<b>46,943.50</b>	<b>54,623.09</b>

	As at 31 March 2014		As at 31 March 2013	
	Secured	Un Secured	Secured	Un Secured
Short Term Borrowings - From Banks - Secured	46,943.50	-	54,623.09	-
<b>Total</b>	<b>46,943.50</b>	<b>-</b>	<b>54,623.09</b>	<b>-</b>

#### 2.8 Trade Payables

	As at 31 March 2014	As at 31 March 2013
For Supplies	14,212.66	20,264.07
For Services	11,510.56	16,818.06
<b>Total</b>	<b>25,723.23</b>	<b>37,082.13</b>

#### 2.9 Other Current Liabilities

	As at 31 March 2014	As at 31 March 2013
(a) Current maturities of Long Term debt (Refer Note No. 2.3)	49,455.44	61,668.75
(b) Other Payables		
(1) Other Liabilities	33,119.83	43,144.80
(2) TDS Payable	1,818.31	3,357.76
(3) Bonus & LTA payable	805.18	202.97
(4) Work Contract Tax & Labour Cess Payable	489.89	62.48
(5) Mobilisation Advance.	700.92	833.04
(6) Royalty Payables	414.53	238.60
<b>Total</b>	<b>86,804.10</b>	<b>109,508.40</b>

#### 2.10 Short Term Provisions

	As at 31 March 2014	As at 31 March 2013
(1) Other Short term provisions	18,690.26	9,769.83
(2) Provision for Tax (Includes Dividend Distribution Tax)	4,807.07	2,276.36
(3) Provision for Employee Benefits	110.97	418.27
(4) Provision for Proposed Dividend and Tax	73.79	73.79
<b>Total</b>	<b>23,682.10</b>	<b>12,538.25</b>



2.11 Fixed Assets and Depreciation													Rs. in Lakhs	
S.No.	Name of the Asset	Gross Block				Depreciation				Net Block				
		As on 01.04.2013	Additions	Deletions	As On 31.03.2014	As On 01.04.2013	Additions	Deletions	As On 31.03.2014	WDV As On 31.03.2014	WDV As On 31.03.2014			
1	Land	9,273.23	3,404.19	536.21	12,141.21	-	-	-	-	12,141.21	9,273.23			
2	Building	18,046.44	15,371.94	-	33,418.37	542.39	690.59	-	1,232.99	32,185.38	17,504.05			
3	Staff Quarters	10.57	-	-	10.57	2.12	0.17	-	2.29	8.28	8.45			
4	Vehicles	1,994.08	136.07	7.56	2,122.60	1,108.11	204.92	7.29	1,305.75	816.85	885.97			
5	Tipper & Trucks	12,310.36	-	74.45	12,235.91	7,252.26	1,163.55	9.18	8,406.64	3,829.27	5,058.10			
6	Centering Materials	1,877.26	6.00	-	1,883.26	1,871.75	10.61	-	1,882.37	0.90	5.51			
7	Temporary Structures	2,318.09	189.18	-	2,507.27	2,193.76	200.56	-	2,394.32	112.95	124.32			
8	Furniture & Office Equipment	1,319.06	71.80	-	1,390.86	454.16	87.31	-	541.48	849.38	864.89			
9	Computer & Software	428.75	65.03	-	493.78	139.69	74.13	-	213.82	279.96	289.06			
10	Plant & Machinery	175,251.10	59,370.42	1,810.89	232,810.62	32,106.41	10,794.97	97.80	42,803.58	190,007.04	143,144.70			
	Total	222,828.93	78,614.63	2,429.11	299,014.44	45,670.66	13,226.83	114.27	58,783.22	240,231.22	177,158.27			
11	Carriageway	197,256.57	9,953.41	8,717.25	198,492.72	24,325.98	1,013.99	-	25,339.97	173,152.75	172,930.59			
12	Capital Work in Progress	223,155.44	58,726.22	86,417.16	195,464.50	4,738.41	-	4,738.41	-	195,464.50	218,417.03			
13	Intangible Asset Under Development	475.16	1,531.24	-	2,006.39	-	10.37	0.04	10.32	1,996.07	475.16			
	Total	643,716.09	148,825.50	97,563.53	694,978.06	74,735.05	14,251.19	4,852.72	84,133.52	610,844.54	568,981.06			

**2.12 Non Current Investments**

	No. of Shares Held	As at 31 March 2014	No. of Shares Held	As at 31 March 2013
<b>Equity Investment-Quoted</b>				
Canara Bank	4100	1.44	4100	1.44
( 4100 Equity shares of Rs.10/each with premium of Rs25/-)				
<b>Sub Total</b>		<b>1.44</b>		<b>1.44</b>
<b>Equity Investment - Unquoted</b>				
(1) Madhucon Natural Resources Limited Singapore (750 Ordinary Shares of S\$ 1 each)	750	0.21	750	0.21
(2) Madhucon Sugar & Power Industries Limited (4811500 Equity shares of Rs.10/- each)	4811500	481.15	4811500	653.39
(3) Rajanagaram Gas Power Private Limited (488080 equity Shares of Rs.10/-each)	488080	48.81	488080	48.81
(4) M B N Anchored Earth Limited (40000 Equity shares of Rs.10/- each)	40000	4.00	40000	4.16
(5) Madhucon Properties Limited (20000 equity Shares of Rs.10/-each)	20000	2.00	20000	2.00
(6) Ramnagar Power Private Limited (10000 equity Shares of Rs.10/-each)	10000	1.00	10000	0.95
(7) Canara Bank Mutual Funds	-	-	-	16.37
<b>Sub Total</b>		<b>537.17</b>		<b>725.89</b>
<b>Total</b>		<b>538.60</b>		<b>727.33</b>

**2.13 Long Term Loans and Advances**

	As at 31 March 2014	As at 31 March 2013
(1) Nama Investments Limited	3,996.11	3,733.81
(2) Other Loans & Advances	1,193.21	2,192.62
(3) NNR Infra Investment (P) Limited	397.11	-
(4) Madhucon Infotech Limited	60.78	60.72
(5) Madhucon Natural Resources Limited (Singapore)	18.03	14.97
(6) Ramnagar Power Private Limited	6.03	13.02
(7) African Natural Resources Limited (Mauritius)	23.67	7.65
(8) Legend Natural Resources Limited (Mauritius)	20.62	3.57
(9) Madhucon Oil and Gas Limited, Ghana	2.73	2.73
(10) Madhucon Mineral Resources Limited	1.57	2.55
<b>Total</b>	<b>5,719.87</b>	<b>6,031.65</b>

**2.14 Other Non Current Assets**

	As at 31 March 2014	As at 31 March 2013
(1) Other Non Current Assets	12,482.14	13,407.96
(2) Trade Receivables*	6,480.39	556.17
(3) Retention Money Deposits	3,986.89	2,809.15
(4) Mobilisation Advance	4,370.85	3,069.95
(5) Earnest Money Deposits	1,174.77	472.11
(6) Security Deposits	519.70	1,346.84
<b>Total</b>	<b>29,014.74</b>	<b>21,662.20</b>

\*Trade Receivables More than 12 months Unsecured , Considered Good

**2.15 Current Investments**

	As at 31 March 2014	As at 31 March 2013
(1) Canara Robeco Treasury Advantage Fund (Super institutional daily dividend reinvestment fund)	10.33	2.10
(2) SBI Premier Fund (Super institutional daily dividend reinvestment fund)	11.21	896.96
(3) Canara Bank Mutual Funds	17.43	16.37
<b>Total</b>	<b>38.98</b>	<b>915.43</b>

**2.16 Inventories**

	As at 31 March 2014	As at 31 March 2013
(1) Closing Stock	9,125.35	3,127.41
(2) Work-in-Progress	2,941.44	2,843.69
<b>Total</b>	<b>12,066.79</b>	<b>5,971.10</b>

**2.17 Trade Receivables**

	As at 31 March 2014	As at 31 March 2013
1) Trade receivable less than 6 months Unsecured, considered good	17,424.30	22,433.45
<b>Total</b>	<b>17,424.30</b>	<b>22,433.45</b>
2) Trade receivables more than 6 months Unsecured, considered good	-	14,030.18
<b>Total</b>	<b>-</b>	<b>14,030.18</b>
<b>Grand - Total</b>	<b>17,424.30</b>	<b>36,463.63</b>

**2.18 Cash and Bank Balances**

	As at 31 March 2014	As at 31 March 2013
<b>Cash and Cash Equivalents:</b>		
1) Cash on hand	172.29	329.26
2) Balances with banks :		
i) In Current Accounts	9,031.45	3,416.97
ii) Unpaid Dividend	10.05	11.09
iii) FDR with Banks	256.09	5.59
3) Bank Deposits with more than 12 months maturity		
i) Margin Money Deposits	1,831.57	949.34
<b>Total</b>	<b>11,301.44</b>	<b>4,712.25</b>

**2.19 Short Term Loans and Advances**

	As at 31 March 2014	As at 31 March 2013
(1) Other Advance	155.75	16,665.70
(2) VAT receivable	-	80.83
(3) Income Tax Refundable	-	14.47
(4) Prepaid Expenses	-	182.74
<b>Total</b>	<b>155.75</b>	<b>16,943.73</b>

**2.20 Other Current Assets**

	As at 31 March 2014	As at 31 March 2013
(1) Other Current Assets	26,805.32	22,692.69
(2) Retention Money Deposits	13,977.99	206.66
(3) Mobilisation Advance	2,299.28	2,973.67
(4) TDS Receivables	2,246.22	5,358.10
(5) Security Deposits	2,278.02	2,669.09
<b>Total</b>	<b>47,606.83</b>	<b>33,900.20</b>

## 2. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.21 Revenue

	Year ended March 31, 2014	Year ended March 31, 2013
<b>From Operations:</b>		
Power Generation	110,038.68	36,898.58
Civil Engineering Projects	29,933.43	34,059.24
Toll Plaza collection	18,185.88	17,078.31
<b>From Other Operating Income</b>		
Sale of Metal, Scrap and Others	3,647.69	1,257.79
<b>Total</b>	<b>161,805.68</b>	<b>89,293.93</b>

### 2.22 Other Income

	Year ended March 31, 2014	Year ended March 31, 2013
Other Income	1,105.27	941.80
Interest Income	708.33	480.59
Dividend Income	0.80	1.47
<b>Total</b>	<b>1,814.41</b>	<b>1,423.86</b>

### 2.23 Cost Of Materials Consumed

	Year ended March 31, 2014	Year ended March 31, 2013
Coal cost	55,378.15	11,072.62
Other Materials	5,244.67	305.20
General Stores	1,304.14	766.94
<b>Total</b>	<b>61,926.96</b>	<b>12,144.76</b>

### 2.24 Other Construction Expenses

	Year ended March 31, 2014	Year ended March 31, 2013
Road Work Expenses	9,327.24	9,146.54
Earth Work Expenses	8,571.79	5,623.76
Repairs & Maintenance	6,214.20	1,449.33
Other Works	6,968.79	7,454.30
Civil Works	656.89	7,076.25
<b>Total</b>	<b>31,738.91</b>	<b>30,750.18</b>

### 2.25 Changes In Stock & Work-In-Progress

	Year ended March 31, 2014	Year ended March 31, 2013
Opening Stock	1,632.37	416.84
Opening Work-in-Progress	2,843.69	2,519.75
Closing Stock	953.90	1,632.37
Closing Work-in-Progress	2,941.44	2,843.69
<b>Total</b>	<b>580.72</b>	<b>(1,539.47)</b>

**2.26 Employee Benefit Expenses**

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, Wages, Bonus and PF etc..	4,134.21	6,919.31
Workmen and Staff Welfare Expenses	186.98	557.36
<b>Total</b>	<b>4,321.19</b>	<b>7,476.67</b>

**2.27 Finance Cost**

	Year ended March 31, 2014	Year ended March 31, 2013
Interest Expenses	42,077.53	35,800.35
B.G Commision	544.46	495.15
<b>Total</b>	<b>42,621.99</b>	<b>36,295.50</b>

**2.28 Other Expenses**

	Year ended March 31, 2014	Year ended March 31, 2013
O & M Expenditure	12,264.06	4,052.82
Administrative Expenses	12,258.36	3,955.94
Rent, Rates & Taxes	2,444.23	3,057.06
Consultancy	319.12	502.57
Insurance Charges	168.11	426.43
<b>Total</b>	<b>27,453.87</b>	<b>11,994.82</b>



## OTHER NOTES ON ACCOUNTS

### 2.29 Subsidiaries and Associates companies considered in the financial statements are:

S.No	Name of the Entity	Country of Incorporation	Proportion of Ownership Interest MPL	Proportion of Ownership Interest MIL	Proportion of Ownership Interest MTHL
1	Madhucon Infra Limited	India	94.89%	-	-
2	Nama Hotels Private Limited	India	99.96%	-	-
3	Madhucon Mega Mall Private Limited	India	66.67%	-	-
4	Madhucon Heights Private Limited	India	66.67%	-	-
5	Madhucon Energy Limited	India	99.99%	-	-
6	Agastyamuni Hydro Power Private Limited	India	60.00%	-	-
7	Rudraprayag Hydropower Private Limited	India	60.00%	-	-
8	Tilwara Hydro power Private Limited	India	60.00%	-	-
9	Madhurai Tuticorin Expressways Limited	India	54.12%	-	24.48%
10	Madhucon Toll Highways Limited	India	0.010%	99.976%	-
11	Ranchi Expressways Limited	India	0.02%	0.02%	99.94%
12	Barasat Krishnagar Expressways Limited	India	0.03%	0.04%	99.88%
13	Simhapuri Energy Limited	India	0.001%	90.28%	-
14	Madhucon Agra Jaipur Expressways Limited	India	0.10%	51.00%	39.79%
15	TN(DK) Expressways Limited	India	0.13%	50.97%	48.86%
16	Trichy-Thanjavur Expressways Limited	India	0.15%	51.05%	48.75%
17	Chhapra-Hajipur Expressways Limited	India	0.16%	54.23%	45.58%
18	Vijayawada-Machilipatnam Expressways Limited	India	2.29%	17.14%	74.86%
19	Rajauli Bakhtiyarpur Expressways Limited	India	4.8%	4.00%	83.20%
20	PT Madhucon Sriwijaya Power	Indonesia	92.75%	-	-
21	PT Madhucon Indonesia	Indonesia	10.00%	85.00%	-

22	MBN Anchored Earth Limited	India	40.00%	-	-
23	Madhucon Properties Limited	India	33.33%	-	-
24	Madhucon Sugar and Power Industries Ltd	India	27.58%	-	-
25	Ramnagar Power Private Limited	India	50.00%	-	-

**2.30 (a) Contingent Liabilities not provided for:**

(` in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company.	61,093.54	82,862.26
Disputed Sales Tax (on appeal)	6,424.63	6,334.07
Income-tax demand contested in appeal.	6,621.52	5,601.84
Letters of Credit facilities/ Comfort letters provided by bankers	2,979.07	26,533.00

(b) The company has signed Power Purchase Agreement (PPA) for phase - I (2x150 MW) with PTC India Ltd on 12th October, 2013. As per the PPA, SEL has to supply a quantum of 178 MW net (200 MW-Gross) capacity from phase-I. The balance capacity from phase-I shall remain with the company for sale as it deems fit. The PPA is valid for 24 years from 1st April, 2013. In respect of the PPA capacity of 178 MW net, PTC had tied - up 150 MW supply to APCPDCL from May'13 to May'14 @ Rs.5.83/kwh and 24.5 MW with KSEB @Rs.6.97/kwh from Dec'13 to May'14. In the interim period, the balance PPA capacity was traded in the Indian Energy Exchange. For phase-II, discussions are on between SEL and PTC for finalisation and execution of the PPA.

(c) In respect of the merchant capacity available from phase-I, the company tied-up sale of power to APCPDCL through PTV for 75 MW from May 2013 to May 2014 @Rs.5.79/kwh and subsequent to achieving COD of unit-I of phase-II on 26-02-2014, 115 MW was contracted with APCPDCL through PTC from 26-02-2014 to 29-05-2014 @5.79/kwh. A capacity of 16.4 MW was contracted with KSEB for Feb-Mar 2014 @Rs.6.90/kWh. Balance capacity available based on daily availability was traded in the Indian Energy Exchange. Quantum of power, however is supplied matching with the approved open access schedules granted by SRLDC as per transmission conditions.

**2.31** The long term unquoted investments in equity shares of subsidiary companies as given hereunder and included in Schedule V are pledged with Banks and Financial Institutions which have extended loan facilities to the respective investee companies.

S.No	Investee Company	No of Shares pledged As at 31.03.2014	No of Shares pledged As at 31.03.2013
1	Madurai Tuticorin Expressways Limited	8,34,55,500	7,34,54,000
2	Nama Hotels Private Limited	1,38,41,000	1,38,41,000
3	Madhucon Infra Limited	43,57,00,000	470,00,000
4	Simhapuri Energy Limited	66,26,10,106	35,55,20,600

### 2.32 Deferred Tax Liabilities:

As per Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liabilities arising is as follows:

(` in Lakhs)

Particulars	31.03.2014	31.03.2013
<b>Deferred Tax Liabilities on timing differences due to :</b>		
Depreciation	-	(2,781.02)
<b>Total</b>	-	(2,781.02)

### 2.33 Segment Reporting

The details of primary segment information for the year ended March 31,2014 and March 31,2013 are given below:

- The segment report of Madhucon Projects Limited and its subsidiaries (the Group) has been prepared in accordance with Accounting Standard 17 "Segment Reporting" as notified under Section 211(3C) of the Companies Act.
- The Group is currently focused on three business segments: Construction, Power and Toll Collection.
- Since, we are having operations only in India. Secondary segment reporting is not applicable to us.

**MADHUCON PROJECTS LIMITED**

**Segment Information**

Particulars	Construction		Energy		Toll Collection		Others		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Segment Revenue</b>										
External Turnover	33,252.49	35,512.58	110,264.84	37,204.58	19,099.88	18,000.63	1,002.88	-	163,620.09	90,717.79
Inter Segment Turnover	56,527.16	70,871.66	-	-	5,235.38	1,767.61	-	-	61,762.54	72,639.27
<b>Total</b>	<b>89,779.65</b>	<b>106,384.24</b>	<b>110,264.84</b>	<b>37,204.58</b>	<b>24,335.26</b>	<b>19,768.24</b>	<b>1,002.88</b>	<b>-</b>	<b>225,382.63</b>	<b>163,357.06</b>
<b>Segment Result before Interest and Taxes</b>	<b>(12,333.21)</b>	<b>(5,407.73)</b>	<b>31,084.10</b>	<b>14,125.17</b>	<b>15,130.31</b>	<b>(5,167.17)</b>	<b>(1,629.66)</b>	<b>(1.37)</b>	<b>32,251.54</b>	<b>3,548.90</b>
Less: Interest Expense	5,320.12	5,196.52	15,628.56	10,432.33	21,639.37	20,666.65	33.93	-	42,621.99	36,295.50
Add: Interest Income	779.03	1,018.55	178.60	305.99	855.98	97.94	0.80	1.37	1,814.41	1,423.85
Add: Exceptional Item	-	-	-	-	(10,917.20)	(14.88)	-	-	(10,917.20)	(14.88)
<b>Profit Loss Before Tax</b>	<b>(16,874.30)</b>	<b>(9,585.70)</b>	<b>15,634.14</b>	<b>3,998.83</b>	<b>(16,570.28)</b>	<b>(25,750.76)</b>	<b>(1,662.79)</b>	<b>-</b>	<b>(19,473.24)</b>	<b>(31,337.63)</b>
Current Tax							2,570.24	1,423.41	2,570.24	1,423.41
Deferred Tax							(66.23)	(2,781.02)	(66.23)	(2,781.02)
<b>Profit After Tax Before Adjustment of Minority Interest</b>	<b>(16,874.30)</b>	<b>(9,585.70)</b>	<b>15,634.14</b>	<b>3,998.83</b>	<b>(16,570.28)</b>	<b>(25,750.76)</b>	<b>(4,166.80)</b>	<b>1,357.61</b>	<b>(21,977.25)</b>	<b>(29,980.02)</b>
Add: Share of (Profit)\Loss Transferred to Minority										
Add: Share of (Profit)\Loss From Associated Companies							(827.38)	2,133.20	(827.38)	2,133.20
<b>Profit After Tax (After Adjustment of Minority Interest)</b>	<b>(16,874.30)</b>	<b>(9,585.70)</b>	<b>15,634.14</b>	<b>3,998.83</b>	<b>(16,570.28)</b>	<b>(25,750.76)</b>	<b>(4,994.18)</b>	<b>3,663.15</b>	<b>(22,380.03)</b>	<b>(27,674.48)</b>
<b>Other Information</b>										
Segment Assets	96,386.10	113,186.67	347,736.22	331,460.20	254,305.81	219,186.32	36,283.72	32,475.38	734,711.85	696,308.57
Segment Liabilities										
Capital Expenditure	499.41	2,731.00	25,518.63	51,530.46	26,131.52	34,213.78	1,541.52	4,338.71	53,691.08	92,813.95
Depreciation/ Amortisation	2,273.66	5,393.61	8,454.16	6,745.48	2,195.28	12,776.15	1,328.09	2.84	14,251.19	24,918.08
Other Non Cash Expenses Other Than Depreciation and Amortisation										

### 2.34 Micro & Small Enterprises:

The management has taken steps to identify the enterprises which have provided goods and services to the company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprise Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31<sup>st</sup> March, 2014 has been made in the Financial Statements based on the information received and such amount outstanding as on 31<sup>st</sup> March, 2014 to Micro and Small Enterprises is Nil which the Auditor have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material

**2.35** In accordance with Accounting Standard 11 (revised) the net exchange gain / (Loss) credited to profit & loss account is Rs. Nil (previous year net exchange gain credited Rs.58.36 Lakhs and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. Nil (previous year Rs. Nil).

**2.36** Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

(`In Lakhs)

Particulars	2013-14	2012-13
<b>Foreign Exchange Earnings &amp; Out go :</b>		
I) Foreign Exchange Earning : Interest & Other	Nil	Nil
II) Foreign Exchange Out Go :		
a) Towards Traveling	4.66	21.64
b) Towards Import of Capital Goods ( CIF)	103.51	-
c) Towards payment/Advance to Materials	868.89	7,567.30
d) Raw Materials	34,233.11	-
III) On Account of Others :		
A) Investment	Nil	657.38
B) Interest	29.40	52.12
IV) Others	159.12	2,027.15

### 2.37 Related Party Transactions:

Following are the list of related parties and relationships

#### A. Group Companies

1. Nama Investments Limited
2. Madhucon Granites Limited
3. Madhucon Info Tech Limited
4. Madhucon Land Developers Limited
5. Madhucon Estates Limited
6. Nama Properties Limited



7. NNR Infra Investments Private Limited
8. Rajanagaram Gas Power Private Limited
9. Pallakurichi Power Private Limited
10. Madhucon Stone Crushers Private Limited
11. Bima Quarrying Private Limited
12. Madhucon Mineral Resources Limited
13. Umarwada Gas Power Project Private Limited
14. Tiruchendur Power Private Limited
15. Nama Energy Private Limited

**B. Related Party Transactions during the year ended March 31, 2014 are as follows:**

(` In Lakhs)

Particulars of Transactions	Associates		Jointly Controlled/entitleds and ventures		Key Management Personnel and Relatives		Enterprises Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Services	-	-	-	-	-	-	-	-
Sales/Contract Receipts	-	-	-	-	-	-	-	-
Purchases/Contract Payments	-	-	-	-	-	-	-	-
Share Capital/Share Application Money	-	-	-	-	-	-	-	-
Rent Paid	-	-	-	-	13.44	98.87	-	-
Remuneration	-	-	-	-	96.00	71.33	-	-
Investments	-	-	-	-	-	-	-	-
Sale of Investments to Subsidiaries	-	-	-	-	-	-	-	-
Corporate Guarantees	-	-	-	-	-	-	-	-
Bank Guarantees	-	-	-	-	-	-	-	-
Loans/Advances paid	42.08	-	2.95	1.95	23.72	76.97	289	-
Loans/Advances Received	980.45	-	52.37	-	610.14	-	3160	-
Year end balances in Current Assets	-	755.69	1839.19.7	2,018.77	395.92	388.82	4,609.75	4,348.52
Year end balances in Current Liabilities	763.14	591.04	541.57	544.52	2127.20	1,532.2	4814.76	1,683.86

**C. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year 2013-14**

(` in Lakhs)

Particulars of Transactions	31.03.2014	31.03.2013
<b>Sales/Contract Receipts</b>		
Madhucon Sino Hydro	6,329.21	6,719.94
<b>Rent Paid:</b>		
Sri. NamaSeethaiah	13.44	14.40
Sri. NamaNageswaraRao	37.34	35.12
<b>Remuneration:</b>		
Sri. NamaSeethaiah	60.00	60.00
Sri. K. SrinivasaRao	24.00	11.33
Sri. N. Krishnaiah	12.00	12.00

**2.38 Earning Per Share:**

Sl. No.	Particulars	2013-14	2012-13
1	Profit computation for basic earnings Net Profit as per Profit & Loss Accounts available for equity share holder ( Rs in Lakhs)	(22,380.02)	(27,674.48)
2	Weighted average number of equity shares of Re. 1/- each for Basic EPS (Nos)	7,37,94,940	7,37,94,940
3	EPS (weighted average) (Rs.)	(30.33)	(37.50)

2.39 Figures of previous year have been regrouped/rearranged/reclassified wherever necessary to


Conform to the current year presentation

As per our Report of even date attached

**For Kota & Company**

For and on behalf of the Board


Chartered Accountants



K.S.R.K. Prasad



N. Seemalash



K. Srinivasa Rao



C. Bharathi

Partner

Managing Director

Wholetime Director

Company Secretary



Place : Hyderabad

Date : 30.05.2014