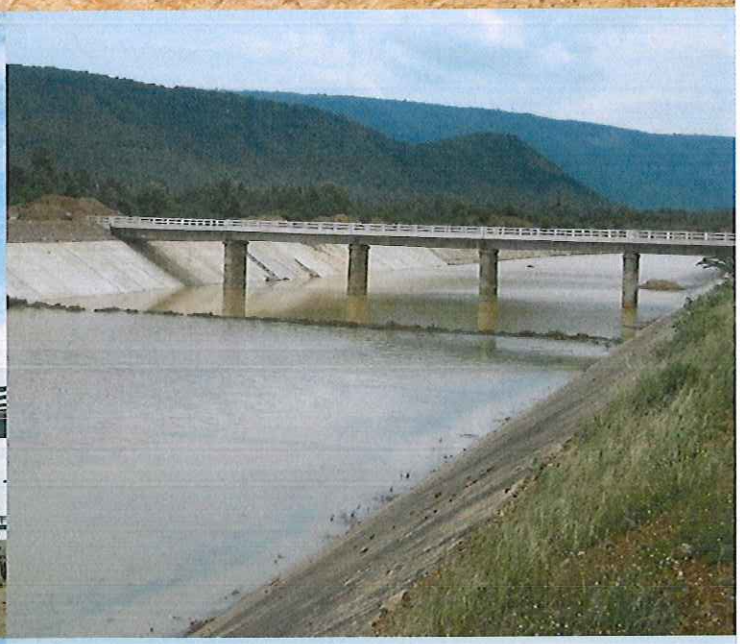
MADHUCON

MADHUCON

PROJECTS LIMITED

AN ISO - 9001 : 2008 COMPANY



23rd ANNUAL REPORT

2012 - 2013

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Forward Looking Statement

This Annual Report contains statements that constitute forward looking information to enable investors to take informed investment decisions. This report and statement represent anticipated results based on management plans, judgments, and future expectations concerning the development of our business. The achievement of results is subject to risks, market conditions, governmental and regulatory policies, technological developments, legislative developments and other factors. The actual developments and results differ from our expectations.

Madhucon Projects Limited undertakes no obligation to publicly update any forward looking statement, whether as a result of new information, future events or other circumstances.

MADHUCON

MADHUCON PROJECTS LIMITED

23rd ANNUAL REPORT
2012 - 2013

BOARD OF DIRECTORS

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Dr. C. Venkateswara Rao
Independent Director

P. Madhava Rao
Independent Director

Nutan Singh
Company Secretary

AUDITORS

M/s Kota & Company
Chartered Accountants
(FRN - 011982S)
H.No.331, Arora Colony - 2
Road No.3, Banjara Hills
Hyderabad - 500 034.

REGISTERED OFFICE

1-7-70, Madhu Complex
Jublipura, Khammam - 507 003.

CORPORATE OFFICE

Madhucon House, Plot No.1129/A
Road No. 36, Jubilee Hills
Hyderabad - 500 033.

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

NOTICE

To

The Members,
Madhucon Projects Limited

Notice is hereby given that the 23rd Annual General Meeting of Madhucon Projects Limited will be held on Saturday, 28th September 2013 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 31st March, 2013 and Statement of Profit and Loss and Notes thereto for the year ended on that date together with the Report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Dr. C. Venkateswara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare Dividend on the Equity Shares of the Company.
4. 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 224 and other applicable provisions of the Companies Act, 1956 including the amendment thereof, if any, M/s Kota & Company, Chartered Accountants, (FRN 011982S) Hyderabad be and are hereby re-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:

5. **Appointment of Sri K.Srinivasa Rao as Wholetime Director of the Company**

   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 Sections 198, 269, 309, 310, 311 read with Schedule XIII including modification and amendment thereto and other applicable provisions, if any, of the Companies Act, 1956 and on recommendations of Remuneration Committee and subject to the approval of members of the Company and such other approvals as may be required, consent of the members be and is hereby accorded to the appointment of Sri K.Srinivasa Rao as Wholetime Director of the Company for a period of 3 (three) years with effect from15.11.2012 on a monthly remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) inclusive of all allowances & perquisites.

6. **Re-appointment of Sri N.Seethaiah, as Managing Director of the Company**

   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 Sections 198, 269, 309, 310, 311 read with Schedule XIII including modification and amendment thereto and other applicable provisions, if any, of the Companies Act, 1956 and on recommendations of Remuneration Committee and subject to the approval of members of the Company and such other approvals as may be required, consent of the members be and is hereby accorded

to the appointment of Sri N.Seethaiah, as Managing Directorof the Company for a period of 3 (three) years with effect from 01.05.2013 on a monthly remuneration of Rs. 5,00,000/- (Rupees Five Lakhs Only) inclusive of all allowances & perquisites".

By order of the Board

Nutan Singh

Nutan Singh
Company Secretary
ACS - 27436

Place: Hyderabad
Date: 14.08.2013

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote 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.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at this Annual General Meeting is annexed, which forms part of this notice.
3. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at this Annual General Meeting.
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 24.09.2013 to 28.09.2013(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 a part of Green Initiative adopted by Ministry of Corporate Affairs.
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 205 C of the Companies Act, 1956 and thereafter, no claim shall lie against such fund or against company.
11. The Shareholders who have not encashed their dividend for the financial year 2006-2007 to 2011-2012 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 2005-2006 is due to be transferred to "Investor Education and Protection Fund "on 26 September, 2013. Therefore, Shareholders may approach Secretarial Department of the Company for claiming their dividend on or before 20th September, 2013.

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. Brief profile of Dr. C. Venkateswara Rao, who is liable to retire by rotation, is provided in the "Report on Corporate Governance".

ANNEXURE:

Explanatory Statement Pursuant to the provisions of Section 173(2) of the Companies Act, 1956:

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

Item No. 5: Appointment of Sri K.Srinivasa Rao as Wholetime Director of the Company:

Sri K.Srinivasa Rao who is a Promoter Director since 21st November, 2005 appointed by the Board of Directors at its 478th meeting held on 14.11.2012 on the recommendations of the Remuneration Committee appointed him as Wholetime Director of the Company for a period of 3 years w.e.f. 15.11.2012 on a monthly remuneration of Rs.2,50,000/- inclusive of all allowances and perquisites, subject to concurrence of Shareholders and compliance of all applicable provisions of the Companies Act, 1956. Sri K. Srinivasa Rao is holding 10,09,000 Equity shares in the Company representing 1.37% of total Paid-Up Equity Capital of the Company.The brief profile of Sri K. Srinivasa Rao is given in the Report on Corporate Governance.

Your Board of Directors recommends the proposed resolution for your approval in the interest of the Company.

The Directors of the Company may be deemed to be concerned or interested in the proposed resolution to the extent of securities that may be subscribed or extent of securities held by them.

Item No. 6: Re-appointment of Sri N. Seethaiah, Managing Director of the Company:

Sri N. Seethaiah who is a Promoter Director since inception of the Company and appointed as Managing Director on 01.05.2007 and re-appointed by the shareholders at its 20th Meeting held on 30.09.2010 for a period of 3 years w.e.f 01.05.2010 on a monthly remuneration of Rs.5,00,000/-.

The Board of Directors at its meeting held on 29th April 2013 on the recommendations of the Remuneration Committee re-appointed as Managing Director of the Company for a further period of 3 years w.e.f. 01.05.2013 on the existing monthly remuneration of Rs.5,00,000/- inclusive of all allowances and perquisites, subject to concurrence of shareholders and compliance of all applicable provisions of the Companies Act, 1956. Sri N.Seethaiah is holding 60,01,800 Equity shares representing 8.34% of total paid-up equity capital of the Company. The brief profile of Sri N. Seethaiah is given in the Report on Corporate Governance.

Your Board of Directors recommends the proposed resolution for your approval in the interest of the Company.

The Directors of the Company may be deemed to be concerned or interested in the proposed resolution to the extent of securities that may be subscribed or extent of securities held by them.

By Order of the Board

Nutan Singh

Nutan Singh
Company Secretary
ACS - 27436

Place: Hyderabad
Date: 14.08.2013

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 23rd Annual Report on "Business Operations, Performance & Progress" of the Company together with the Audited Financial Statements for the year ended March 31, 2013.

A. FINANCIAL RESULTS:

(Rupees in Lakhs)

PARTICULARS	2012-2013	2011-2012
Gross Income	106384.24	182294.22
Profit before Depreciation & Taxation	8880.65	9679.40
Depreciation	5459.18	5115.80
Profit before Taxation	3421.47	4563.60
Provision for Taxation		
i) Current Tax	684.56	1564.61
ii) Deferred Tax	(639.99)	(477.18)
Profit after Taxation	3376.90	3476.17
Profit available for appropriation	3376.90	3476.17
APPROPRIATION		
General Reserve	337.69	347.62
Proposed Dividend	73.79	73.79
Corporate Tax on Proposed Dividend	11.97	11.97
Balance transferred to Balance Sheet	2953.45	3042.71
Earnings per Share (Rs.)	4.58	4.71
Book Value (Rs.)	91.53	87.07
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	66802.92	63511.78

B. REVIEW OF OPERATIONAL PERFORMANCE:

During the year under review, your Company has achieved a gross income of Rs. 106384.24 lakhs as against Rs. 182294.22 lakhs in the previous year. The Company has earned a net profit of Rs. 3376.90 lakhs as against Rs.3476.17 lakhs in the previous year after providing for depreciation of Rs. 5459.18 lakhs as against Rs.5115.80 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.90717.79 lakhs and Rs.(27674.48)lakhs respectively.

C. MANAGEMENT DISCUSSION AND ANALYSIS:

I. Indian Economy:

The Indian Economy is still facing global crisis and recovery process which began after the financial crisis of 2008 has improved in the financial year 2011 and again taking a pause in the financial year 2012 owing to global uncertainties. The GDP growth was 5% during 2012, compared to the previous year's GDP of 6.6%. The inflation as per WPI on an average during 2012-13 was 7.3% as against the previous year's 8.9%.

The slow recovery of Global Economy coupled with domestic challenges, absence of FII investment dampened the industrial growth and economy in India in 2012-13.

Future Outlook:

The Outlook for Industrial activity remains subdued because the pipeline of new investment has dried up and the existing projects remains stalled by bottlenecks and implementation gaps. The huge demand for Infrastructure development, accelerating savings and investment, rates of interest hold a key to revitalize the economy and achieve growth aspirations. India's special focus and priority to enhance infrastructure spending along with greater private collaboration under PPP (Public Private Partnership).

Your company was able to sustain in Industry due to re-alignment of business models, strong asset based with diversified business verticals setup by your Company in Transportation, Energy, Irrigation, Mining, Building & Property development and Overseas Coal Mining and Power Projects in Indonesia. The Company has order book around Rs. 7,828 Crores and has been pre-qualified in number of EPC works over Rs. 15,650 Crores in Irrigation, Highways, Railways, Power plants in India and abroad.

Operational Performance:

a) Transportation Division:

i) BOT Toll and Annuity based Projects:

Your company has completed 1459 lane Kms of 4 BOT projects owned by your Company 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 Pradesh	258	Vijayawada-Machilipatnam Expressways Limited	In Progress*
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 Projects are under process and expected to be completed by 30.09.2013.

Your company has participated in number of ongoing tenders.

ii) Item Rate Projects:

The Status of following 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	Gopalganj-Muzaffarpur, NH-28, Bihar, NHAI	190	Completed
3	Nagaon- Dharamtul, NH-37, Assam, NHAI	120	In Progress
4	AnikPanjarpole Link Road Project(APLR), MMRDA, Maharashtra	30	In Progress

iii) Irrigation Projects:

Your Company is executing 14 projects valued Rs. 2364.83 Croresof which Rs.1577.35 Crores related to Irrigation Projects of Andhra Pradesh.

b) Energy Projects:

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

The EPC Contract of Phase-I (2X150MW) of Simhapuri Energy Limited was completed on 02.05.2012 and generating power with full capacity.

The Phase-II (2X150MW) is under completion, expected COD in October, 2013.

c) 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.

d) Building and Property Division:

Your Company, as EPC Contractor, has undertaken the construction of Nama Hotels, Madhucon Megamall and Madhucon Heights on NH-9 at Kukatpally, APHB Colony, Hyderabad, Andhra Pradesh and these projects are under progress.

e) Overseas Division:

Your Company in Consortium is setting up of Mine Mouth Coal Fired 2 X150 MW Thermal Power Plant in Indonesia for generation and supply of power to PTPLN (PERSERO), Government Electricity Company of Indonesia for a period of 25 years. PPA was signed on 01.05.2012. Financial tie-up for project finance is under progress.

Your Company has been exploring Coal Mines in South Africa, Mozambique and West African countries.

III. 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.

IV. Internal Control System:

Your Company has adequate system of Internal Control System 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.

V. Organizational Restructure:

Your Company is restructuring its organization according to Company's growth plan.

VI. Expansion and Diversification:

Your Company is contemplating for diversification into various other sectors of infrastructure viz., Sea Ports, Air Ports, Railways including Freight Corridors, Housing and Property Development, Transmission and Distribution Systems, Coal Handling Plants, Water Treatment Plants, Sewage Treatment Plants, Pipeline Projects, Hospitality Sector etc.Your company is contemplating to enter into transmission projects.

VII. 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 Road, 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.

VIII Accounting Standards:

The financial statements are prepared in accordance with the requirement of the amended Schedule-VI of the Companies Act, 1956, which is made mandatory by Ministry of Corporate Affairs(MCA) from 2011-12 and as per the Generally Accepted Accounting Principles (GAAP) and also in accordance with the applicable Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI).

IX. 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.

X. Dividend:

Your Directors are pleased to recommend an Equity Dividend of 10% (10 Paise per share) on paid up equity capital for the year ended 31.03.2013, subject to approval of the members at this Annual General Meeting.

XI. Subsidiary Companies:

The Company has 9(Nine) Indian Subsidiaries and 1(One) Foreign Subsidiary as on 31.3.2013. The details of investments held by Madhucon ProjectsLimited in the following subsidiary companies are given below:

a) 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)	Percentage (%)
1	Madhucon Infra Limited (CIN - U45200AP2006PLC049235)	22.02.2006	122,20,27,045	10	1222,02,70,450	94.89
2	Madurai-Tuticorin Expressways Limited (CIN - U45203AP2006PLC050114)	11.05.2006	8,85,61,500	10	88,56,15,000	54.12
3	Madhucon Energy Limited (CIN - U45309AP2000PLC034007)	24.03.2000	1,00,090	5	5,00,450	99.95
4	Madhucon Mega Mall Private Limited (CIN - U45400AP2007PTC056734)	18.12.2007	20,000	10	2,00,000	66.66
5	Nama Hotels Private Limited (CIN - U55101AP2007PTC056818)	24.12.2007	2,71,21,200	10	27,12,12,000	99.96
6	Madhucon Heights Private Limited (CIN - U45209AP2007PTC056733)	18.12.2007	20,000	10	2,00,000	66.66
7	Agastyamuni Hydro Power Private Limited (CIN - U40108AP2010PTC068128)	28.04.2010	6,000	10	60,000	60.00
8	Rudraprayag Hydro Power Private Limited (CIN - U40108AP2010PTC068130)	28.04.2010	6,000	10	60,000	60.00
9	Tilwara Hydro Power Private Limited (CIN - U40300AP2010PTC068127)	28.04.2010	6,000	10	60,000	60.00

b) FOREIGN 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)	Percentage (%)
1	Madhucon Natural Resources Limited, Singapore (200603264W)	09.03.2006	750	S$ 1/-	S$ 750 (Equivalent to Rs.21036)	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 Ltd
7. Vijayawada Machlipatnam Expressways Ltd
8. Barasat-Krishnanagar Expressways Ltd
9. Ranchi Expressways Ltd
10. PT Madhucon Indonesia, Indonesia
11. PT Madhucon Sriwijaya Power, Indonesia

XII. 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.

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to shareholders of the Holding and Subsidiary Companies seeking such information at any point of time. The Annual Accounts of Subsidiary Companies will also be kept for inspection by any shareholder at the Registered Office of the Company and also at its Subsidiary Companies. The Company will furnish a hard copy of details of accounts of Subsidiaries to any shareholder on demand.

XIV. 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.

XV. Directors:

Sri S.Vaikuntanathan, Wholetime Director on completion of his tenure on 04.03.2013 tendered his resignation and relinquished his office of Director of the Company.

Sri K.Srinivasa Rao, Director appointed by your Directors as Wholetime Director of the Company w.e.f. 15.11.2012.

Dr.C.Venkateswara Rao, Independent Director who retires by rotation at this Annual General Meeting is eligible to be re-appointed as Independent Director of the Company and who has given his consent in writing to act as Independent Director, if appointed at this Annual General Meeting. The Board of Directors of the Company recommends the appointment of Dr.C.Venkateswara Rao, as Independent Director of the Company, in the best interest of the Company. The profile of Dr.C.Venkateswara Rao is given in the report of Corporate Governance.

Sri N Seethaiah, Managing Director was re-appointed for a further period of 3 years by the Board of Directors of the Company w.e.f. 01.05.2013 on the existing remuneration of Rs.5,00,000/- including all allowances and perquisites, subject to concurrence of Shareholders and compliance of applicable provisions of the Companies Act, 1956.

XVI. Directors' Responsibility Statement:

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

a) That in the preparation of annual accounts for the financial year ended 31st March, 2013; the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

b) 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.

c) 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.

d) That the Directors have prepared the annual accounts for the year ended 31st March 2013 on a "Going Concern" basis.

XVII. Industrial Relations:

The relations with the employees are cordial.

XVIII. Deposits:

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

XIX. 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, 2013, 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.

XX. 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-18001:2007registration.

XXI. Auditors:

M/s Kota & Company, Statutory Auditors (FRN-011982S) of the Company, expressed their willingness to be re-appointed for the financial year 2013-2014 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.

XXII. 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.

XXIII. Acknowledgements:

Your Directors express their appreciation to the Foreign Collaborators, Joint Venture Partners, Bankers, Central and State Government Authorities including National Highway Authorities of India (NHAI), Irrigation & CAD Department, Central Government, Government of various States including Andhra Pradesh, 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: 14.08.2013

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:

(Rupees in Lakhs)

Particulars	2012-13	2011-12
Foreign Exchange Earnings:	Nil	Nil
Foreign Exchange Out Go:		
i. Towards travelling	22.10	37.78
ii. Towards import of capital goods (CIF)	Nil	Nil
iii. Towards advance to equipment suppliers	21,337.21	2,823.44
iv. On account of others:		
a) Investment	657.38	1,956.66
b) Interest	52.12	48.32
v. Others	2,027.15	58.74

For and on behalf of the Board

Place: Hyderabad
Date: 14.08.2013

N. SEETHAIAH
Managing Director

K. SRINIVASA RAO
Whole-time Director

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 31st March 2013, the Board consists of 4 (Four) Directors. There is 1(One) Managing Director, 1(One) Whole-time Director and 2(Two) Independent Non-Executive Directors of whom one is the elected Chairman.

ii. Attendance of each director at the Board Meeting and the last Annual General Meeting:

The particulars of attendance of Board Meeting and Annual General Meeting by Directors for the financial year ended 31.03.2013 has been set out here below.

Sl. No.	Name of the Director	Board Meetings attended during the financial year 2012-13	Meeting attended at Previous AGM held on 29.09.2012
1	Sri N. Seethaiah Managing Director	34	Yes
2	Sri S.Vaikuntanathan Whole-time Director (Upto 04.03.2013)	31	Yes
3	Sri K. Srinivasa Rao Non-Executive Director (Upto 14.11.2012) and as Wholetime Director (w.e.f. 15.11.2012)	33	Yes
4	Dr. C. Venkateswara Rao Independent Director	34	No
5	Sri P. Madhava Rao Independent Director	32	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	3	-
2	Sri S.Vaikunthanathan (Upto 04.03.2013)	Whole-time Director	2	-	-
3	Sri K.Srinivasa Rao (as Director up to 14.11.2012 and as Wholetime Director w.e.f. 15.11.2012)	Whole-time Director	20	-	-
4	Dr. C.Venkateswara Rao	Independent Director	17	1	2
5	Sri P. Madhava Rao	Independent Director	3	2	1

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, Thirty Four(34) Board Meetings were held during the financial year ended 31.3.2013 on the following dates:

First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Meeting No.	Date	Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
457	02.04.2012	468	10.07.2012	476	06.10.2012	484	28.01.2013
458	14.04.2012	469	20.07.2012	477	29.10.2012	485	13.02.2013
459	24.04.2012	470	01.08.2012	478	14.11.2012	486	19.02.2013
460	02.05.2012	471	11.08.2012	479	01.12.2012	487	02.03.2013
461	04.05.2012	472	28.08.2012	480	12.12.2012	488	16.03.2013
462	12.05.2012	473	11.09.2012	481	22.12.2012	489	25.03.2013
463	22.05.2012	474	15.09.2012	482	27.12.2012	490	28.03.2013
464	02.06.2012	475	26.09.2012	483	31.12.2012		
465	08.06.2012						
466	20.06.2012						
467	30.06.2012						

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, Wholetime 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 5(Five) times during the financial year under review, on 12.05.2012, 11.08.2012, 28.08.2012, 14.11.2012 and 13.02.2013 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	5
2	Sri. P. Madhava Rao	Member	5
3	Sri. K. Srinivasa Rao	Member	5

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, Wholetime Director as member.

iii. Attendance during the year:

The Remuneration Committee met 1 (One) time, during the financial year under review, on 12.11.2012 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	Sri P. Madhava Rao	Member	1
3	Sri K. Srinivasa Rao	Member	1

iv. Remuneration Policy:

The remuneration policies of the company are as follows:

1. The remuneration payable to the executive directors shall not exceed the limits prescribed by the Companies Act, 1956 and amendment / re-enactment, if any.
2. The remuneration payable to the executive directors is linked with their merit and performance.
3. The remuneration payable to the Directors is subject to approval of Board of Directors and Shareholders at their meetings.
4. No sitting fee to the Directors for attending the Board/Committee meetings.
5. Such other policy as may be decided from time to time.

v. Details of Remuneration to all Directors:

Details of Remuneration of the following Directors for the financial year ended 31st March 2013 are as follows:

Sl. No.	Name of the Director	Consolidated Salary (Value in Rs.)	Perquisites, Allowances and other Benefits	Performance Bonus / Incentive / Commission / Stock Option	Sitting Fees	Total (Rs.)
1	Sri N. Seethaiah Managing Director	5,00,000	Nil	Nil	Nil	60,00,000
2	Sri S. Vaikuntanathan Whole-Time Director	2,45,000 (01.04.2012 to 04.03.2013)	Nil	Nil	Nil	27,26,000
3	Sri K. Srinivasa Rao Whole-Time Director	2,50,000 (15.11.2012 to 31.03.2013)	Nil	Nil	Nil	11,33,000

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. Madhva Rao, Chairman, Sri K. Srinivasa Rao, Wholetime Director as Member, and Dr. C. Venkateswara Rao, Independent Director as Members of the Committee.

ii. Name and Designation of Compliance Officer:

Ms. Nutan Singh, the Company Secretary has been designated as the Compliance Officer of the Company.

iii. Number of Shareholders Complaint received as on the date of approval of Directors Report:

During the financial year under review, the Company has received 58 complaints from Shareholders and disposed off 58 and 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** 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 12.05.2012, 11.08.2012, 13.11.2012 and 12.02.2013 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/ Member	4
2	Sri N.Seethaiah	Member (up to 21.12.2012)	3
3	Dr. C.Venkateswara Rao	Member	4
4	Sri P. Madhava Rao	Chairman (w.e.f. 22.12.2012)	1

vii 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
22nd AGM (2011-12)	29.09.2012, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam- 507003	Issue of Further Securities
21st AGM (2010-11)	30.09.2011, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam- 507003	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
20th AGM (2009-10)	30.09.2010, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam- 507003	1. Amendment of Capital Clause in Memorandum & Articles of Association. 2. Issue of Further Securities 3. Amendment of Articles of Association to provide for issue of Securities with differential voting rights.

iii. Special Resolution passed through Postal Ballot:

No Special Resolution was passed through Postal Ballot during 2012-2013. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through Postal Ballot.

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 31.03.2013. 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 31.03.2013.

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

i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

None

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) **Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee**

It is affirmed that no personnel has been denied to access to the Audit Committee.

iv) **Details of compliances with mandatory requirements and adoption of non-mandatory requirements of Clause-49.**

Complied all the mandatory requirements from time to time. None of the non-mandatory requirements is adopted.

v) **Pecuniary relationships or transactions with Non- Executive Directors**

None

vi) **Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges**

Given elsewhere 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. MEANS OF COMMUNICATION:

i. Quarterly Results:

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

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

Financial Reporting for the:	
1st Quarter ended 30th June 2013	14th August, 2013
2nd Quarter ended 30th September 2013	15th November, 2013
3rd Quarter ended 31st December 2013	15th February, 2014
4th Quarter ended 31st March 2014	30th May, 2014

ii. Newspapers wherein results normally published:

The financial provisional un-audited results will be published in all leading daily newspapers in English and in Regional language having nationwide circulation like Financial Express and Andhra Prabha.

iii. Any website where quarterly results displayed:

These financial provisional results and shareholding pattern will also be posted on SEBI's Corporate Filing & Dissemination System (CFDS) website www.corpfiling.co.in and also placed in Company's website www.madhucon.com.

iv. Whether quarterly results also displays official news releases:

The performance of the Quarterly results will be released in press by the press media from time to time.

v. **The presentation made to institutional investors or to the analysts:**

Yes - Through video conference.

The Report of the Directors, forming part of this Annual Report and Accounts, includes Management Discussion and Analysis Report (MDAR).

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

i) Madhucon Projects Limited Investments in Equity of Subsidiary Companies as on 31.03.2013:

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: U45200AP2006PLC049235)	22.02.2006	122,20,27,045	10	1222,02,70,450	94.894
2	Madurai-Tuticorin Expressways Limited (CIN-U45203AP2006PLC050114)	11.05.2006	8,85,61,500	10	88,56,15,000	54.12
3	Madhucon Energy Limited (CIN- U45309AP2000PLC034007)	24.03.2000	1,00,090	5	5,00,450	99.95
4	Madhucon Mega Mall Private Limited (CIN-U45400AP2007PTC056734)	18.12.2007	20,000	10	2,00,000	66.66
5	Nama Hotels Private Limited (CIN-U55101AP2007PTC056818)	24.12.2007	2,71,21,200	10	27,12,12,000	99.96
6	Madhucon Heights Private Limited (CIN-U45209AP2007PTC056733)	18.12.2007	20,000	10	2,00,000	66.66
7	Agastyamuni Hydro PowerPrivate Limited (U40108AP2010PTC068128)	28.04.2010	6,000	10	60,000	60.00
8	Rudraprayag Hydro PowerPrivate Limited (U40108AP2010PTC068130)	28.04.2010	6,000	10	60,000	60.00
9	Tilwara Hydro PowerPrivate Limited (U40300AP2010PTC068127)	28.04.2010	6,000	10	60,000	60.00

ii) Madhucon Projects Limited Investments in Equity of Foreign Subsidiary Companies as on 31.03.2013:

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 (%)
01	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 31.03.2013:

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Share Rs.	Value of Equity Shares held Rs.	Percentage (%)
1	Madhucon Sugar & Power Industries Limited (CIN:U15427AP2002PLC039859)	05.11.2002	4811500	10	48115000	10.36
2	MBN Anchored Earth Limited (CIN U45200AP1998PLC029310)	28.04.1998	40000	10	400000	40.00
3	Madhucon Properties Limited (CIN:U45200AP2005PLC045366)	15.02.2005	20000	10	200000	33.33
4	Madhucon Toll Highways Limited (CIN- U93000AP2008PLC060479)	05.08.2008	30000	10	300000	0.01
5	Madhucon Agra-Jaipur Expressways Limited (CIN-U45203AP2005PLC045689)	23.03.2005	100000	10	1000000	0.10
6	TN(DK) Expressways Limited (CIN- U45200AP2006PLC048941)	31.01.2006	100000	10	1000000	0.13
7	Trichy-Thanjavur Expressways Limited (CIN- U45200AP2006PLC049815)	13.04.2006	100000	10	1000000	0.15
8	Chhapra-Hajipur Expressways Limited (U45209AP2010PLC068742)	02.06.2010	100000	10	10,00,000	0.17
9	Simhapuri Energy Limited (CIN-U40101AP2005PLC048264)	02.12.2005	10000	10	1,00,000	0.01
10	Rajanagaram Gas Power Private Limited (U40108AP2010PTC066560)	05.01.2010	488080	10	4880800	13.56
11	Ramnagar Power Private Limited (U40108AP2010PTC071246)	16.11.2010	10000	10	100000	50.00
12	Barasat-Krishnagar ExpresswaysLtd (U45203AP2011PLC073469)	24.03.2011	14000	10	140000	0.04
13	Ranchi Expressways Limited (U45209AP2011PLC073568)	29.03.2011	14000	10	140000	0.02
14.	Vijayawada – Machlipatnam Expressways Limited (U45209AP2011PLC077676)	28.11.2011	8000	10	80000	3.20
15.	Rajauli-Bakhtiyarpur Expressways Limited (U45203AP2012PLC080775)	07.05.2012	12000	10	120000	24.00

iv) Madhucon Projects Limited Investments in Equity of Foreign Group Companies (other than subsidiary) as on 31.03.2013:

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) Jakartha, Indonesia	19.12.2005	1565000	Rph.10,110	US$1565000 (equivalent to Rs.722.72 lacs)	10.00
2	PT Madhucon Sriwijaya Power (Deed No.46) (Decree No.AHU-10886, AH:01.01.Tahun.2012 dated 28th February, 2012)	20.02.2012	1250000	Rph.9000	US$12500000 (equivalent to Rs.657.38 lacs)	25.00

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 underclause 49 of the Listing Agreement is annexed herein forming a part of Corporate Governance Report and the same has been sent to National Stock Exchange (NSE), and Bombay Stock Exchange (BSE), Luxemburg Stock Exchange along with Annual Report of the Company.

12. GENERAL SHAREHOLDER INFORMATION:

i) Day, Date, Time and Venue of Annual General Meeting:

Date	:	28th September, 2013
Day	:	Saturday
Time	:	3:00 PM
Venue	:	Regd. Office: Madhu Complex, 1-7-70, Jublipura, Khammam - 507 003, Andhra Pradesh

ii) Financial Year:

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

iii) Date of Book Closure:

24.09.2013 to 28.09.2013 (inclusive of both days) to determine the entitlement of shareholders to receive the dividend, if any, declared for the financial year ended 31st March, 2013. 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 27thOctober, 2013

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 2012-2013:

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 31st March 2013 are as under-

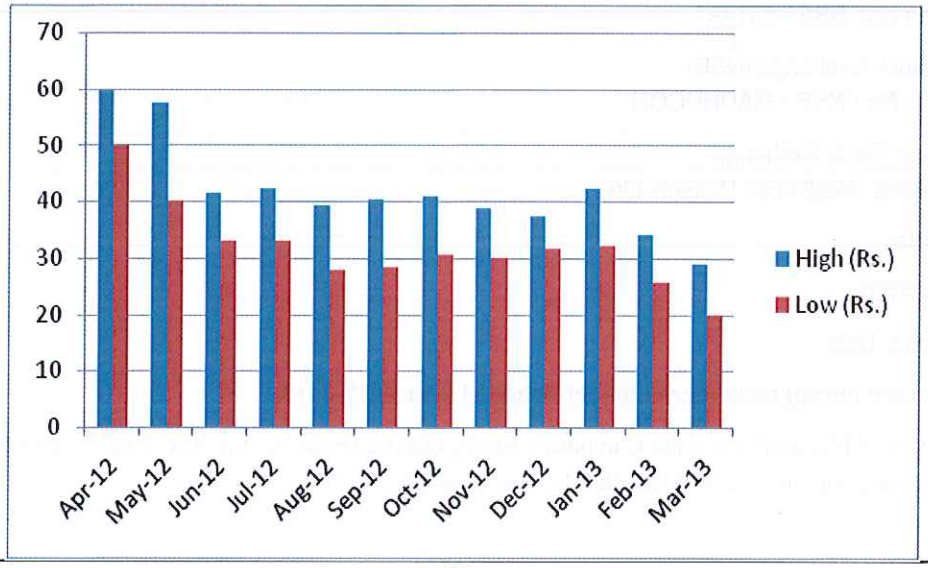
A) BSE

Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2012	59.90	50.50	50526	1158
May 2012	57.80	40.05	266833	3684
June 2012	41.60	33.35	245680	5857
July 2012	42.50	33.35	589611	9423
August 2012	39.40	28.55	214351	2761
September 2012	40.90	27.80	1129079	9537
October 2012	40.80	30.65	1648196	10770
November 2012	38.70	30.20	2023184	14292
December 2012	37.45	32.80	867984	6899
January 2013	42.40	32.60	2237302	15685
February 2013	34.20	25.50	239872	2351
March 2013	29.00	17.70	298204	3027

B) NSE

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares
April 2012	60.00	50.10	183638
May 2012	57.80	40.10	668910
June 2012	41.60	33.00	1057579
July 2012	42.30	33.10	2874323
August 2012	39.50	28.00	828837
September 2012	40.40	28.50	3376374
October 2012	40.90	30.75	4476350
November 2012	38.80	30.00	5266404
December 2012	37.40	31.75	2784631
January 2013	42.40	32.30	5605926
February 2013	34.20	25.60	844940
March 2013	28.95	20.00	789951

Share Price Movement Diagram:



viii) **Registrar and Transfer Agents (RTA):**

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 30 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 31st March, 2013**

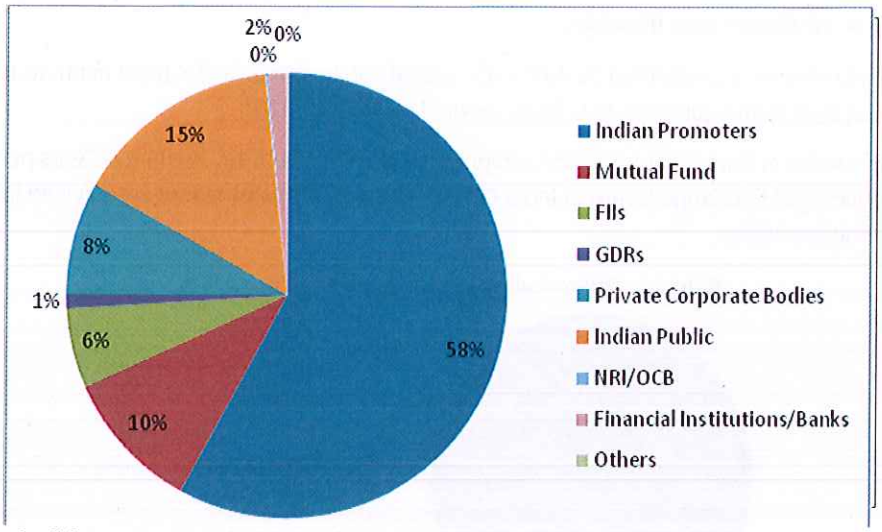
Equity Share holding of nominal Value of Rs. 1/- each	Equity Shareholders		Equity Share Amount	
	Numbers	%	In Rs.	%
1 - 5,000	12306	97.86	4279771	5.80
5,001 - 10,000	122	0.97	952368	1.29
10,001 - 20,000	59	0.47	854111	1.16
20,001 - 30,000	20	0.16	505534	0.69
30,001 - 40,000	9	0.07	323366	0.44
4 0,001 - 50,000	12	0.10	547642	0.74
50,001 - 1,00,000	8	0.06	598713	0.81
1,00,001 - Above	39	0.31	65733435	89.08
TOTAL	**12575**	**100.00**	**73794940**	**100.00**

B) SHAREHOLDING PATTERN AS ON 31ST MARCH 2013:

Shareholding Pattern for the Quarter ending 31st March 2013 in terms of Clause 35 of Listing Agreement is as follows:

Category	Sub Category	No. of Shareholders	No. of Shares	% of Shares
A) Promoter's Shareholding	Indian Promoters a) Individuals/ Hindu Un-dividend family	19	3033600	41.11
	b) Bodies Corporate	3	12416943	16.83
	c) Foreign Promoters	0	0	0
	d) Persons acting in Concert	0	0	0
	Total Promoters Shareholdings (A)	**22**	**42750543**	**57.94**
B) Public Shareholding	**1) Institutions**			
	a) Mutual Funds/ UTI	3	7594543	10.29
	b) Financial Institutions/Banks	3	995288	1.35
	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	5	4280719	5.80
	g) Foreign Venture Capital Investors	0	0	0
	2) Non- Institutions			
	a) Bodies Corporate	390	6037890	8.18
	b) Individual Shareholders holding:			
	i) Nominal share capital upto Rs.1 Lakh.	11932	6497647	8.81
	ii) Nominal share capital in excess of Rs.1Lakh	10	4627518	6.27
	c) NRI/OCB	166	143343	0.19
	d) Trust	1	3000	0.00
	e) Clearing Members	40	40149	0.05
	f) Foreign Bodies-DR	2	93500	0.13
	Total Public Shareholding (B)	**12552**	**30313597**	**41.05**
C) Shares held by Custodians and against which Depository Receipts have been issued	Duetches Bank Trust Company Americas – GDR's	1	730800	0.99
	Total (C)	**1**	**730800**	**0.99**
	Grand Total: (A)+(B)+(C)	**12575**	**73794940**	**100.00**

SHAREHOLDING DISTRIBUTION



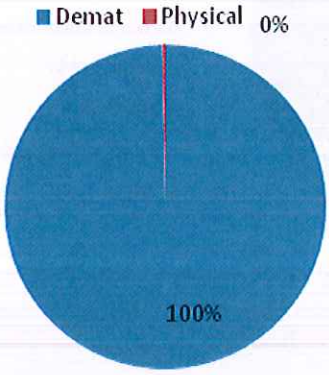
C) Top Shareholders as on 31st March 2013:

	Category	Name	No. of Shares	% of Shares
A	Promoter's Holding (holding more than 1%)			
	Individuals	NAMA NAGESWAR RAO	10147000	13.75
		NAMA CHINNAMMA	6158000	8.34
		SEETHAIAH NAMA	6001800	8.13
		NAMA KRISHNAIAH	2601800	3.53
		NAMA PRITHVI TEJA	993000	1.35
		KAMMA SRINIVASA RAO	1009000	1.37
	Bodies Corporate	MADHUCON GRANITES LIMITED	8044000	10.90
		NAMA INVESTMENTS LIMITED	3644410	4.94
		Total (A)	**38599010**	**52.31**
B	Public shareholding (holding more than 1%)			
B1	Institutional Investors			
	a) Mutual Funds	1) RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIANCE GROWTH FUND	4885592	6.62
		2) SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	2580904	3.50
	b) Foreign Institutional Investors:	1) COPTHALL MAURITIUS INVESTMENT LIMITED	3652778	4.95
	c) Banks	1) AXIS BANK LIMITED	950000	1.29
B2	Non-Institutions	1) ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	3673484	4.98
B3)	Individual	1) ASHISH DHAWAN	1794999	2.43
		2) CHANDRA SINGH LODHA	1010847	1.37
		Total (B1 + B2 +B3)	**18548604**	**25.14**

xi. Dematerialization of shares and liquidity:

7,35,27,430 Equity Shares equivalent to 99.637% of the total equity share capital have been de-materialized and 267510 are in physical form equivalent to 0.363% as on 31st March 2013.

Trading of equity shares in Demat Form is made compulsory with effect from 1st 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. A) 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, VittalRao Nagar
Madhapur, Hyderabad-500081

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

13. **Listing Fees:**

Listing fee is promptly 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 2013-2014.

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 31st March 2013.

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 31st 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.)
2011-2012	Interim	---	---	---
	Final	10	0.10	7379494
2010-2011	Interim	---	---	---
	Final	25	0.25	18448735
2009-2010	Interim	---	---	---
	Final	40	0.80	29517976

In terms of compliance with the requirement of clause 49(G) of the Listing Agreement relating to shareholders, the Profile of the Director(s) including Managing Director being appointed / reappointed at the ensuing AGM is given here-below.

18. **Directors retiring by rotation:**

Dr. C. Venkateswara Rao, Independent Director

Dr. C. Venkateswara Rao aged about 61 years hails from an Agriculture family. He is an Industrialist. While he was in real estate and construction business, he has successfully completed many construction ventures of residential and commercial nature in and around Hyderabad. He is involved in Educational activities in Nursing and Paramedical courses. He is also associated with telecast media by owning CVR News Channel. Presently, he is Chairman & Managing Director of Image Health Care Limited, a super speciality Hospital in Hyderabad. He was honoured with Doctorate for his achievement in Humanitarian services by Open International University for complimentary medicines.

He is a member on the Board of Directors of Madhucon Infra Limited as an Independent Director.

He is a member in the Audit Committee, Remuneration Committee and Shareholders' Grievances Committee. He is a Chairman of the Remuneration Committee as an Independent Director.

He holds no shares in the Company.

Sri K.Srinivasa Rao appointed as Wholetime Director w.e.f. 15.11.2012:

Sri K.Srinivasa Rao, aged about 40 years, is a qualified Mechanical Engineer with vast experience in Construction and Project Management particularly in road sector. He is a member on the Board of Directors of Madhucon Group of Companies and Managing Director of Madhucon Infra Limited, a subsidiary of Madhucon Projects Limited.

He is a member in the Remuneration, Shareholders' Grievances and Audit Committee.

He is holding 10,09,000 equity shares in the company representing 1.37% in the total paid up equity share capital of the Company.

Re-appointment of Sri N.Seethaiah as Managing Director of the Company:

Sri N.Seethaiah, aged about 47 years, is a qualified civil engineer, associated with Madhucon Projects Limited as Promoter and Executive Director since inception of the company and having vast experience in Construction, Engineering, Planning, Project Management and administration in Infrastructure Development Projects.

He is a member on the Board of Directors of Madhucon Group of Companies.

He is a member in the Shareholders' Grievances Committee and looks after the redressal of shareholder and investors complaints. The Board has delegated the power of share transfer to officer of the Company in case of physical share transfers.

He is holding 60,01,800 equity shares in the company representing 8.13% in the total paid up equity share capital of the Company.

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.

For and on behalf of the Board

N.SEETHAIAH
Managing Director

Place: Hyderabad
Date: 14.08.2013

20. CEO/CFO Certification:

In terms of compliance with the requirements of clause 49(V) of the Listing Agreement, Sri N. Seethaiah, Managing Director and Sri UM Bhakthavalsalan, CGM (F&A) of the Company as CEO and CFO respectively 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 in to 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.

For and on behalf of the Board

Place: Hyderabad
Date: 14.08.2013

BHAKTHAVALSALAN UM
Chief General Manager, Finance & Accounts

N. SEETHAIAH
Managing Director

21. Quarterly Compliance Report on Corporate Governance

In terms of compliance with the requirements of clause 49(VI) of Listing Agreement, the company submits to stock exchange the quarterly compliance of corporate governance report within the prescribed period and in the prescribed format.

Quarterly Compliance Report on Corporate Governance for the Fourth Quarter ending on 31st March, 2013.

Particulars	Clause of Listing Agreement	Compliance Status
I. Board of Directors	**49 (I)**	
(A) Composition of Board	49(IA)	Yes
(B) Non-executive Director's compensation & Disclosures	49(IB)	Yes
(C) Other Provisions as to Board and Committees	49(IC)	Yes
(D) Code of Conduct	49(ID)	Yes
II. Audit Committee	**49(II)**	
(A) Qualified & Independent Audit Committee	49(IIA)	Yes
(B) Meeting of Audit Committee	49(IIB)	Yes
(C) Powers of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49(IID)	Yes
(E) Review of Information by Audit Committee	49(IIE)	Yes
III. Subsidiary Companies	**49(III)**	Yes
IV. Disclosures	**(49(IV)**	
(A) Basis of related party transactions	49(IVA)	Yes
(B) Disclosures of Accounting Treatment	49(IVB)	Yes
(C) Board Disclosures	49(IVC)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49(IVD)	NA
(E) Remuneration of Directors	49(IVE)	Yes
(F) Management	49(IVF)	Yes
(G) Shareholders	49(IVG)	Yes
V. CEO/CFO Certification	**49 (V)**	Yes
VI. Report on Corporate Governance	**49(VI)**	Yes
VII. Compliance	**49(VII)**	Yes

For and on behalf of the Board

N.SEETHAIAH
Managing Director

Place: Hyderabad
Date: 14.08.2013

Auditors' 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 31st March, 2013 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 31st March, 2013, no Investor Grievances are pending against the Company as per the records maintained by the Company Registrar & Transfer Agents 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
PARTNER
M.No. 022964

Place: Hyderabad
Date: 14.08.2013

GROUP:

Persons constituting group coming within the definition of "Group" as defined in erstwhile Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

1. Sri N. Nageswar Rao and his relatives
2. Sri. N. Seethaiah and his relatives
3. Sri. N. Krishnaiah and his relatives
4. Sri K. Srinivasa Rao and his relatives
5. Sri M. Seetharamaiah and his relatives
6. Sri M.Madhu and his relatives
7. M/s Madhucon Granites Limited
8. M/s Madhucon Sugar and Power Industries Limited
9. M/s Nama Investments Limited
10. M/s Madhucon Infra Limited and its Subsidiaries
11. M/s Madhucon Toll Highways Limited
12. M/s Madhucon Agra-Jaipur Expressways Limited (SPV)
13. M/s TN (DK) Expressways Limited (SPV)
14. M/s Trichy-Thanjavur Expressways Limited (SPV)
15. M/s Madurai-Tuticorin Expressways Limited (SPV)
16. M/s Chhapra-Hajipur Expressways Limited (SPV)
17. M/s Barasat-Krishnagar Expressways Limited (SPV)
18. M/s Ranchi Expressways Limited (SPV)
19. M/s Vijayawada-Machiliapatnam Expressways Limited (SPV)
20. M/s Rajauli-Bakhtiyarpur Expressways Limited (SPV)
21. M/s Madhucon Energy Limited
22. M/s Simhapuri Energy Limited
23. M/s Umarwada Gas Power Project Private Limited
24. M/s Rajanagaram Gas Power Private Limited
25. M/s Agastyamuni Hydro Power Private Limited
26. M/s Rudraprayag Hydro Power Private Limited
27. M/s Tilwara Hydro Power Private Limited
28. M/s Pallakurichi Power Private Limited
29. M/s Tiruchendur Power Private Limited
30. M/s Ramnagar Power Private Limited
31. M/s Madhucon Mineral Resources Limited
32. M/s Madhucon Estates Limited
33. M/s Madhucon Land Developers Limited
34. M/s Madhucon Properties Limited
35. M/s Madhucon Heights Private Limited
36. M/s Nama Hotels Private Limited
37. M/s Madhucon Mega Mall Private Limited
38. M/s Madhucon Infotech Limited
39. M/s Madhucon Natural Resources Limited, Singapore
40. M/s PT Madhucon Indonesia, Indonesia
41. M/s PT Madhucon Sriwijaya Power, Indonesia

KOTA & COMPANY
Chartered Accountants

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 2013, 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:

Management is responsible for the preparation of these financial statements that give true and fair view of the financial position, financial performance cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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 auditors' 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. 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.

Hyderabad Office : 331, Arora Colony - 2, Road No. 3, Banjara Hills, Hyderabad - 500 034. Ph. : 040-23740703
Khammam Office : 6-2-42, Sri Krishna Nagar, Khammam - 507 002. Ph. : 08742 - 224246
Kothagudem Office : 5-14-100, Coolie Lane, Kothagudem - 507 101. Ph. : 08744 - 242387
E-mail : contact@kotaandcompany.com, kotaandcompany@gmail.com

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, 2013;

(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 the 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 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; and

   e. on the basis of the written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 Ramakrishna Prasad
PARTNER
Membership Number : 022964

M/s. KOTA & COMPANY HYDERABAD CHARTERED ACCOUNTANTS

Date : 30/05/2013
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:

To the Members of Madhucon Projects Limited.

(i) In respect of its fixed assets:

(a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the management during the year, but there is a 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 so as to affect the going concern.

(ii) In respect of its inventories:

(a) As explained to us, 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) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, there were 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 eight companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.13366.36 lakhs and the year-end balance of loans granted to such parties was Rs.13366.36 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 taken 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) The company has not taken loans from parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence sub-clauses (f) and (g) are not applicable.

(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 Companies 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 Companies Act, 1956 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, customs duty, excise duty, cess 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 amount payable in respect of statutory dues out standing for more than six months as at 31st March 2013 are as follows:*

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

Name of the Statute	*Nature of the Dues*	*Amount (Rs. Lakhs)*	*Period to which the amount relates*
Provident fund	*Employee & Employer Contribution*	*48.64*	*2012-13*
Professional Tax	*Of Employees*	*25.93*	*2011-12*
		10.58	*2012-13*
Service Tax	*Service Tax*	*95.60*	*2012-13*
Income Tax	*Tax Deducted At Source*	*360.95*	*2012-13*

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	974.03	2001-02 to 2004-05	Hon'ble AP High Court
Sales Tax	4821.49	2009-10	Hon'ble AP High Court
Entry Tax	538.55	2006-07 to 2007-08	Hon'ble Rajasthan High Court
Income Tax	5602.00	2009-10 AY to 2011-12 AY	CIT (Appeals), Hyderabad

(x) In our opinion, the Company has no accumulated losses at the end of the financial year. The Company has not incurred cash loss in the current financial year or immediately preceding financial year.

(xi) Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has defaulted in repayment of dues to the banks in some cases. Period and amount of default existing at the balance sheet date are as follows:

Delay in days	*Principal Amount In Rs. Lakhs*	*Interest Amount In Rs. Lakhs*
01-30	*1395.09*	*159.22*
31-60	*460.07*	*227.19*
61-90	*163.81*	*15.43*
91-120	*54.33*	*11.82*

(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) In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company

(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. In our opinion, the terms and conditions are not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, term loans raised during the year have been applied for the purposes for which they were raised.

(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 part of 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 to a company covered in the register maintained under Section 301 of the Companies Act, 1956.

(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 Ramakrishna Prasad
PARTNER
Membership Number: 022964

M/S. KOTA & COMPANY HYDERABAD CHARTERED ACCOUNTANTS

Date : 30/05/2013
Place: Hyderabad

Balance Sheet as at 31st March, 2013

(Rupees in Lakhs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	66,802.92	63,511.78
Total-A		**67,543.24**	**64,252.10**
(2) Non-Current Liabilities			
(a) Long-term Borrowings	2.3	8,655.58	17,958.64
(b) Other Long term Liabilities	2.4	75,335.07	59,284.18
(3) Current Liabilities			
(a) Short-term Borrowings	2.5	39,192.84	38,227.18
(b) Trade Payables	2.6	25,449.78	33,989.62
(c) Other Current Liabilities	2.7	80,065.00	90,693.06
(d) Short-term Provisions	2.8	12,030.63	12,862.52
Total-B		**240,728.90**	**253,015.21**
Total (A+B)		**308,272.14**	**317,267.32**
II. ASSETS:			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9	17,321.43	20,078.41
(b) Non-Current Investments	2.10	135,749.27	114,424.70
(c) Deferred Tax Asset (net)	2.11	758.19	118.20
(d) Long term Loans and Advances	2.12	12,523.50	14,543.59
(e) Other Non-Current Assets	2.13	48,401.73	53,578.08
(2) Current assets			-
(a) Inventories	2.14	5,733.25	4,193.77
(b) Trade Receivables	2.15	38,196.05	64,464.53
(c) Cash and Bank Balances	2.16	2,291.88	3,481.97
(d) Short-term Loans and Advances	2.17	17,913.16	2,385.39
(e) Other Current Assets	2.18	29,383.68	39,998.69
Total		**308,272.14**	**317,267.32**
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
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Place : Hyderabad
Date : 30.05.2013

Statement of Profit and Loss for the year ended 31st March, 2013

(Rupees in Lakhs)

	Particulars	Note	For the year Ended 31.03.2013	For the year Ended 31.03.2012
	Revenue:			
I	Revenue from Operations	2.19	104,497.17	180,315.53
II	Other Income	2.20	1,887.07	1,978.69
III	**Total Revenue (I +II)**		**106,384.24**	**182,294.22**
IV	**Expenses:**			
	Cost of Materials Consumed	2.21	40,293.49	73,423.66
	Work Expenses	2.22	33,520.89	58,452.59
	Changes in Stocks & Work-in-Progress	2.23	(1,539.47)	13,626.70
	Employee Benefit Expenses	2.24	5,642.83	6,318.00
	Finance Costs	2.25	11,090.04	11,210.84
	Depreciation and Amortization Expenses	2.10	5,459.18	5,115.80
	Other Expenses	2.26	8,495.81	9,583.04
	Total Expenses		**102,962.77**	**177,730.62**
V	Profit before Exceptional and Extraordinary Items and Tax (III - IV)		3,421.47	4,563.59
VI	Exceptional Items		-	-
VII	Profit Before Tax (V + VI)		**3,421.47**	**4,563.59**
VIII	Tax Expense:			
	(1) Current tax		684.56	1,564.61
	(2) Deferred tax		(639.99)	(477.18)
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		**3,376.90**	**3,476.17**
	Earning per equity share:			
	(1) Basic		4.58	4.71
	(2) Diluted		4.58	4.71

The accompanying Notes including other explanatory information and Accounting Policies form an Integral part of Financial Statements

As per our Report of even date attached

For Kota & Company
Chartered Accountants
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964
Place : Hyderabad
Date : 30.05.2013

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Cash Flow Statement for the Year Ended 31st March 2013

(Rupees in Lakhs)

PARTICULARS		As at 31.03.2013	As at 31.03.2012
A.CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items		**3,421.47**	**4,563.59**
Adjustments for:			
Add:			
Depreciation		5,459.18	5,115.80
Interest		10,737.67	10,762.07
Less: Income from Investment		1,348.75	1,279.36
Operating profit before working capital changes		**18,269.56**	**19,162.10**
Adjustments for:			
(Increase)/Decrease in stocks		(1,539.47)	13,646.63
Increase /Decrease in Trade Receivables and other advances		28,552.16	(60,689.60)
Increase/Decrease in Trade Payables and other Liabilities		(3,948.90)	85,669.66
		23,063.78	**38,626.69**
Cash Generated from operations		**41,333.34**	**57,788.79**
Direct taxes		684.56	1,564.61
Cash flow before extraordinary items		40,648.78	56,224.18
Extraordinary items		-	
Net Cash from Operating activities	**(A)**	**40,648.78**	**56,224.18**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed Assets(net)		(2,702.20)	(1,095.75)
Increase in Investments		(21,324.58)	(38,811.07)
Income from investment (Interest)		1,348.75	1,279.36
Net Cash used in investing activities	**(B)**	**(22,678.02)**	**(38,627.45)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(10,737.67)	(10,762.07)
Increase / Decrease in long Term Borrowings		(9,303.06)	(292.93)
Increase/ Decrease in Short Term Borrowings		965.66	(9,380.49)
Dividend Paid		(73.79)	(73.79)
Dividend Tax thereon		(11.97)	(11.97)
Dividend and Dividend Tax Adjustments of Previous Year		-	-
Net cash from financing activities	**(C)**	**(19,160.84)**	**(20,521.25)**
Net Increase in Cash and Cash equivalents		(1,190.09)	(2,924.52)
Cash and cash equivalents as at 01/04/2012 (Opening Balance)		3,481.97	6,406.49
Cash and cash equivalents as at 31/03/2013 (Closing Balance)		**2,291.88**	**3,481.97**
Note: Proceeds from Long Term and Short Term Borrrowings are shown Net of Repayments			

As per our Report of even date attached

For Kota & Company
Chartered Accountants
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964
Place : Hyderabad
Date : 30.05.2013

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Significant Accounting Policies and Notes forming part of the Accounts As at 31st March, 2013

I. **SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting:

The Company is maintaining its books of accounts on accrual basis. Management makes estimates and technical and other assumptions regarding the amounts of income and expenses 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.

B. Inventories:

a) The stock of stores, embedded goods and fuel are valued at cost (weighted average basis) 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.

C. 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.

D. 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.

E. 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 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.

F. 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 investments 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.

G. 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.

H. 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 for proportionate 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.

I. 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.

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.

J. 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.

K. 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.

L. Foreign Currency Translation:

a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time 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 except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

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.

M. 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.

N. 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. Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.1 SHARE CAPITAL

PARTICULARS	2012-13	2011-12
a) Authorized Share Capital		
30,00,00,000 Equity Shares of Re.1/-each	3,000.00	3,000.00
20,00,000 Redeemable Preference Shares of Rs.100/- each	2,000.00	2,000.00
Total	**5,000.00**	**5,000.00**
b) Issued, Subscribed & Called up Capital:		
7,42,68,940 Equity Shares of Re.1/- each	**742.69**	**742.69**
c) Fully paid up Capital:		
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
Total	**740.32**	**740.32**

d) Reconciliation of the Number of Shares Outstanding

Equity Shares	2012-13		2011-12	
	Number	Value Rs. in Lakhs	Number	Value Rs. in Lakhs
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	-	-	-	-
Shares outstanding at the year end	**73,794,940**	**737.95**	**73,794,940**	**737.95**

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	2012-13		2011-12	
	Number of shares held	% of share holding	Number of shares held	% of share holding
1) Reliance Capital Trustee Company Limited	4,885,592	6.62	4,835,792	6.55
2) Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) ICICI Prudential Life Insurance Company Limited	3,673,484	4.97	4,346,222	5.89
4) Nama Nageswara Rao	10,147,000	13.75	10,147,000	13.75
5) Nama Seethaiah	6,001,800	8.13	6,001,800	8.13
6) Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
7) Copthall Mauritius Investment Limited	3,652,778	4.94	4,300,672	5.83
Total	**42,562,654**	**57.65**	**43,833,486**	**59.39**

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**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.2 RESERVES AND SURPLUS

Particulars	2012-2013	2011-2012
(a) Securities Premium Account		
Opening Balance	29,313.07	29,313.07
Add:- Premium on issue of Shares	-	-
Closing Balance	**29,313.07**	**29,313.07**
(b) General Reserve		
Opening Balance	3484.70	3,137.08
Add: Additions during the year	337.69	347.62
Closing Balance	**3,822.39**	**3,484.70**
(c) Surplus		
Opening Balance	30,714.01	27,671.22
+ Net profit/(Net Loss) for the current year	3,376.90	3,476.17
Proposed Dividend	(73.79)	(73.79)
Dividend Distribution Tax	(11.97)	(11.97)
(-) Transfer to Reserves	(337.69)	(347.62)
Closing Balance	**33,667.45**	**30,714.00**
TOTAL (a)+(b)+(c)	**66,802.92**	**63,511.78**

2.3 LONG TERM BORROWINGS

Particulars	2012-2013	2011-2012
TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS-SECURED		
FROM FINANCIAL INSTITUTIONS		
1) Bajaj Auto Finance Limited.	-	648.62
2) Srei Equipment Finance Private Limited.- 2	-	3,332.47
3) Srei Equipment Finance Private Limited. -3	841.00	4,163.90
4) Srei Equipment Finance Private Limited. -4	702.79	649.22
5) Srei Equipment Finance Private Limited. - 66706	2,160.50	-
6) Srei Equipment Finance Private Limited - 56532	28.65	-
7) Srei Equipment Finance Private Limited - 62293	52.09	-
8) Srei Equipment Finance Private Limited - 56522	671.88	-
9) Magma Fincorp Limited.	109.36	-
FROM BANKS		
10) ICICI Bank Limited.-Term Loan 2	4,000.00	5,900.00
11) Axis Bank Limited.	-	3,000.00
12) Standard Chartered Bank (ECB) - 2	81.08	264.44
13) Axis Bank Limited. (Car Loans)	8.23	-
Total	**8,655.58**	**17,958.64**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

Note No.2.3(1) Bajaj Auto Finance Limited.- Loan - Refer Note No 2.7(a)(1)

Note No. 2.3(2) Srei Equipment Finance Private Limited.- Loan 2 - Refer Note No 2.7(a)(4)

Note No.2.3(3)Srei Equipment Finance Private Limited. - Loan-3 Secured by the Subservient charge on the movable Fixed Assets of the company for worth of Rs.65 crores, along with the Personal Guarantee of Sri. N. Seethaiah, Managing Director. The loan is executed on 31.05.2011 and repayable in 36 Months. The rate of Interest is 12%. The period of Maturity w.r.t Balance sheet date is one year one month.

Note No.2.3(4) Srei Equipment Finance Private Limited.-Loan-4 Secured by the subservient charge on the various movable fixed assets of the company worth of Rs.32 crores along with personal Guarantee of Sri. N. Seethaiah, Managing Director. The loan is executed on 12.12.2011 and repayable in 36 instalments of each Rs.93.14 Lakhs and the Rate of Interest is 15.77% AIRR & 16.50% FIRR. The period of maturity w.r.t. balance sheet date is one year eight months.

Note No.2.3(5)-Srei Eqipment Finance Private Limited - Loan-66706 Secured by the subservient charge on the various movable fixed assets of the company worth of Rs.60 crores along with personal Guarantee of Sri. N. Seethaiah, Managing Director. The loan is executed on 03.01.2013 and repayable in 18 instalments of each Rs.2.86 crores and the Rate of Interest is 14.64%. The installment commencement date is 3rd July 2013 and last installment due date is 3rd Dec. 2014.

Note No.2.3(6)Srei Equipment Finance Private Limited - Crane-1 EXV-2-56532(II) Secured by the subservient charge on the various movable fixed assets of the Company worth of Rs.2.49 crores. The loan is executed on 05.04.2012 and repayable in 35 instalments of Rs.8.37 Lakhs each and the Rate of Interest is 11.20%. the installment commencement date 5th May 2012 and last installment due date is 5th March 2015.

Note No.2.3(7)-Srei Equipment Finance Private Limited. - Batching Plant & C. Machine- 62293 Secured by the subservient charge on the various movable fixed assets of the Company. The loan is executed on 15.10.2012 and repayable in 28 Monthly equated instalments of each Rs.4.69 Lacs. The rate of Interest is 13% p.a and the installment commencement date as on15 December 2012 and last installment due date is on15th March 2015.

Note No. 2.3(8)-Srei Equipment Finance Private Limited - Loan A/c No - 56522 Secured by the subservient charge on the various movable fixed assets of the Company. The loan is executed on 05.04.2012 and repayable in 57 equated monthly instalments of each Rs.21.36 Lacs. The rate of Interest is 10.10% p.a and the installment commencement date is on 5th July 2012 and last installment due date is on 5th March 2017.

Note No.2.3(9)-Magma Fincorp Limited. - Camper, Chasis & Mixer - Acquire the term from Magma Fincorp Ltd. to purchase of Camper, Chasis & Mixers. Loan commencement date is 1.04.2012 and repayable in 35 equated monthly installments. The rate of Interest is 12.05% to 10.60% p.a. and the last installment due date is 1st Feb 2015.

Note No.2.3(10) ICICI Bank Limited. - Term Loan-2 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 a month from first drawdown date and loan is executed on 17.03.2011. The rate of interest is 8.75% plus spread is 3.50% p.a. and interest is payable monthly at the end of the each month. The period of maturity w.r.t. to Balance Sheet date is three years and repayable in quarterly Instalments.

Note No.2.3(11)Axis Bank Limited - Secured by the subservient charge on the movable fixed assets and current assets of the company along with personnel guarantee of the Sri. N. Seetaiah, Managing Director. The loan is repayable in eight quarterly instalments after a moratorium period of one year and three months from the first disbursement and the rate of interest is 12% p.a. payable at monthly rest. Loan is repaid fully as on the balance sheet date.

Note No. 2.3 (12) Standard Chartered Bank ECB Loan - 2 Secured by the Exclusive charge on machinery procured out of the limits sanctioned by Standard Chartered Bank. 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 one year.

Note No.2.3(13)-Axis Bank Limited Vehicle Loan - 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.

Note: The personal guarantee given by Mr.N.Seethaiah, Managing Director for the above refered loans taken by the company Vide Note nos 2.3 (3),(4),(5),(6) & (10).

Notes forming part of the Financial Statements

(Rupees in Lakhs)

Default made during the year towards in repayment of prinicipal and interest to banks and Financial Institutions

NAME OF THE BANK	PRINCIPAL (Rs. in Lakhs)	INTEREST (Rs. in Lakhs)	PERIOD OF DEFAULT
ICICI Bank Limited	500.00	-	9 Days
ICICI Bank Limited	-	79.66	59 Days
ICICI Bank Limited	-	68.56	31 Days
ICICI Bank Limited	-	74.21	01 Day
Axis Bank Limited. (Car Loans)	0.30	0.07	58 Days
Axis Bank Limited. (Car Loans)	0.51	0.11	44 Days
Axis Bank Limited. (Car Loans)	0.31	0.06	30 Days
Axis Bank Limited. (Car Loans)	0.51	0.10	16 Days
Magma Fincorp Limited - Camper-Chasis-Mixer	7.74	2.19	28 Days
Standard Chartered Bank (ECB) - 2	54.33	11.82	94 Days
Standard Chartered Bank (ECB) - 2	54.33	10.16	05 Days
Total	**618.03**	**246.94**	

2.4 OTHER LONG TERM LIABILITIES

Particulars	2012-2013	2011-2012
1) Mobilization Advance	44,428.66	33,386.66
2) Material advance	10,087.06	5,573.21
3) Retention Money Deposit	9,775.95	8,802.98
4) Machinery Advance	3,754.73	3,684.66
5) Security Deposit	1,094.60	937.36
6) Other Non Current Liabilities	6,194.07	6,899.31
Total	**75,335.07**	**59,284.18**

2.5 SHORT TERM BORROWINGS

Particulars	2012-2013	2011-2012
(a) LOANS REPAYABLE ON DEMAND-SECURED FROM BANKS		
1) Axis Bank Limited - CC A/c	2,788.90	2,527.91
2) Bank of India - CC A/c	2,523.39	2,500.00
3) I D B I Bank Limited - CC A/c	7,755.43	7,509.38
4) State Bank of India - CC A/C.NO.31146541308	5,079.46	5,080.98
5) Oriental Bank of Commerce-1- CC A/c	5,154.25	4,925.20
6) ING Vysya Bank Limited - CC A/c	5,187.72	5,013.41
7) Yes Bank Limited - CC A/c	5,685.24	6,283.90
8) ICICI Bank Limited CC A/c - 000805014098	4,104.71	1,000.00
9) IndusInd Bank Limited	913.75	2,386.40
10) Oriental Bank of Commerce-2	-	1,000.00
Total	**39,192.84**	**38,227.18**

Notes forming part of the Financial Statements

Note:-2.5(1)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 rate of 12% p.a payable at monthly intervals

Note No.2.5(2): 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% p.a with monthly rests and loan is repayable on demand.

Note No.2.5(3) IDBI Bank Limited - CC A/c Primary security in favour of Bank on the entire Current Assets on pari-passu basis with other multiple Banking arrangement and collateral Security on the 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.

Note No.2.5(4)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 repaybale on demand and renewable every 12 months from the date of sanction. The rate interest is 15% p.a (5% above on the base rate of10%).

Note No.2.5(5) 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 pasu 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 12.83% 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.

Note No.2.5(6) 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 14.20% p.a. and loan is repayable on demand.

Note No.2.5(7) Yes Bank Limited - CC A/c - Secured by the Exclusive charge on the current and future book debts and receivables of Chapra-Hajipur EPC Contract. The loan is sanctioned on 26.04.2011 and effective rate of interest is 12.5% p.a. and with tenor of 24 months (subject to renewal at the end of 12 months).

Note No.2.5(8)ICICI Bank Limited - CC A/c- 000805014098 - 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 13.07.2012. The rate of interest is 16.70% p.a with monthly rests and loan is repayable on demand.

Note No.2.5(9) Indusind Bank - Medium Term Loan - Secured by first charge on the un-encumbered plant and machinery and pari- passu charge on security to other lenders with a minimum asset cover of 1.5x during the tenure of the loan.

Note No.2.5(10) Oreintal Bank of Commerce - The loan is secured by the hypothecation of stock, stock in process, finished goods, stores & spares and receivables on pari-passu basis as well as hypothecation of equipment/machinery procured out of the advance received from bank. The said loan has been repaid during the year.

Note: The personal guarantee has been given by Mr.N.Seethaiah, Managing Director for the Vide Note nos 2.5(a)(5) & (11)

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.6	TRADE PAYABLES		
	Particulars	**2012-2013**	**2011-2012**
	1) For Supplies	20,160.84	17,452.02
	2) For Services	5,288.94	16,537.61
	Total	**25,449.78**	**33,989.62**

2.7	OTHER CURRENT LIABILITIES		
	Particulars	**2012-2013**	**2011-2012**
	a) Current maturities of long-term debt		
	1) Bajaj Auto Finance Limited.	558.19	172.20
	2) Bank of Bahrain and Kuwait, B S C	367.07	1,455.39
	3) Srei Equipment Finance Private Limited-1	-	2,020.60
	4) Srei Equipment Finance Private Limited.- 2	3,333.60	1,667.53
	5) Srei Equipment Finance Private Limited. -3	3,325.66	836.10
	6) Srei Equipment Finance Private Limited. -4	745.35	1,628.97
	7) Srei Equipment Finance Private Limited - 62293	46.44	-
	8) Srei Equipment Finance Private Limited - 56522	168.38	-
	9) Srei Equipment Finance Private Limited. - 66706	2,160.50	-
	10) ICICI Bank Limited.-Term Loan 2	2,736.53	2,600.00
	11) Standard Chartered Bank (ECB)-1	-	622.50
	12) Standard Chartered Bank (ECB) - 2	305.77	264.44
	13) Axis Bank Limited.	3,584.61	2,000.00
	14) IDBI Term Loan	237.17	-
	b) Current maturities and finance lease obligations		
	1) Axis Bank Limited (Schwing Stetter - Mbile Mixing Plant)	0.68	0.68
	2) Axis Bank Limited (Metso Concrete Crusher)	1.59	6.85
	3) Magma Fincorp Limited.	105.05	5.23
	4) Srei Equipment Finance Private Limited [Vehicles]	-	15.89
	5) Axis Bank Limited. (Car Loans)	13.76	31.82
	6) Srei Equipment Finance Private Limited - 56532	21.74	-
	7) Srei Equipment Finance Private Limited. - 56532	29.88	-
	C) Other payables		
	1) Bonus Payable	116.29	89.16
	2) Labour Cess Payable	62.48	248.06
	3) Other Liabilities	32,816.14	46,330.45
	4) TDS & Other Taxes	772.81	685.53
	5) Material Advance	7,660.52	10,392.97
	6) Mobilization Advance	15,354.13	14,779.56
	7) LTA & Medical Allowance payable	84.79	54.63
	8) Royalty Payable	238.60	259.85
	9) Retention Money Deposit	4,723.65	4,285.61
	10) Security Deposit	407.86	239.02
	11) Provision for Proposed Dividend & Dividend Distribution Tax	85.77	
	Total	**80,065.00**	**90,693.06**

Notes forming part of the Financial Statements

Default made during the year towards in repayment of prinicipal and interest to banks and Financial Institutions

NAME OF THE BANK	PRINCIPAL (Rs. in Lakhs)	INTEREST (Rs. in Lakhs)	PERIOD OF DEFAULT
Bajaj Auto Finance Limited	53.81	4.53	75 Days
Bajaj Auto Finance Limited	54.25	4.09	44 Days
Bajaj Auto Finance Limited	54.69	3.65	16 Days
Bank of Bahrain and Kuwait, B S C	110.00	10.9	82 Days
Bank of Bahrain and Kuwait, B S C	110.00	9.74	51 Days
Bank of Bahrain and Kuwait, B S C	130.00	10.25	22 Days
Indusind Bank Limited	147.50	-	59 Days
Indusind Bank Limited	147.50	16.45	31 Days
Indusind Bank Limited	147.50	12.29	1 Day
Axis Bank Limited	-	41.18	31 Days
Axis Bank Limited	500.00	43.43	1 Day
IDBI Bank Limited	-	4.79	59 Days
IDBI Bank Limited	-	2.53	31 Days
IDBI Bank Limited	-	2.85	01 Day
Total	**1455.25**	**166.68**	

Note No.2.7(a)(1) Bajaj Auto Finance Limited - Loan - 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. The period of Maturity w.r.t. Balance Sheet date is Seven months.

Note No.2.7(a)(2) Bank of Bahrain & Kuwait, B S C -Secured by the Subservient charge on the entire current and movable fixed assets (present and future) of the Company with Personal Guarantee of Sri. N. Seethaiah, Managing Director of the Company. The loan is repayble in 17 Monthly Instalments of INR 11 Millions each starting from the end of 7th month from the date of first draw down and 18th installments of 13 Millions and the rate if interest is Floating at 3.50% over present BBK base rate of 8.50%,the effective rate of interest being 12% p.a. payable at monthly rests. The period of maturity w.r.t to balance sheet date is one year.

Note No. 2.7(a)(3) Srei Equipment Finance Private Limited - Loan - 1- Secured by the Fixed asset (equipment) to the extent of Rs.65 Crores. The loan is Repayable in 36 Instalments (3 Months moratorium, 3 Months low EMI, 24 Months regular) with IRR 10.70% (Rs.58.66 lakhs x 3 Months, Rs. 234.64/- Lacs x 24 Months).

Note No. 2.7(a)(4) Srei Equipment Finance Private Limited - Loan 2- Secured by the Fixed asset (Equipment to the extent of Rs.65 crores and loan is executed on 15.02.2011 and repayable in 36 monthly instalments. The rate of interest 15% p.a. The period of maturity w.r.t. balance sheet date is Ten months only.

Note No.2.7(a)(5) Srei Equipment Finance Private Limited - Loan - 3- Refer Note No.2.3(3)

Note No. 2.7(a)(6) Srei Equipment Finance Private Limited - Loan - 4- Refer Note No.2.3(4)

Note No. 2.7(a)(7) Srei Equipment Finance Private Limited - Batchimg Plant & C. Machine - 62293 - Refer Note No.2.3(9)

Note No. 2.7(a)(8) Srei Equipment Finance Private Limited - Loan A/C No - 56522 Refer Note No.2.3(10)

Note No. 2.7(a)(9) Srei Equipment Finance Private Limited A/c No - 66706 Refer Note No.2.3(5)

Note No. 2.7(a)(10)ICICI Bank Limited - Term Loan - 2 Refer Note No.2.3(6)

Note No. 2.7(a)(11) Standard Charted Bank ECB Loan -1 Secured by the exclusive first charge on all the machinery procured out of the ECB Loan financed by the Bank. The loan is repayable in 16 quarterly equated instalments including moratorium of one year with rate of interest is 10% p.a. The said loan is totally repaid during the year.

Note No.2.7(12) Standard Chartered Bank - ECB Loan - 2 (Refer Note No2.3(9)

Note No. 2.7(a)(13) Axis Bank Limited - Term Loan - Refer Note No-2.3(8)

Note No. 2.7(a)(14) IDBI Term Loan loan taken from IDBI bank an amount of Rs 4.00 crores. The loan commencement date is 31-12-2012 and the last installment due date is 31-03-2013 and the rate of interest 14.50% p.a.

Note No.2.7(b)(1) Axis Bank Limited - Vehicles Loan - The loan secured by hypothecation of the Constructions Equipements and Commercial Vehicles financed under this loan facilityand rate interest is 13.25% IRR-Fixed. The period of repayment in 35 months

Notes forming part of the Financial Statements

(Rupees in Lakhs)

Note No.2.7(b)(2) Axis Bank Limited - Vehicles Loan -The loan secured by hypothecation of the Constructions Equipements and Commercial Vehicles financed under this loan facilityand rate interest is 13.25% IRR-Fixed. The period of repayment in 35 months

Note No.2.7 (b) (3) Magma Fincorp Limited - Secured by exclusive charge on fixed asset acquired out of the funds sanctioned by Magma Fincorp Ltd and loan was executed on 18.03.2010 repayable in 48 months. The rate of Interest is 9.10% p.a.

Note No.2.7(b)(4) Srei Equipment Finance Private Limited - Secured by the Equipment which was purchased out of the borrowed funds. The loan was exceuted on 04.02.2011 and repayable in 24 monthly instalments. The rate of interest is 15% (SBR).

Note No. 2.7(b)(5)Axis Bank Limited Vehicles loan - Refer Note No.2.3(11)

NoteNo.2.7(b)(6)Srei Equipment Finance Private Limited - Crane-1 EXV-2-56532(II) Secured by the subservient charge on the various movable fixed assets of the Company worth of Rs.2.49 crores. The loan is executed on 05.04.2012 and repayable in 35 instalments of Rs.8.37 Lakhs each and the Rate of Interest is 11.20%. the installment commencement date 5th May 2012 and last installment due date is 5th March 2015.

NoteNo.2.7(b)(7)Srei Equipment Finance Private Limited - DG Tipper Compressor No-56532(I) Secured by the subservient charge on the various movable fixed assets of the Company worth of Rs.2.49 crores. The loan is executed on 05.04.2012 and repayable in 35 instalments of Rs.8.37 Lakhs each and the Rate of Interest is 11.20%. the installment commencement date 5th May 2012 and last installment due date is 5th March 2015.

2.8 SHORT-TERM PROVISIONS

	Particulars	2012-2013	2011-2012
1)	Other Provisions	9,687.73	11,212.15
2)	Provision for Taxation.	2,342.90	1,564.61
3)	Provision for Proposed Dividend & Dividend Distribution Tax	-	85.76
	Total	**12,030.63**	**12,862.52**

2.9: FIXED ASSETS AND DEPRECIATION

(Rupees in Lakhs)

S.No.	Name of the Asset	Gross Block				Depreciation				Net Block	
		As at 01.04.2012	Additions upto 31.03.2013	Deletions	As at 31.03.2013	As at 01.04.2012	During the Year 2013	Deletions	As at 31.03.2013	WDV As at 31.03.2013	WDV As at 31.03.2012
1	Land	1069.41	338.32	-	1,407.73	---	---		---	1,407.73	1,069.41
2	Buildings	11.10	-	-	11.10	0.38	0.18	-	0.56	10.54	10.72
3	Staff Quarters	10.57	-	-	10.57	1.94	0.17	-	2.12	8.45	8.62
4	Excavators	5441.94	64.18	-	5,506.12	4225.75	622.17	-	4,847.92	658.20	1,216.19
5	Compressors	274.45	22.77	2.27	294.95	179.27	13.92	-	193.19	101.76	95.18
6	Vibratory Compactors	1985.46	-	18.40	1,967.07	739.32	93.97	-	833.29	1,133.78	1,246.15
7	DGTH Crawler Tractor	526.64	-	-	526.64	396.11	50.03	-	446.14	80.50	130.53
	with Dozer Blades	0.00	-	-		0.00	-	-			-
8	Miller Batching Plant	2692.74	89.39	-	2,782.13	2199.53	312.99	-	2,512.51	269.62	493.21
9	Industrial Process Chiller	58.12	-	-	58.12	27.85	2.76	-	30.61	27.51	30.28
10	Dozer	378.66	-	-	378.66	263.57	35.97	-	299.54	79.12	115.10
11	Drilling Equipment	561.29	-	-	562.29	128.06	26.66	-	154.73	407.56	433.22
12	Hot Mix Plant	2297.60	-	-	2,297.60	1549.17	237.57	-	1,786.74	510.85	748.43
13	Crushing Plant	6966.84	1,053.00	-	8,019.84	5317.08	818.29	-	6,135.37	1,884.47	1,649.76
14	Motor Graders	1409.52	-	-	1,409.52	1026.83	145.74	-	1,172.57	236.95	382.69
15	Pavers	2581.41	-	-	2,581.41	1942.64	266.92	-	2,209.56	371.85	638.77
16	Wet Mix Plant	215.56	-	-	215.56	176.78	22.29	-	199.07	16.48	38.77
17	Loaders	1311.21	-	-	1,311.21	965.48	135.58	-	1,101.06	210.15	345.73
18	Cranes	114.80	10.22	-	125.02	49.41	11.83	-	61.24	63.78	65.39
19	Kerb Making Machine	348.83	-	-	348.83	121.21	16.57	-	137.78	211.05	227.61
20	Transit Mixtures	1148.24	189.52	19.81	1,317.94	275.89	62.58	23.32	315.14	1,002.80	872.35
21	Vehicles	1548.99	68.73	57.18	1,560.55	830.05	149.74	47.13	932.66	627.89	718.94
22	Tippers & Trucks	12412.60	57.85	160.09	12,310.36	6244.08	1,175.32	167.14	7,252.26	5,058.10	6,168.53
23	Centering Materials	1854.44	22.82	-	1,877.26	1405.02	466.73	-	1,871.75	5.51	449.42
24	Other Machineries	1107.05	238.20	9.42	1,335.84	370.65	56.32	0.77	426.20	909.63	736.40
25	Generators	964.73	21.44	-	986.17	269.05	46.59	-	315.64	670.53	695.69
26	Lab Equipment	305.58	39.23	-	344.81	178.35	33.55	-	211.90	132.91	127.23
27	Survey Equipment	145.11	10.48	-	155.59	87.97	15.74	-	103.71	51.89	57.14
28	Weigh Bridges	168.49	54.23	-	222.72	118.85	21.84	-	140.69	82.03	49.63
29	Temporary Structures	2009.09	309.97	-	2,319.05	1680.34	498.87	-	2,179.21	139.84	328.75
30	Furniture & Office Equipment	1057.83	72.49	-	1,130.31	319.41	70.77	-	390.18	740.13	738.42
31	Computer & Software	244.82	68.17	-	312.98	54.66	47.51	-	102.17	210.81	190.16
	TOTAL	**51223.12**	**2731.00**	**267.16**	**53,687.97**	**31,144.71**	**5,459.18**	**238.36**	**36,365.54**	**17,322.43**	**20,078.41**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.10	NON-CURRENT INVESTMENTS		
	Particulars	**2012-2013**	**2011-2012**
	1) INVESTMENTS IN EQUITY CAPITAL		
	QUOTED		
	Canara Bank Limted (4,100 Equity shares of Rs.10/- each with premium of Rs.25/- each)	1.44	1.44
	Total	**1.44**	**1.44**
	UNQUOTED - SUBSIDIARIES		
	1) Madhucon Infra Limited 1,22,20,27,045 Equity shares of Rs.10/- each	122,202.70	101,536.70
	2) Nama Hotels Private Limited 2,71,21,200 Equity Shares of Rs.10- each	2,712.12	2,712.12
	3) PT Madhucon Indonesia 15,65,000 Ordinary Shares of Indonesia Rph 10,110	722.72	722.72
	4) Madhucon Energy Limited 1,00,090 Equity Shares of Rs.5/- each	5.00	5.00
	5) Madhucon Toll Highways Ltd 30,000 Equity Shares of Rs.10- each	3.00	3.00
	6) Madhucon Mega Mall Private Limited. 20,000 Equity Shares of Rs.10- each	2.00	2.00
	7) Madhucon Heights Private Limited 20,000 Equity Shares of Rs.10- each	2.00	2.00
	8) Simhapuri Energy Limited 10,000 Equity shares of Rs.10/- each	1.00	1.00
	9) Agastyamuni Hydro Power Private Limited 6,000 Equity shares of Rs.10/- each	0.60	0.60
	10) Rudraprayag Hydro Power Limited 6,000 Equity shares of Rs.10/- each	0.60	0.60
	11) Tilwara Hydro Power Privated Limited 6,000 Equity shares of Rs.10/- each	0.60	0.60
	12) Madhucon Natural Resources Limited (Singapore) 750 Ordinary Shares of S$ 1/-each	0.21	0.21
	13) Madurai Tuticorin Expressways Limited 8,85,61,500 Equity Shares of Rs.10/- each	8,856.15	8,856.15
	14) TN (DK) Expressways Limited 1,00,000 Equity Shares of Rs.10/- each	10.00	10.00
	15) Trichy Thanjavur Expressways Limited 1,00,000 Equity Shares of Rs.10/- each	10.00	10.00
	16) Madhucon Agra Jaipur Expressways Limited 1,00,000 Equity Shares of Rs.10/- each	10.00	10.00
	17) Chhapra Hajipur Expresways Limited 1,00,000 Equity Shares of Rs.10/- each	10.00	10.00

Notes forming part of the Financial Statements

18)	Barasat-Krishnagar Expressways Limited 14,000 Equity shares of Rs.10/- each	1.40	1.40
19)	Ranchi Expressways Limited 14,000 Equity shares of Rs.10/- each	1.40	1.40
20)	PT Madhucon Sriwijaya Power 12,50,000, Ordinary Shares of Indonesia Rph 9,000	657.38	-
21)	Rajauli Bakhtiyarpur Expressways Limited. 12,000 Equity Shares of Rs.10- each	1.20	-
22)	Vijayawada-Machilipatnam Expressways Limited 8,000 Ordinary Shares of Rs.10/-each	0.80	0.80
	Associates:		
23)	Madhucon Sugar & Power Industries Limited 48,11,500 Equity Shares of Rs.10/- each	481.15	481.15
24)	Rajanagaram Gas Power Private Limited 4,88,080 Equity shares of Rs.10/- each	48.81	48.81
25)	M B N Anchored Earth Limited 40,000 Equity Shares of Rs.10/- each	4.00	4.00
26)	Madhucon Properties Limited 20,000 Equity Shares of Rs.10- each	2.00	2.00
27)	Ramnagar Power Private Limited. 10,000 Equity shares of Rs.10/- each	1.00	1.00
	Total	**135,747.84**	**114,423.26**

(1) Aggregate of Investments	2012-2013		2011-2012	
	Cost	Market Value	Cost	Market Value
Quoted Investments	1.44	-	1.44	-
Un Quoted Investments	135,747.84	-	114,423.26	-
Grand Total	**135,749.27**	**-**	**114,424.70**	**-**

2.11 OTHER NON-CURRENT ASSETS

Particulars	2012-2013	2011-2012
DEFERRED TAX ASSET/(LIABILITY):		
Opening balance	118.20	(358.98)
Add: Deferred Tax Asset	639.99	477.18
Total	**758.19**	**118.20**

1. Deferred Tax Liability/Asset for the Year Ended 31st March'2013 has been provided on the estimated tax computation for the Year.
2. Major Components of Deferred Tax Asset/Liability arising on account of timing difference in Depreciation

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.12 Long Term Loans and Advances

Particulars	2012-2013	2011-2012
A) Loans and Advances to Related Parties		
1) PT Madhucon Indonesia	4,725.27	4,411.90
2) Nama Investments Limited	3,733.79	3,521.35
3) Madhucon Mega Mall Private Limited	3,276.37	3,073.21
4) Madurai-Tuticorin Expressways Limited	435.00	435.00
5) Rudraprayag Hydro Power Private Limited	127.12	-
6) Madhucon Energy Limited	98.54	98.34
7) Madhucon Infotech Limited	60.72	60.52
8) PT Madhucon Sriwijaya Power	17.86	2.48
9) Madhucon Natural Resources Limited (Singapore)	14.99	12.83
10) Ramnagar Power Private Limited	13.02	-
11) African Natural Resources Limited (Mauritius)	7.65	7.65
12) Legend Natural Resources Limited (Mauritius)	3.57	3.57
13) Madhucon Oil & Gas Limited	2.73	2.73
14) Madhucon Minerals Resources Limited	2.55	2.27
15) Rajauli Bakhtiyarpur Expressways Limited	1.97	-
16) Ranchi Expressways Limited	1.71	-
17) Madhucon Toll Highways Limited	0.22	0.22
18) Madhucon Heights Private Limited	-	1,946.22
19) Madhucon Infra Limited	-	402.81
20) NNR Infra Investment Private Limited	-	347.48
21) Madhucon Land Developers Limited	-	214.69
22) Nama Energy Private Limited	0.43	0.30
Total	**12,523.50**	**14,543.59**

2.13 OTHER NON-CURRENT ASSETS

Particulars	2012-2013	2011-2012
1) Earnest Money Deposits	462.11	1,459.60
2) Retention Money Deposits	29,785.98	13,190.68
3) Mobilization Advance.	3,069.95	1,121.79
4) Other Non Current Assets	13,185.00	20,325.30
5) Security Deposit.	1,342.51	1,400.95
6) Misc. Deposits	556.17	513.76
7) Share Application money-Madhucon Infra Limited	-	15,566.00
Total	**48,401.73**	**53,578.08**

2.14 INVENTORIES

Particulars	2012-2013	2011-2012
(1) Closing Stock	2,889.56	2,519.75
(2) Work-in progress	2,843.69	1,674.03
Total	**5,733.25**	**4,193.77**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.15 TRADE RECEIVABLES

Particulars	2012-2013	2011-2012
a) Trade Receivables outstanding for a period less than six months Unsecured, considered good	14,235.97	49,156.13
Total	**14,235.97**	**49,156.13**
b) Trade receivables outstanding for a period more than six months Unsecured, considered good	23,960.08	15,308.40
Total	**23,960.08**	**15,308.40**
Grand Total	**38,196.05**	**64,464.53**

2.16 CASH AND BANK BALANCES

Particulars	2012-2013	2011-2012
I. Cash and Cash Equivalents		
a) Cash on hand	20.47	47.71
b) Balances with Banks		
(1) Current Accounts	1,305.40	2,932.29
(2) Balances with Banks for Unpaid Dividend	11.09	9.70
(3) FDR With Banks	5.59	25.30
Total	**1,342.54**	**3,014.99**
II. Other Bank balances		
Bank Deposits with more than 12 months maturity		
Margin Money Deposits	949.34	466.98
Total	**949.34**	**466.98**
Grand Total	**2,291.88**	**3,481.97**

2.17 SHORT TERM LOANS AND ADVANCES

Particulars	2012-2013	2011-2012
A) Unsecured Considered good		
1) Related Parties		
a) Madhucon Infra Limited	10,989.10	-
b) Nama Hotels Private Limited	2,990.35	-
c) Madhucon Heights Private Limited	2,624.00	-
d) Madhucon Sugar and Power Industries Limited	755.69	-
2) Others		
a) NNR Infra Investment Private Limited	370.40	-
b) Madhucon Land Developers Limited	183.61	-
c) Madhucon Granites Limited	-	2,385.39
Total	**17,913.16**	**2,385.39**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.18 OTHER CURRENT ASSETS

	Particulars	2012-2013	2011-2012
1)	Interest Accrued	9.63	24.69
2)	Advance Tax	6,237.73	5,329.68
3)	HP Interest Suspense	1.41	4.05
4)	Mobilization Advance.	2,973.67	6,415.85
5)	Material advance.	236.00	232.32
6)	TDS Receivable	5,320.00	3,539.45
7)	Retention Money Deposits	206.66	13,455.82
8)	Other Current Assets	14,398.58	10,996.85
	Total	**29,383.68**	**39,998.69**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

	Particulars	For the period ended 31.03.2013	For the period ended 31.03.2012
2.19	**REVENUE FROM OPERATIONS:**		
	Revenue from Operations:		
	i) Operating Income		
	Civil Engineering Projects	102,628.56	179,559.01
	ii) Other Operating Income		
	Sale of Metal, Scrap & Others	1,434.34	756.52
	Other Revenue	434.27	-
	Total	**104,497.17**	**180,315.53**
2.20	**OTHER INCOME**		
	(a) Interest Income	1,348.75	1,279.36
	(b) Other Non-operating Income	534.96	639.47
	(c) Other Income	3.36	59.85
	Total	**1,887.07**	**1,978.69**
2.21	**COST OF MATERIALS CONSUMED**		
	(a) Cement	3,247.64	4,330.39
	(b) Steel	2,465.05	4,326.23
	(c) Bitumen	1,093.06	3,900.18
	(d) General Stores	3,143.41	4,300.61
	(e) Other Materials	30,344.34	56,566.25
	Total	**40,293.49**	**73,423.66**
2.22	**WORK EXPENSES**		
	(a) Road Work Expenses	6,757.10	15,678.06
	(b) Civil Works Expenses	10,574.86	24,258.80
	(c) Earth Work Expenses	11,635.25	12,853.18
	(d) Repairs & Maintenance	1,620.16	2,743.61
	(e) Other Works Expenses	2,933.52	2,918.93
	Total	**33,520.89**	**58,452.59**
2.23	**CHANGES IN STOCK & WORK IN PROGRESS**		
	Opening Stock	2,519.75	3,412.34
	Opening Work-in-Progress	1,674.03	14,408.13
	Closing Stock	2,889.56	2,519.75
	Closing Work-in-Progress	2,843.69	1,674.03
	Increase/Decrease in Work-in-Progress	**(1,539.47)**	**13,626.70**
2.24	**EMPLOYEE BENEFIT EXPENSES**		
	(a) Salaries & Wages and Bonus	5,161.91	5,844.18
	(b) Staff Welfare Expenses	480.92	473.82
	Total	**5,642.83**	**6,318.00**

Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.25 FINANCE COST

Particulars	For the period ended 31.03.2013	For the period ended 31.03.2012
(a) Interest Expense	10,737.67	10,813.74
(b) B.G. Commission	352.38	397.10
Total	**11,090.04**	**11,210.84**

2.26 OTHER EXPENSES

Other Non-operating Expenses		
(a) Travelling Expenses	217.08	244.14
(b) Security Expenses	276.61	255.87
(c) Consultancy	358.99	750.56
(d) Insurance Charges	542.97	813.56
(e) Legal Expenses	107.70	294.54
(f) Rent	357.75	293.34
(g) Rates & Taxes	4,282.74	6,060.53
(h) Loss on Sale of Vehicles	-	69.63
(i) Bad Debts Written off	1,477.77	-
(j) Other Administrative Expenses	846.11	772.76
AUDIT FEES:		
(a) Statutory Audit Fee	24.72	24.72
(b) Tax Audit Fee	3.37	3.37
Total	**8,495.81**	**9,583.04**

II OTHER NOTES:

2.27 Contingent Liabilities not provided for:

Particulars	As at 31.03.2013 Rs. (Lakhs)	As at 31.03.2012 Rs. (Lakhs)
Bank Guarantees/Letter of Credit issued by the banks on behalf of the Company.	79,826.76	1,10,198.00
Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	1,10,177.00	1,26,965.00
Disputed Sales Tax (on appeal)	6,334.07	974.03
Income-tax demand contested in appeal.	5,601.84	7,244.20

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 facilitates to the respective investee companies.

S.No	Investee Company	No of Shares pledged	
		2012-2013	2011-2012
1	Madurai Tuticorin Expressways Limited	7,34,54,000	7,34,54,000
2	Madhucon Infra Limited	4,70,00,000	2,50,00,000
3	Nama Hotels Private Limited	1,38,41,000	1,38,41,000

2.29 Auditor's Remuneration:

Particulars	2012-13 Rs. (Lakhs	2011-12 Rs. (Lakhs)
Statutory Audit Fee	24.72	24.72
Tax Audit Fee	3.77	3.37

2.30 The Income Tax assessments of the Company have been completed up to the assessment year 2011-12. The disputed demand outstanding up to the said assessment year is Rs.875.83 lakhs. Based on the decision of the appellate authority and the interpretation of the relevant provisions, the company has legally advised to go on further appeal and thereby the demand is likely to be deleted or substantially reduced and accordingly no provision has been made in the books.

2.31 Turnover (Civil Engineering Projects) includes machinery and equipment supplied to Simhapuri Energy Limited (Subsidiary Company) Rs.294.81 Crores as part of EPC contract.

2.32 Segmental Reporting:

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

2.33 Joint Ventures:

The Company has interest in the following Joint Ventures:

(i) Madhucon-ABCI JV

(ii) Madhucon-Sree Rama JV

(iii) Madhucon-Valay JV

(iv) Madhucon-CGGC JV

Foreign Joint Ventures:

(i) Madhucon-BinaPuri JV

(ii) Madhucon-Sino Hydro JV

2.34 **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 31st March, 2013 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2013 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.

2.35 In accordance with Accounting Standard 11(revised)the net exchange gain/(Loss)credited to profit & loss account is Rs.6.19 Lakhs (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).

Particulars		2012-13 Rs. (Lakhs)	2011-12 Rs. (Lakhs)
Foreign Exchange Earnings & Out go :			
I.	Foreign Exchange Earning: Interest & Others	Nil	Nil
II.	**Foreign Exchange Out Go:**		
i.	Towards Traveling	22.10	37.78
ii.	Towards Import of Capital Goods (CIF)	Nil	Nil
	Towards Advance to Equipment suppliers	21,337.21	2823.44
iii.	**On Account of Others :**		
	Investment	657.38	1956.66
	Interest	52.12	48.32
iv.	**Others**	2027.15	58.74

2.37 **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

B. Step down Subsidiaries

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

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

E. Joint Ventures

41. Madhucon Bina Puri JV
42. Madhucon Sino-Hydro JV
43. Madhucon ABCI JV
44. Madhucon Valay JV
45. Madhucon Sree Rama JV
46. Madhucon CGGV JV

F. Key Management Personnel and their relatives:

47.	Mr. Nama Seethaiah	Managing Director
48.	Mr. S. Vaikuntanathan	Wholetime Director (Up to 4-03-2013)
49.	Mr. K. Srinivasa Rao	Wholetime Director (From 15-11-2012)

G. Related Party Transactions during the year ended 31st March, 2013 are as follows:

Particulars of Transactions	Subsidiaries	Associates	Step Down Subsidiaries	Jointly Controlled/ entities/ and ventures	Key Mgmt. personnel and relatives	Enterprises Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives
Sales/Contract Receipts	1,232	-	68,760.50	-	-	-
Rent Paid	-	-	-	-	98.87	-
Remuneration	-	-	-	-	71.33	-
Investments	20,666	-	658.58	-	-	-
Sale of Investments to Subsidiaries	-	-	-	-	-	-
Corporate Guarantees	53,590	-	56,587.00	-	-	-
Bank Guarantees	-	-	21,459.23	-	-	-
Loans/Advances paid	13,764	-	-	-	-	-
Loans/Advances Received	-	-	-	-	-	-
Year end balances in Current Assets	15,779	755.69	23,266.61	2,018.77	388.82	4,348.52
Year end balances in Current liabilities	-	591.04	-	544.52	1532.20	1,683.86

H. 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	Amount (Rs. in Lakhs)
Sales/Contract Receipts:	
Simhapuri Energy Limted	38,653.84
Chhapra-Hajipur Expressways Limited	24,076.72
Rent Paid:	
Sri Nama Seethaiah	14.40
Smt. Nama Chinnamma	84.47
Remuneration:	
Sri Nama Seethaiah	60.00
Sri K. Srinivasa Rao	11.33
Investments	
Madhucon Infra Limited	20,666.00
Corporate Guarantees	
Nama Hotels Private Limited	26,589.90
Madhucon Infra Limited	20,000.00
Simhapuri Energy Limited	17,976.00
Chhapra Hajipur Expressways Limited	15,700.00
Ranchi Expressways Limited	14,400.00
Bank Guarantees	
Simhapuri Energy Limited	2,455.00
Barasat Krishnagar Expressways Limited	4,335.00
Chhapra Hajipur Expressways Limited	2,875.00
Ranchi Expressways Limited	7,395.00
Vijayawada Machilipatnam Expressways Limited	3,030.00
Loans/Advances paid	
Madhucon Hights Private Limited	2,624.00
Madhucon Infra Limited	10,704.94

2.38 Earnings per Share:

S.No	Particulars	As at 31.03.2013	As at 31.03.2012
A	Profit computation for basic earnings Net Profit as per Profit & Loss Account Available for equity shareholders. (Rs. Lakhs)	3,376.91	3,476.17
B	Weighted average number of equity shares For EPS computation. (Nos) (For Basic EPS)	7,37,949,40 of Rs.1/-each	7,37,949,40 of Rs.1/-each
C	EPS (weighted average) (Rs)	4.58	4.71

2.39 Operating Cycle:

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

2.40 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
FRN 011982S

K.S.R.K. Prasad
Partner
M.No. 022964

Place : Hyderabad
Date : 30.05.2013

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sl.No	Name of the Subsidiary Company	Madhucon Infra Ltd.	Madurai Tuticorin Expressways Ltd.	Madhucon Energy Ltd.	Nama Hotels Pvt. Ltd.	Madhucon MegaMall Pvt. Ltd.	Machucon Heights Pvt. Ltd.	Agastamuni Hydro Power Pvt. Ltd.	Rudraprayag Hydro Power Pvt. Ltd.	Tilwara Hydro Power Pvt. Ltd.	Madhucon Natural Resources Ltd (Singapore)
1	**Financial year of the subsidiary company ended on**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**	**31.03.2013**
2	Number of shares in the subsidiary company held by Madhucon Projects Ltd. at the above date	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	a) Equity Shares	122,20,27,045	8,85,61,500	1,00,090	2,71,21,200	20,000	20,000	6,000	6000	6000	750
	b) Preference Shares	-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, 2013	-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-
	II) Not dealt with in the accounts of company amounted to										
	a) for the subsidiary's financial year ended March 31, 2013	(6205.54)	(4785.80)	(0.18)	(22.24)	(2.25)	66.45	(0.07)	(49.79)	(0.18)	-Nil-
	b) for previous financial years of the subsidiary since it became subsidiary of company	(6651.60)	(3802.57)	(93.34)	(25.85)	(23.94)	(89.06)	(0.18)	(28.24)	(0.07)	-Nil-
4	Changes in the interest of Madhucon Projects Ltd. between the end of the subsidiary's financial year and March 31 2013	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	Number of Shares acquired	-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 2013										
	i) Fixed Assets (Net Additions)	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
	ii) Investments	-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-
	iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-

MADHUCON

CONSOLIDATED FINANCIAL STATEMENTS

2012 - 2013

KOTA & COMPANY
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Madhucon Projects Limited.

Report on Financial Statements

1. We have audited the accompanying consolidated financial statements of Madhucon Projects Limited ("the Company) and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March 2013, Consolidated Statement of Profit and Loss and Consolidated 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

2. Management is responsible for the preparation of these consolidated financial statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of Section 211 of the Companies Act, 1956 ("the Act"). 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

3. 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 financial statements are free from material misstatement.
4. 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 auditors' 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 Group's preparation and fair presentation of the consolidated financial statements 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.

Hyderabad Office : 331, Arora Colony - 2, Road No. 3, Banjara Hills, Hyderabad - 500 034. Ph. : 040-23740703
Khammam Office : 6-2-42, Sri Krishna Nagar, Khammam - 507 002. Ph. : 08742 - 224246
Kothagudem Office : 5-14-100, Coolie Lane, Kothagudem - 507 101. Ph. : 08744 - 242387
E-mail : contact@kotaandcompany.com, kotaandcompany@gmail.com

Opinion

1. In our opinion, and to the best of our information and according to the explanations given to us, the afore said consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   b) in the case of Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
   c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

2. As stated in Note No. 1(d) of significant accounting policies and notes to the consolidated financial statements; one subsidiary have not been considered in preparation of Consolidated financial statements for reasons stated therein.

3. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of Rs.530459.01 Lakhs as at 31st March 2013, total revenue of Rs. 19766.86 Lakhs (including other income), net loss of Rs. 21487.42 Lakhs for the year ended on that date. These financial statements 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 the other auditors.

Our opinion is not qualified in respect of other matters.

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

K.Siva Ramakrishna Prasad
PARTNER
Membership Number : 022964

Date : 30/05/2013
Place: Hyderabad

Consolidated Balance Sheet as on 31st March, 2013

(Rupees in Lakhs)

Particulars	Note	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	(9,010.06)	17,205.27
(2) Minority Interest		15,221.51	13,104.48
(3) Non-Current liabilities			
(a) Long term Borrowings	2.3	427,636.29	384,151.93
(b) Deferred Tax Liabilities(Net)	2.4	66.23	2,847.26
(c) Other Long term liabilities	2.5	40,518.36	20,540.13
(d) Long term Provisions	2.6	7,384.06	3,117.09
(4) Current Liabilties			
(a) Short term Borrowings	2.7	54,623.09	38,227.18
(b) Trade Payables	2.8	37,082.13	34,807.91
(c) Other Current liabilities	2.9	109,508.40	94,379.40
(d) Short-term Provisions	2.10	12,538.25	12,930.53
TOTAL LIABILITIES		**696,308.58**	**622,051.52**
II. ASSETS			
(1) Non-current asets			
(a) Fixed Assets	2.11		
(i) Tangible Assets		177,158.27	28,614.67
(ii) Intangible Assets		172,930.59	105,488.17
(iii) Capital Work-in-Progress		218,417.04	320,357.09
(iv) Intangible Assets under Development		475.16	49,063.10
(b) Non Current Investments	2.12	727.33	674.81
(c) Long term Loans and Advances	2.13	6,031.65	4,907.27
(d) Other Non-Current Assets	2.14	21,662.20	26,767.10
(2) Current assets			
(a) Current Investments	2.15	915.43	-
(b) Inventories	2.16	5,971.10	11,102.76
(c) Trade Receivables	2.17	36,463.63	36,416.41
(d) Cash and Bank Balances	2.18	4,712.25	12,566.88
(e) Short-term Loans and Advances	2.19	16,943.73	2,889.34
(f) Other Current Assets	2.20	33,900.20	23,203.91
TOTAL ASSETS		**696,308.58**	**622,051.52**
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
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivas Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Place : Hyderabad
Date : 30.05.2013

Statement of Consolidated Profit and Loss for the year ended 31st March, 2013

(Rupees in Lakhs)

Particulars	Note	For the year Ended 31.03.2013	For the year Ended 31.03.2012
REVENUE			
Revenue from operations	2.21	89,293.93	55,232.04
Other income	2.22	1,423.86	2,468.86
Total Revenue		**90,717.79**	**57,700.90**
EXPENSES			
Cost of Materials Consumed	2.23	12,144.76	3,971.87
Other Construction Expenses	2.24	30,750.18	25,637.53
Change in Stock & Work-In-Progress	2.25	(1,539.47)	13,626.70
Employee Benefits Expense	2.26	7,476.67	5,967.55
Finance Costs	2.27	36,295.50	19,964.33
Depreciation and Amortization Expense	2.11	24,918.08	15,712.02
Other Expenses	2.28	11,994.81	1,385.69
Total Expenses		**122,040.53**	**86,265.68**
Profit before Extraordinary Items and Tax		(31,322.75)	(28,564.78)
Extraordinary Items	2.29(a)	-	-
Prior period items	2.29(b)	(14.88)	383.01
Profit Before Tax		(31,337.63)	(28,947.78)
Tax expenses:			
(1) Current tax		1,423.41	(1,564.61)
(2) Deferred Tax		(2,781.02)	(2,487.89)
Profit/Loss After Tax Before Minority Interest		**(29,980.02)**	**(33,000.28)**
Share of Loss Transferred to Minority Interest		2,133.20	2,427.18
Profit/Loss After Tax, After Minority Interest		**(27,846.81)**	**(30,573.09)**
Share of Profit/Loss from Associated Companies		172.34	118.26
Consolidated Profit / Loss for the Year		**(27,674.48)**	**(30,454.84)**
Earnings Per Share of Face Value of Rs.1/-each Basic and Diluted		(37.50)	(41.27)
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

For Kota & Company
Chartered Accountants
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Place : Hyderabad
Date : 30.05.2013

Consolidated Cash Flow Statement for the Year Ended 31st March 2013

(Rupees in Lakhs)

PARTICULARS		As at 31.03.2013	As at 31.03.2012
A.CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items		**(31,322.75)**	**(28,564.76)**
Add:			
Depreciation		24,918.08	15,712.02
Loss on sale of Assets		-	14.36
Profit/Loss on sale of Investments			
Interest		29,912.01	19,500.24
Less:			
Income from Investment		482.06	1,012.52
Profit on sale of Vehicles		35.13	-
Operating profit before working capital changes		**22,990.16**	**5,649.34**
Adjustments for:			
(Increase)/Decrease in stocks		5,131.66	13,583.13
(Increase) /Decrease in Trade Receivables and Other Advances		(21,732.81)	27,563.31
Increase/Decrease in Trade Payables and other Liabilities		38,475.10	8,328.12
Cash generated from operations		**44,864.11**	**55,123.91**
Direct Taxes		1,423.41	(1,564.61)
Cash flow before Extraordinary items		43,440.70	53,559.30
Extraordinary items		-	-
Net Cash from Operating Activities	**(A)**	**43,440.70**	**53,559.30**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed Assets(net)		(138,486.08)	(129,541.98)
Increase/decrease other assets		56,878.71	(26,856.72)
(Increase)/Decrease in Investments		(52.50)	(103.17)
Income from investment (Interest)		482.06	1,012.52
Profit/Loss on Sale of Investments		-	14.36
Net Cash used in Investing Activities	**(B)**	**(81,177.82)**	**(155,474.99)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(29,912.01)	(19,500.24)
Increase/Decrease in Long and Short Term Borrowing		59,880.26	120,797.65
Unsecured Loans		-	-
Dividend Paid		(73.79)	(73.79)
Dividend Tax thereon		(11.97)	(11.97)
Net cash from Financing Activities	**(C)**	**29,882.48**	**101,211.64**
Net Increase in Cash and Cash equivalents		(7,854.63)	(704.05)
Cash and cash equivalents as at 01/04/2012. (Opening Balance)		12,566.88	13,270.93
Cash and cash equivalents as at 31/03/2013 (Closing Balance)		4,712.25	12,566.88

As per our Report of even date attached

For Kota & Company
Chartered Accountants
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964
Place : Hyderabad
Date : 30.05.2013

For and on behalf of the Board

N. Seethalah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

Significant Accounting Policies and Notes forming part of the Accounts as at 31st March, 2013

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 31,2013 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 historical cost 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 (weighted average 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.

q) In respect of Trade Receivables outstanding from MTEL,TTEL and TNDK, elimination in consolidation of Financial Statements was not considered, as the said step down subsidiaries has shown the outstanding amount in contingent liability till their claim is accepted by NHAI of Rs. 21204.00 Lakhs.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in Lakhs)

2.1 SHARE CAPITAL

PARTICULARS	2012-13	2011-12
a) Authorized Share Capital		
30,00,00,000 Equity Shares of Re.1/-each	3,000.00	3,000.00
20,00,000 Redeemable Preference Shares of Rs.100/- each	2,000.00	2,000.00
Total	**5,000.00**	**5,000.00**
b) Issued, Subscribed & Called up Capital:		
7,42,68,940 Equity Shares of Re.1/- each	**742.69**	**742.69**
c) Fully paid up Capital:		
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
Total	**740.32**	**740.32**

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.

	2012-13		2011-12	
Name of the Equity Shareholder	Number of shares held	% of share holding	Number of shares held	% of share holding
1) Reliance Capital Trustee Company Limited	4,885,592	6.62	4,835,792	6.55
2) Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) ICICI Prudential Life Insurance Company Limited	3,673,484	4.97	4,346,222	5.89
4) Nama Nageswara Rao	10,147,000	13.75	10,147,000	13.75
5) Nama Seethaiah	6,001,800	8.13	6,001,800	8.13
6) Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
7) Copthall Mauritius Investment Limited	3,652,778	4.94	4,300,672	5.83
Total	**42,562,654**	**57.65**	**43,833,486**	**59.39**

2.2 RESERVES AND SURPLUS

(Rupees in Lakhs)

Particulars	2012-2013	2010-2012
(a) Securities Premium Account	29,313.07	29,313.07
Closing Balance	**29,313.07**	**29,313.07**
(b) General Reserve		
Opening Balance	3,484.70	3,137.08
(+) Additions during the year	337.69	347.62
Closing Balance	**3,822.39**	**3,484.70**
(c) Surplus		
Opening Balance	(22,779.62)	8,108.60
(+) Net profit for the current year	(27,674.48)	(30,454.84)
(-) Proposed Dividends	(73.79)	(73.79)
(-) Dividend Distribution Tax	(11.97)	(11.97)
(-) Transfer to reserve	(337.69)	(347.62)
Closing Balance	**(50,877.56)**	**(22,779.62)**
(d) Reserves on Consolidation		
Capital Reserves	11,140.82	
Goodwill	(2,408.79)	
Closing Balance	**8,732.03**	**7,187.12**
Grand Total	**(9,010.06)**	**17,205.27**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in Lakhs)

2.3 LONG TERM BORROWINGS

PARTICULARS	2012-13	2011-12
(a) Unsecured Debenture		
(1) 100,000,000 9% Fully convertible debentures	-	10,000.00
(b) Term Loans-Secured from Banks		
(1) BAJAJ AUTO FINANCE	-	648.62
(2) ICICI BANK-TERM LOAN	4,000.00	5,900.00
(3) ICICI BANK Limited	7,500.00	12,500.00
(4) AXIS BANK	3,459.53	6,533.15
(5) STANDARD CHARTERED [ECB] - 2	81.08	264.44
(6) Consortium Banks-BKEL	26,900.00	18,500.00
(7) Consortium Banks-CHEL	40,640.00	22,500.00
(8) Consortium Banks-MTEL	58,002.19	55,016.00
(9) Consortium Banks-REL	26,322.00	14,989.00
(10) Consortium Banks-SEL-Phase-1	-	91,844.05
(11) Consortium Banks-SEL-Phase-2	185,022.21	65,781.92
(12) Consortium Banks-TTEL	24,151.00	22,902.75
(13) Consortium Banks-MAJEL	21,735.00	22,540.00
(14) Consortium Banks-TN(DK)	18,607.57	17,474.00
(15) Consortium Banks-Nama Hotel	2,709.34	4,556.27
(c)Term Loans from Financial Institutions		
(1) Srei Equipment Finance Private Limited- 2	-	3,332.47
(2) Srei Equipment Finance Private Limited-3	841.00	4,163.90
(3) Srei Equipment Finance Private Limited -4	702.79	649.22
(4) Srei Equipment Finance Private Limited - Batching Plant & C. Machine - 62293	52.09	-
(5) Srei Equipment Finance Private Limited - Loan A/c No. 56522	671.88	-
(6) TATA Capital	3,076.92	3,846.15
(7) L & T Finance	44.95	-
(8) Srei Equipment Finance Private Limited - 66706	2,160.50	-
(9) Srei Equipment Finance Private Limited - 56532 (II)	28.65	-
(d) From Others		
(1) Nama Investments Limited	210.00	210.00
(2) Madhucon Sugar & Power Limited	200.00	-
(3) Madhucon Granites Limited	400.00	-
(e) Long Term maturiries of Finance Lease Obligations		
(1) Magma Fincorp Limited - Champer-Chassis-Mixer	109.36	-
(2) Axis Bank Ltd (Car Loans)	8.23	-
LONG TERM BORROWINGS TOTAL	**427,636.29**	**384,151.93**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.2.3(a) (1) Unsecured Debentures- 200,000,000 9% Fully convertible debentures convertible into such number of equity shares at mutually agreed ratio on the date of conversion.First trench of 100,000,000 debentures are convertible on 31 Jan 2013 and second trench consisting of 100,000,000 debentures are convertible on 31 July 2013.

Note No.:2.3(b)(1) Bajaj Auto Finance Limited- Loan-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 installments of each Rs.58.34 Lakhs the Effective Rate of Interest is 9.74% p.a. The period of maturity w.r.t Balance Sheet date is seven months.

Note No.2.3(b)(2) ICICI Bank Limited-Term Loan-2 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 installments, first instalment will fall due after months from first drawdown date and loan is executed on 17.03.2011.The rate of interest is 8.75% plus spread is 3.50% p.a. and interest is payable monthly at the end of the each month. The period of maturity w.r.t. Balance Sheet date is Three years and repayable in quarterly installments.

Note No.2.3(b) (3)

Terms of Repayment:

Indian Rupees Term Loan borrowed from ICICI Bank with an interest rate of 11.25%p.a payable monthly with the interest reset happening at the end of every 12 months from the first draw down date. The current interest rate as on 31.03.2013 is 13.75%. The loan is repayable in 6 equal semi annual Installments of Rs.25,00,00,000 starting at the end of 30th month from the first draw down date. The interest payment is on monthly basis.

Secured by:

Corporate Guarantee of Madhucon Projects Limited

Note No.2.3(b)(4)Axis Bank Limited - The land is secured by the proposed land and building at Kukatpally, Hyderabad, estimated value of Rs.100.57 Crore on exclusive basis. The loan was sanctioned on 31.10.2011 with rate of Interest of 13.25%p.a. payable at monthly intervals. The loan shall be repayable in 12 quarterly installments commencing after 15 months from the first date of disbursement. The Corporate guarantee is given by Madhucon Proejcts Ltd.

Note No.2.3(b)(5) Standard Chartered Bank-ECB Loan-2 Secured by the Exclusive charge on machinery procured out of the limits sanctioned by Standard Chartered Bank. 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 one year.

Note No.2.3(b) (6)

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 8 bankers and one financial institution with a weighted average interest rate of 11.90%(Oriental Bank of Commerce rate+1.5%) as on 31st March 2013. During the year the rate of interest has been changed from 12.25% to 11.90%. Rate of interest shall be floating rate equivalent to base rate of OBC plus interest spread of 1.5% (the interest for SBBJ is SBBJ Base rate + 2% and for SBH it is SBI Base rate +2.25%) upto first interest reset date. From the first and subsequent Interest Reset date, rate of interest shall be subject to reset on every Interest Reset Date to Base Rate of CB plus such interest spread as may be determined by the bankers on an Interest reset date and unless the interest spread is so reset on the interest Reset Date, the interest spread shall be the same as applicable prior to that Interest Reset Date. The applicable interest rate shall be subject to RBI policy with regard to Base Rate, as applicable from time to time. The loan is repayable in 24 semi annual unequal installments along with the interest starting from March 2015 ranging from Rs. 14,82,00,000/ to 141,42,00,000/-.

Terms of Security

(i) A first mortgage/charge over the Company's immovable properties (other than Project assets), both present and future.

(ii) A first mortgage/charge over the Company's moveable assets including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

(iii) A first charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

(iv) First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract

(v) A first charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contracts insurance policies obtained/procured by the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Company, and/or/any of itscontractors favouring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project.

(vi) Pledge of 51% of shares of the paid up equity capital of the company held by the promoters. Currently, 18,819,000 equity shares held by Madhucon Toll Highways Limited ae pledged with the lenders.

Note No.2.3(b)(7)

Terms of Repayment

Indian Rupee Term Loans consists of Loans borrowed from a consortium of 6 bankers.The interest rate of 12.20%(SBI Base rate+2.50%) as on 31st March 2013. Rate of interest shall be floating rate equivalent to base rate of SBI plus interest spread of 2.5% upto the first Interest Reset date.From the first and subsequent Interest Reset date, rate of interest shall be subject to reset on every Interest Reset Date to Base Rate of SBI plus such interest spread as may be determined by the bankers on an Interest reset date and unless the interest spread is so reset on the interest Reset Date, the interest spread shall be the same as applicable prior to that Interest Reset Date. The Applicable Interest Rate shall be subject to RBI policy with regard to Base Rate, as applicable from time to time. The loan is repayable in 19 semi annual Installments along with the interest starting from March 2014.

Terms of Security

(i) A first mortgage/charge over the Company's immovable properties (other than Project assets), both present and future.

(ii) A first mortgage/charge over the Company's movable assets including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

(iii) A first charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

(iv) First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract

(v) A first charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contracts insurance policies obtained/procured by the Company, and/or/any of its contractors favouring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project.

(vi) Pledge of 51% of shares of the paid up equity capital of the company held by the Promoters. Currently, 34,807,500 (60.87%) equity shares held by Madhucon Infra Limited are pledged with the lenders.

(vii) A charge on the uncalled capital of the borrower, provided that such charge, shall be limited for ensuring that the Borrower calls the balance uncalled capital and makes the shares fully paid up.

Note No.2.3(b)(8)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 5 bankers & one financial institution. The entire outstanding debt of Rs.559.13 Crores restructured as on 1st December, 2012 will be paid in 52 unequal quarterly installments with bullet payment of Rs.100 Crores to be paid in 31.03.2026. Installment ranging from Rs.11.50 lakhs to Rs.114.58 Crores are to be paid starting from the month of June, 2013 till March 2026. The interest obligations for four months from the cut off date from December 2012 to March 2013 is funded through funded interest term loan (FITL), it will be repaid in 16 unequal quarterly installments ranging from Rs 26 lacs to Rs.2.39 Crores starting from June, 2014 till March, 2018.

Terms of Security

Except Project Assets as specified in the Concession Agreement.

(i) A first mortgage/charge on all the Borrower's movable and immovable properties, both present and future.

(ii) A first charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

(iii) A first charge/assignment of all receivable/revenues of the Borrower.

(iv) A first charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession agreement, project documents, contracts, insurance policies obtained/procured by the company, and/or/any of its contractors favouring the company and all licenses, permits, approvals and consents in respect of the project, present and future, in respect of the project.

(v) Pledge of 51% of shares of the paid up equity capital of SPV.

(vi) A first charge on all bank accounts of the borrower.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(vii) Corproate guarantee given by Madhucon Projects Limited and Madhucon Toll Highways Limited for loan of Rs.559.13 Crores.

(viii) Personal gurantee given by Sri Nama Krishnaiah for Rs. 54.05 Crores and Sri Nama Seethaiah for Rs.66.40 Crores.

Note No.2.3(b)(9)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 15 banks and one financial institution with a weighted average interest rate of 12.25%(Canara Bank Base rate+1.50%) as on 31st March 2013.Rate of interest shall be floating rate equivalent to base rate of CB plus interest spread of 1.5% upto the first Interest Reset date.From the first and subsequent Interest Reset date rate of interest shall be subject to reset on every Interest Reset Date to Base Rate of CB plus such interest spread as may be determined by the bankers on an Interest reset date and unless the interest spread is so reset on the interest Reset Date, the interest spread shall be the same as applicable prior to that Interest Reset Date. The Applicable Interest Rate shall be subject to RBI policy with regard to Base Rate, as applicable from time to time. The loan is repayable in 22 semi annual Installments along with the interest starting from March 2015. The installment amount are ranging from Rs. 49,77,00,000/- and Rs. 88,12,00,000/- starting from the year 2015 to 2026.

Terms of Security

(i) A first mortgage/charge over the Company's immovable properties (other than Project assets), both present and future.

(ii) A first mortgage/charge over the Company's movable assets including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

(iii) A first charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

(iv) First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract

(v) A first charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contracts insurance policies obtained/procured by the Company, and/or/any of its contractors favouring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project.

(vi) Pledge of 51% of shares of the paid up equity capital of the company held by the Promoters. Currently, 36,108,000 (51%) equity shares held by Madhucon Toll Highways Limited are pledged with the lenders.

Note No.2.3(b) (10) & (11)

Terms of Repayment

Phase I - Term Loan

Repayable in 48 quarterly installments starting from 06.05.2012. Balance installments are 45.

Interest on Term Loan is floating basis i.e, Base rate of Canara bank(Leader Bank) + 2.25% p.a.

Prevailing interest rate as on 31.03.2013 - 12.75% p.a.

Period of maturity w.r.t Balance Sheet date is 06.02.2024.

Terms of Security - Phase I - Term Loan:

a) A first mortgage and charge on Pari pasu basis on all the company's immovable properties, both present and future

b) A First charge by way of hypothecation on Pari pasu basis of all the Company's tangible movable assets, including movable plant and machinery, machinery spares, tools and accessories, both present and future.

c) A first charge on company's receivables, bank accounts, intangible assets on Pari pasu basis and

d) A first charge by way of assignment or otherwise creation of security interest on Pari pasu basis In:

i. All the rights, title interest, benefits, claims and demands whatsoever of the Company in the Project Document.

ii. Under all the Government approvals.

iii. All the rights, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee etc.

iv. All insurance contracts.

e) Pledge of equity shares held by the Promoters in their Shareholding Proportion aggregating to 51% of paid up and voting share Capital of the Company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Phase II - Term Loan

Repayable in 45 structured quarterly installments starting from 2nd quarter of 2013-14.

Interest on Term Loan is floating basis i.e, Base rate of State Bank of India (Leader Bank) + Prevailing interest rate as on 31.03.2013 - 13.50% p.a.

Terms of Security - Phase II - Term Loan:

a) A mortgage and first charge over all the project assets (pertaining to Phase -II) Including Phase - II land of 27.50 acres and additional land of 51.60 acres.

b) A mortgage and first charge overall all the assets (including land) common to both Phase I & II both present and future. The Land where common facilities, for Phase I & II, would come up would be 425 acres.

c) A first charge on all intangible assets of Phase - II of the Borrower including but not limited to the goodwill, undertaking and uncalled capital of the Borrower for Phase II.

d) A first charge/assignment of all the receivables/revenues of the Borrower from the project i.e, Phase - II.

e) A first charge on Borrower's all bank accounts (relating to Phase - II) including without limitation, the Trust & Retention Account and Debt Service Reserve Account to be established by the Borrower and each of the accounts required to be established by the borrower under any Project Document and Contract.

f) A first charge/assignment of insurance policies in respect of Phase - II.

g) A first pari passu charge /assignment/ security interest in favour of lenders on the borrowers rights under the project documents, contractors (including guarantees)and all licenses, permits, approvals, consents and insurance policies obtained by the borrower in respect of the project i.e., Phase-II

h) Assignment of the Contractor Guarantees, liquidated damages, letter of credit, guaranted or performance bond that may be provided by any counter party under any project agreement or contract infavour of the borrower for Phase-II

i) Pledge of Paid up equity shares of SEL (on Pari passu basis with all lenders of SEL)

j) The entire primary and collateral security/guarantees/undertakings would be on Pari passu basis with other term lenders for the proposed project (Phase-II) except the land and assets which are common to both Phase I and II, which would be on pari-passu amongst the lenders of the both Phase I and II.

Note No.2.3(b)(12)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 5 bankers & one financial instution with interest rate of 12.25% as on 31st March 2013. During the year 2012-13 the company went for restructuring of Term Loan for Rs. 232,29,00,000/- with cutt off date 01.12.2012 by changing the repayment schedule on quarterly basis commencing from June 2013 payable on the last day of the Quarter. The interest rates are fixed for all with interest reset happening on each reset date. The loan is repayable in 51 quarterly unequal installments along with the interest ranging from Rs.5,75,000/- to Rs. 9,87,25,000/- from June 2013 till December 2025. The interest obligation for 4 months from cut off date i.e., from 01.12.2012 to 31.03.2013 for Rs.9,44,00,000/- is proposed to be funded through Funded Interest Term Loan (FITL) with interest rate of 10.50% (Base rate + 0.25%) fixed with reset on 01.04.2015. The FITL is repayable in 16 structured quarterly installments ranging from Rs.23,75,000/ to Rs. 1,06,00,000/- commencing from June 2014 till March, 2018.

Terms of Security

(i) A first mortgage and charge on all the Borrower's properties and assets, both present and future, excluding the project assets as defined in Concession Agreement.

(ii) First charge on all intangible assets of the borrower including but not limited to the goodwill, undertaking and uncalled capital of the borower

(iii) A first charge/assignment of all receivable/revenues of the Borrower from the project.

(iv) Pledge of shares aggregating 51% of the paid up equity capital of the borrower for a period up to 36 months from COD. Thereafter, until the currency of the loan, the pledged shares shall be aggregate 26% of the paid up equity capital.

(v) First charge on borrowers all bank accounts including, without limitation, the escrow account and debt service reserve account to be established by the borrower and each of the other accounts required to be created by the borrower under any project document or contract.

(vi) Assignment in favour of lenders of all insurance policies.

(vii) Assignment of contract or guarantee, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter party under any project agreement or contract in favour of the borrower.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(viii) Personal guarantee given by Sri Nama Krishnaiah for Rs.54,05,00,000/- and Sri Nama Seethaiah for Rs.66,40,00,000./-

Note No.2.3(b)(13)

Terms of Repayment

During the year, the rate of interest varied from 12.60% to 12.30% as on 31st March 2013. The interest rates are fixed for all the 7 bankers with interest reset happening on each reset date per annum. The loan is repayable in 48 quarterly unequal installments ranging from Rs 86.25 lacs to Rs 8.62 Crores starting from 31.03.2012 to 31.12.2023.

Terms of Security

(i) A first mortgage/charge on all the Borrower's movable and immovable properties, both present and future.

(ii) A first charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the borrower.

(iii) A first charge/assignment of all receivables/revenue of the borrower.

(iv) A first charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession agreement, project documents, contracts insurance policies obtained/procured by the company and/or/any of its contractors favouring the company and all license,premits, approvals and consents in respect of the project, present and future, in respect of the project.

(v) pledge of 51% of the share of the paid up equity capital of SPV held by the promoters.

(vi) A first charge on all bank accounts of the borrower.

Note No.2.3(b) (14)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 7 bankers. During the Financial Year 2012-13 the company went for Restructuring of Term Loans for Rs.180.45 Cr by extending door to door tenor of loan from the existing remaining 6.25 years to 10 years by changing the repayment structure, with cutoff date as 31.12.2012. The weighted average interest rate is @13.00% (State Bank Base rate + 3.30%) with monthly rests, with effect from cut of date i.e., 31.12.2012 as on 31st March 2013. The loan is repayable in 40 quarterly installments with each installment ranging from of Rs. 9 lacs to Rs. 20 crores each along with the interest from 31.03.2013. During the year Rs. 13.24 (PY 14.01) crores of current year repayment of the loan amount was repaid.

The interest obligation for 3 months from 01.01.2013 to 31.03.2013 for Rs 5.81 cr is proposed to be funded through Funded Interest Term Loan (FITL) with present interest rate of 13.00% (SBI Base rate + 3.30%). The FITL is repayable in 16 structured quarterly installments commencing from June 2013.

Terms of Security

(i) First mortgage and charge over all the borrowers properties and assets, both present and future, excluding the project assets (as defined in the Concession Agreement)

(ii) First charge on all intangible assets of the borrower including but not limited to the goodwill, undertaking and uncalled capital of the borrower.

(iii) A first charge/assignment of all receivable/revenues of the Borrower from the project.

(iv) Pledge of shares aggregating 51% of the paid up equity capital of the borrower for a period upto 36 months from COD. Thereafter, until the currency of the loan, the pledged shares shall be aggregate 26% of the paid up equity capital.

(v) First charge on borrowers all bank accounts including, without limitation, the escrow account and debt service reserve account to be established by the borrower and each of the other accounts required to be created by the borrower under any project document or contract.

(vi) Assignment in favour of Lenders of all insurance policies.

(vii) Assignment of contract or guarantee, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter party under any project agreement or contract in favour of the borrower.

(viii) Apart from the above security stipulations, which were proposed at the time of the original sanction, the following promotor and company guarantees have been stipulated in view of the proposed restructuring package:

a) Personal guarantee of Mr, Nama Seethaiah, key promoter director of TN(DK) Expressways Limited to cover the entire debt out standing.

b) Corporate Guarantee of Madhucon Infra Ltd and Madhucon Toll Highways Limited to cover the entire debt outstanding.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.2.3(b)(15): The above loan was sanctioned by consortium of 8 Banks for Construction of 4 star Hotel near Kukatpally, Hyderabad.The loan is Secured by first charge on all movable & intangible properties both present and future of the Company and Pledge of 51% of the total number of equity shares of NHPL by promotors. The amout of Rs. 50 Cr. loan sanctioned by consortisum Banks. The above loan was executed on 31.07.2008. The rate of interest is 13.75% p.a (floating) compounding on monthly basis and payable on monthly rests. The loan is repayable in 34 Quarters including Moratorium & construction period which is 4 quarters from the date of commercial operations.

Note No.: 2.3(c)(1) Srei Equipment Finance Private Limited - Term Loan 2 - Secured by the Fixed asset (Equipment to the extent of Rs.65 crores and loan is executed on 15.02.2011 and repayable in 36 monthly installments. The rate of interest 15% p.a. The period of maturity w.r.t. balance sheet date is Ten months only.

Note No.:2.3(c)(2)Srei Equipment Finance Private Limited - Term Loan 3 - Secured by the Subservient charge on the movable Fixed Assets of the Company for worth of Rs.65 crores, along with the Personal Guarantee of Sri. N. Seethaiah, Managing Director. The loan is executed on 31.05.2011 and repayable in 36 installments starting from June-2011 the rate of Interest is 12%. The period of maturity w.r.t Balance Sheet date is one year one month.

Note No.:2.3(c)(3) Srei Equipment Finance Private Limited -Term Loan 4 - Secured by the subservient charge on the various moveable fixed assets of the Company worth of Rs.32 Crores, along with personal Guarantee of Sri. N. Seethaiah, Managing Director. The loan is executed on 12.12.2011 and repayable in 36 installments of each Rs.93.14 Lakhs and the Rate of Interest is 15.77% AIRR & 16.50% FIRR. The period of maturity w.r.t Balance date is one year eight months.

Note No.2.3(c) (4) Srei Equipment Finance Private Limited - Batching Plant & C. Machine - 62293: Secured by the subservient charge on the various movable fixed assets of the company. The loan is executed on 15.10.2012 and repayable in 28 monthly equated installments of each Rs 4.69 lacs. The rate of interest is 13%p.a.and the installment commencement date is on 15th December 2012 and the last installment due date is on 15.03.2015.

Note No.2.3(c) (5) Srei Equipment Finance Private Limited - Loan A/C No 56522: Secured by the subservient charge on the various movable fixed assets of the company. The loan is executed on 05.04.2012 and repayable in 57 Equated Monthly installments of each Rs. 21.36 lacs. The rate of interest is 10.10% p.a. and the installment commencement date is on 05.07.2012 and last installment due date is on 05.03.2017.

Note No.2.3(c) (6) TATA CAPITAL Terms of Repayment:
Indian Rupees Term Loan borrowed from TATA Capital with an interest rate of 12.25% fixed for the first year with the interest reset happening at the end of the first year from the date of disbursement i.e. 30th January of every year. The current interest rate as on 31.03.2013 is 14.75%.Amount of Rs. 30,119,565 is over due towards principal repayments as on 31.03.2013 has not yet been paid by the company.

Secured by:

(i) First and exclusive charge on all the operating and Maintenance receivables to be executed within 3 months from the date of disbursement.

(ii) Pledge of shares of the borrower of the face value of Rs. 25.00 crores

(iii) Corporate Guarantee of Madhucon Projects Ltd, the holding company.

Note No.2.3(c) (7) L & T Finance: Repayable in 35 Equated Monthly installments starting from 15.03.2012 (9 installments already paid). Interest Rate is 6.34% flat p.a. Amount repayable for the year 2013-14 - Rs 48,26,673/-. An exclusive charge through hypothecation of Bulldozer in favor of L & T Finance.

Note No.2.3(c) (8) Srei Equipment Finance Private Limited - 66706: Secured by subservient charge on the various movable fixed assets of the company worth of Rs. 60 Crores along with personal guarantee of Sri Nama Seethaiah, Managing Director. The loan is executed on 03.01.2013 and repayable in 18 installments of each Rs. 2.68 Crores and the rate of interest is 14.64%. The installment commencement date is 03.07.2013 and the last installment due date is 03.12.2014.

Note No.2.3(c) (9) Srei Equipment Finance Private Limited - 56532 (ii): Secured by the subservient charge on the various moveable fixed assets of the company worth of Rs2.49 cores. The loan is executed on 05.04.2012 and repayable in 35 installments of Rs. 8.37 lacs each and the rate of interest is 11.20%. The installment commencement date is 5th May 2012 and last installment due date is 5th March, 2015.

Note No.2.3(d)(1):- Nama Investments Limited - Unsecured loan repayable on before 30.11.2014 in single payment. The rate of Interest is 8% p.a.

Note No.2.3(d)(2):- Madhucon Sugar & Power Limited - Unsecured loan the rate of Interest is 8.5% p.a.

Note No.2.3(d)(3):- Madhucon Granites Limited - Unsecured loan the rate of Interest is 8.5% p.a.

Note No.2.3(e) (1) Magma Fincorp Limited - Camper, Chasis and Mixer: Acquire the term from Magma Fincorp Ltd. for purchase of Camper, Chassis and Mixers. Loan commencement date is 01.04.2012 and repayable in 35 equated monthly installments. The rate of interest is 12.05% to 10.60%p.a. and the last installment date is 1st February, 2015.

Note No.2.3(e) (2) Axis Bank Ltd Vehicle Loan - 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.4 DEFFERED TAX LIABILITIES (NET) (Rupees in Lakhs)

PARTICULARS	2012-13	2011-12
Opening Balance	2,847.26	358.98
Add/Less:- For the Current Year	(2,781.02)	2,488.27
Total	**66.23**	**2,847.26**

Note No. 2.4 Deffered Tax Asset: During the year deffered tax asset was arrived because of deprecation

2.5 OTHER LONG TERM LIABILITIES

(1) Mobilisation Advances	17,772.42	3,350.59
(2) Other Liabilites	10,904.93	7,039.58
(3) Performance Security	-	28.61
(4) Retention Money	10,746.42	9,183.99
(5) Security Deposit	1,094.60	937.36
Total	**40,518.36**	**20,540.13**

2.6 LONG TERM PROVISIONS

(1) Provision for Gratuity & Leave Encashment	13.72	5.64
(2) Provision for Periodic Maintenance	7,370.34	3,111.45
Total	**7,384.06**	**3,117.09**

2.7 SHORT TERM BORROWINGS

(1) Axis Bank Limited	2,788.90	2,527.91
(2) Bank Of India	2,523.39	2,500.00
(3) I D B I Bank Limited	7,755.43	7,509.38
(4) State Bank of India	5,164.85	5,080.98
(5) Oriental Bank of Commerce	5,154.25	5,925.20
(6) Indus Ind Bank Limited	913.75	2,386.40
(7) ING Vysya Bank Limited	5,187.72	5,013.41
(8) Yes Bank Limited	5,685.24	6,283.90
(9) I C I CI Bank Limited	4,104.71	1,000.00
(10) Canara Bank	3,042.59	-
(11) Central Bank	2,289.11	-
(12) Canara Bank (Bridge Loan)	10,013.16	-
Total	**54,623.09**	**38,227.18**

Note:-2.7(1)Axis Bank Limited - 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 rate of 12% p.a payable at monthly intervals.

Note No.2.7(2): Bank of India - 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% p.a with monthly rests and loan is repayable on demand.

Note No.2.7(3) IDBI Bank Limited - Primary security in favour of Bank on the entire Current Assets on Pari-passu basis with other multiple Banking arrangement and collateral Security on the 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.

Note No.2.7(4)State Bank of India - 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 15% p.a (5% above on the base rate of10%).

Note No.2.7(5) Oriental Bank of Commerce - Secured by the first charge by way of hypothecation of the entire current assets both present and future of the company ranking Pari pasu 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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Banks along with personal Unconditional and irrevocable guarantee of Sri. N.Seethaiah,Managing Director.The rate of interest is 12.83% 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.

Note2.7(6)IndusInd Bank Limited: Secured by first charge on unencumbered plant and machinery and Pari passu charge on security to other lenders with a minimum asset cover of 1.5x during the tenure of the loan.

Note No.2.7(7) ING Vysya Bank Limited - 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 10.45% p.a. and loan is repayable on demand.

Note No.2.7(8) Yes Bank Limited - Secured by the Exclusive charge on the current and future book debts and receivables of Chapra-Hajipur EPC Contract.The loan is sanctioned on 26.04.2011 and effective rate of interest is 12.5% p.a. and with tenor of 24 months (subject to renewal at the end of 12 months).

Note No.2.7(9) ICICI Bank Limited - Secured by Pari passu charge on stock and 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 13.07.2012. The rate of interest is 16.70% p.a. with monthly rests and loan is repayable on demand.

Note No.2.7(10) (11) and (12) Canara Bank and Central Bank of India - Rate of Interest: Base rate + 5.75% (floating) presently 16%p.a.

Security:

1). Deposit of Original deeds of the following property with agreement to create mortgage as and when required by the bank.

2). Pledge of Two Crore Forty Lacs equity shares of face value of Rs. 10/- each of the company in the name of promoters with an intrinsic value of Rs.25/- each (approximately value of Rs.60.00 Cr)

Personal Guarantee: Sri Nama Seethaiah, Sri Nama Krishnaiah and Smt. Nama Chinnamma (property owner) PDC of other bank for the principal amount Corporate Guarantee - Nil

1. First mortgage and charges in favour of lenders over all the immovable properties and assets, present and future.
2. First charge by way of hypothecation in favour of the lenders of all the immovable (including movable plant and machinery, machinery spares, tools and accessories) present and future.
3. First charges/assignment and/or creation of security interest in favour of the lenders of (i) all the rights, titles, interest, benefits, claims and demands whatsoever of the borrower in the project documents, letter of credit by PTC or any off taker, guarantee or performance bond that may be provided by any party to any project.

Repayment: The entire short term loan is to be repaid in bullet payment at the end of 4 months from date of disbursement or release of term loan of Rs. 120 crs by LIC of India which ever is earlier.

2.8 TRADE PAYABLES

(Rupees in Lakhs)

PARTICULARS	2012-13	2011-12
For Supplies	20,264.07	17,452.02
For Services	16,818.06	17,355.89
Total	**37,082.13**	**34,807.91**

2.9 OTHER CURRENT LIABILITIES

(a) Current maturities of Long Term debt (Refer Note No. 2.3)	61,668.75	38,781.29
(b) Other Payables	-	-
(1) Bonus & LTA payable	202.97	144.89
(2) Labour Cess Payable	62.48	248.06
(3) Material Advance	-	2,040.52
(4) Mobilisation Advance.	833.04	14,779.56
(5) Other Liabilites	43,144.80	35,644.70
(6) TDS Payable	3,357.76	2,740.38
(7) Royalty Payables	238.60	-
Total	**109,508.40**	**94,379.40**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in Lakhs)

	PARTICULARS	2012-13	2011-12
2.10	**SHORT-TERM PROVISIONS**		
	(1) Provision for Employee Benefits	418.27	1,564.61
	(2) Provision for Proposed Dividend and Tax	85.77	85.77
	(3) Provision for Tax	2,264.38	-
	(3) Other Short term provisions	9,769.83	11,280.15
	Total	**12,538.25**	**12,930.53**
2.12	**NON-CURRENT INVESTMENTS**		
	Equity Investment - Quoted		
	Canara Bank (4,100 Equity shares of Rs.10/- each with premium of Rs25/-)	1.44	1.44
	Total	**1.44**	**1.44**
	Equity Investment - Unquoted		
	(1) Madhucon Natural Resources Limited (Singapore) (750 Oridnary Shares of S$ 1 each)	0.21	0.21
	(2 Madhucon Sugar & Power Industries Limited (4811500 Equity shares of Rs.10/- each)	653.39	603.27
	(3) Rajanagaram Gas Power Private Limited (488080 euqity Shares of Rs.10/-each)	48.81	48.81
	(4) M B N Anchored Earth Limited (40000 Equity shares of Rs.10/- each)	4.16	3.82
	(5) Madhucon Properties Limited (20000 euqity Shares of Rs.10/- each)	2.00	1.91
	(6) Ramnagar Power Private Limited (10000 euqity Shares of Rs.10/-each)	0.95	-
	(7) Canara Bank Mutual Funds	16.37	15.36
	Total	**725.89**	**673.38**
	Total Investment Quoted+Unquoted	**727.33**	**674.81**
2.13	**LONG TERM LOANS AND ADVANCES**		
	(1) Madhucon Infotech Limited	60.72	60.52
	(2) Madhucon Land Developers Limited	-	214.69
	(3) Nama Investments Limited	3,733.81	3,521.35
	(4) NNR Infra Investment (P) Limited	-	347.48
	(5)Other Loans & Advances	2,192.62	763.22
	(6) Madhucon Natural Resources Limited (Singapore)	14.97	-
	(7) Ramnagar Power Private Limited	13.02	-
	(8) African Natural Resources Limited (Mauritius)	7.65	-
	(9) Legend Natural Resources Limited (Mauritius)	3.57	-
	(10) Madhucon Oil and Gas Limited, Ghana	2.73	-
	(11) Madhucon Mineral Resources Limited	2.55	-
	Total	**6,031.65**	**4,907.27**

2.11: FIXED ASSETS AND DEPRECIATION

MADHUCON PROJECTS LIMITED

(Rupees in Lakhs)

S.No.	Name of the Asset	Gross Block				Depreciation				Net Block	
		As at 01.04.2012	Additions	Deletions	As at 31.03.2013	As at 01.04.2012	During the Year	Deletions	As at 31.03.2013	WDV As at 31.03.2013	WDV As at 31.03.2012
1	Land	6277.25	2995.98	-	9273.23	-	-	-	-	9273.23	6277.25
2	Building	315.85	17730.58	-	18046.44	3.55	538.84	-	542.39	17504.04	312.30
3	Staff Quarters	10.57	-	-	10.57	1.94	0.17	-	2.11	8.45	8.62
4	Excavators	5441.94	64.18	0.00	5506.12	4225.75	622.17	-	4,847.92	658.20	1216.19
5	Compressors	274.45	22.77	2.27	294.95	179.27	13.92	-	193.19	101.76	95.18
6	Vibratory Compactors	1985.46	-	18.40	1967.07	739.32	93.97	-	833.29	1133.78	1246.15
7	DGTH Crawler Tractor with Dozer Blades	526.64	-	-	526.64	396.11	50.03	-	446.14	80.50	130.53
8	Miller Batching Plant	2692.74	89.39	-	2782.13	2199.53	312.99	-	2,512.51	269.62	493.21
9	Industrial Process Chiller	58.12	-	-	58.12	27.85	2.76	-	30.61	27.51	30.28
10	Dozer	378.66	-	-	378.66	263.57	35.97	-	299.54	79.12	115.10
11	Drilling Equipment	561.29	0.00	-	561.29	128.06	26.66	-	154.73	406.56	433.22
12	Hot Mix Plant	2297.60	-	-	2297.60	1549.17	237.57	-	1,786.74	510.85	748.43
13	Crushing Plant	6966.84	1,053.00	-	8019.84	5317.08	818.29	-	6,135.37	1884.47	1649.76
14	Motor Graders	1409.52	-	-	1409.52	1026.83	145.74	-	1,172.57	236.95	382.69
15	Pavers	2581.41	-	-	2581.41	1942.64	266.92		2,209.56	371.85	638.77
16	Wet Mix Plant	215.56	-	-	215.56	176.78	22.29		199.07	16.48	38.77
17	Loaders	1311.21	-	-	1311.21	965.48	135.58		1,101.06	210.15	345.73
18	Cranes	114.80	10.22	-	125.02	49.41	11.83		61.24	63.78	65.39
19	Kerb Making Machine	348.83	-	-	348.83	121.21	16.57		137.78	211.05	227.61
20	Transit Mixtures	1148.24	189.52	19.81	1317.94	275.89	62.58	23.32	315.14	1002.80	872.35
21	Vehicles	1924.47	126.79	57.18	1994.08	993.76	161.48	47.13	1,108.11	885.97	930.70
22	Tippers & Trucks	12412.60	57.85	160.09	12310.36	6244.08	1175.32	167.14	7,252.26	5058.10	6168.53
23	Centering Materials	1854.44	22.82	-	1877.26	1405.02	466.73		1,871.75	5.51	449.42
24	Other Machineries	1204.68	238.20	9.42	1433.47	425.36	56.32	0.77	480.92	952.55	779.32
25	Generators	964.73	21.44	-	986.17	269.05	46.59		315.64	670.53	695.69
26	Lab Equipment Survey	308.28	41.45	-	349.73	178.35	33.62		211.97	137.76	129.92
27	Equipment Weigh	148.98	10.48	-	159.46	87.97	15.74		103.71	55.76	61.01
28	Bridges Temporary	178.59	54.23	-	232.82	118.85	21.84		140.69	92.13	59.73
29	Structures	2008.12	309.97	-	2318.09	1694.89	498.87		2,193.76	124.32	313.23
30	Furniture & Office Equipment	1172.57	146.77	0.28	1319.06	376.73	77.47	0.03	454.16	864.89	795.85
31	Computer & Software	322.38	106.36	-	428.75	85.33	54.35		139.69	289.06	237.05
32	Plant & Machinery	555.89	137,559.89	-	138115.78	129.18	6256.07		6,385.25	131730.53	426.70
33	Heavy Equipment	4271.75	0.00	0.00	4271.75	2031.77	0.00		2,031.77	2239.98	2239.98
	TOTAL	62244.47	160851.90	267.44	222828.94	33629.80	12279.24	238.38	45670.66	177158.27	28614.67
34	Carriageway	163829.62	34331.15	904.20	197256.56	11687.14	12638.84		24,325.98	172930.59	154551.27
35	Capital Work in Progress	325095.50	53343.26	155283.32	223155.44	4,738.41	0.00		4,738.41	218417.04	320357.09
36	Intangible Asset under development		475.16		475.16		-		-	475.16	0.00
	TOTAL	551169.59	249001.47	156454.96	643716.10	50055.35	24918.08	238.38	74735.05	568981.06	503523.03

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in Lakhs)

	PARTICULARS	2012-13	2011-12
2.14	**OTHER NON-CURRENT ASSETS**		
	(1) Earnest Money Deposits	472.11	1,469.60
	(2) Retention Money Deposits	2,809.15	4,355.26
	(3) Mobilisation Advance	3,069.95	1,121.79
	(4) Other Non Current Assets	13,159.00	14,498.87
	(5) Security Deposits	1,346.82	1,400.99
	(6) Other Receivables	556.17	3,920.59
	(7) TDS Receivable	248.96	-
	(8) Telephone Deposit	0.03	-
	Total	**21,662.20**	**26,767.10**
2.15	**Current Investments**		
	(1) Canara Robeco Treasury Advantage Fund	2.10	-
	(2) SBI Premier Fund	913.33	
	Current Investments Total	**915.43**	**-**
2.16	**INVENTORIES**		
	(1) Closing Stock	3,127.41	9,408.81
	(2) Work-in-Progress	2,843.69	1,693.95
	Total	**5,971.10**	**11,102.76**
2.17	**TRADE RECEIVABLES**		
	1) Trade receiveivable less than 6 months Unsecured, considered good	22,433.45	22,461.50
	Total	**22,433.45**	**22,461.50**
	2) Trade receivables more than 6 months Unsecured, considered good	14,030.18	13,954.91
	Total	**14,030.18**	**13,954.91**
	Grand - Total	**36,463.63**	**36,416.41**
2.18	**CASH AND BANK BALANCES**		
	1) Balances with banks		
	i) In Current Accounts	3,416.97	11,700.22
	ii) Unpaid Dividend	11.09	9.70
	iii) FDR with Banks	5.59	60.30
	2) Cash on hand	329.26	130.13
	Bank Deposits with more than 12 months maturity		
	1) Margin Money Desposits	949.34	666.55
	Total	**4,712.25**	**12,566.88**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.19 SHORT TERM LOANS AND ADVANCES

(Rupees in Lakhs)

PARTICULARS	2012-13	2011-12
(1) Madhucon Granites Limited	-	2,385.39
(2) Other Advance	16,665.70	503.95
(3) VAT receivable	80.83	-
(4) Income Tax Refundable	14.47	-
(5) Prepaid Expenses	182.74	-
Total	16,943.73	2,889.34

2.20 OTHER CURRENT ASSETS

(1) Interest Accrued	9.63	25.27
(2) Advance Tax	6,263.52	5,329.68
(3) HP Interest Suspence	1.41	-
(4) Mobilisation Advance	2,973.67	6,415.85
(5) Other Current Assets	15,970.88	5,697.94
(6) TDS Receivables	5,358.10	3,562.21
(7) Grant Receivable-NHAI	3,323.01	2,172.96
Total	33,900.20	23,203.91

2.21 Revenue from Operations

Particulars	For the period ended 31.03.2013	For the period ended 31.03.2012
Civil Engineering Projects	34,059.24	41,068.50
NHAI - Grant (O&M)	823.00	823.00
Income from Toll Fee collection	17,078.31	13,340.54
Other Revenue	434.79	-
Sale of Energy	36,898.58	-
Total	89,293.93	55,232.04

2.22 OTHER INCOME

Interest Income	480.59	1,001.81
Dividend Income	1.47	10.71
Other Non-Operating Income	941.80	1,397.98
Net gain on foreign currency translation and transaction	-	58.36
Total	1,423.86	2,468.86

2.23 COST OF MATERIALS CONSUMED

Cement	-	988.64
Steel	-	987.69
Bitume	649.19	890.42
n	766.94	981.84
General Stores	305.20	123.26
Other Materials	10,423.43	-
Total	12,144.76	3,971.87

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.24	Other Construction Expenses		(Rupees in Lakhs)
	Particulars	For the period ended 31.03.2013	For the period ended 31.03.2012
	Road Work Expenses	8,329.05	8,845.36
	Civil Works	7,076.25	7,832.72
	Earth Work Expenses	4,686.00	5,074.93
	Site Expenses	446.24	107.15
	Material Transport Charges	371.25	426.82
	Repairs & Maintenance	1,449.33	1,666.11
	Other Works	7,454.30	1,684.45
	Subcontracting Expenses	937.76	-
	Total	**30,750.18**	**25,637.53**
2.25	**CHANGES IN STOCK & WORK-IN-PROGRESS**		
	CHANGES IN STOCK & WORK-IN-PROGRESS	(1,539.47)	13,626.70
	Total	**(1,539.47)**	**13,626.70**
2.26	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, Wages and Bonus	6,886.16	5,455.76
	Contribution to Provident and other Fund	33.15	22.12
	Workmen and Staff Welfare Expenses	557.36	489.67
	Total	**7,476.67**	**5,967.55**
2.27	**FINANCE COST**		
	B.G Commision	495.15	397.26
	Interest on Term loans	29,912.01	19,500.24
	Bank Charges	-	66.82
	Other Borrowng Cost	5,888.33	-
	Total	**36,295.50**	**19,964.33**
2.28	**OTHER EXPENSES**		
	Administrative Expenses	3,913.68	588.11
	O & M Expenditure	4,052.82	-
	Consultancy	502.57	185.20
	Insurance Charges	426.43	175.44
	Bank Charges	10.59	-
	Rates & Taxes	3,057.06	436.93
	Interest on TDS	31.67	-
	Total	**11,994.81**	**1,385.69**
2.29	**(a) EXCEPTIONAL AND EXTRA ORDINARY ITEMS**		
	Sundry Balances Written Back	-	-
	less:- Loss on Sale of Investments	-	-
	Total	**-**	**-**
2.29	**(b) PROIR PERIOD EXPENSE**	(14.88)	383.01
	Total	**(14.88)**	**383.01**

2.30 OTHER NOTES ON ACCOUNTS

1. **Subsidiaries, Jointly Controlled Entities and Associates companies considered in the financial statements are:**

Sl.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%	99.93%
12	Barasat Krishnagar Expressways Limited	India	0.04%	0.04%	99.87%
13	Simhapuri Energy Limited	India	0.001%	95.375%	-
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	Chapra-Hajipur Expressways Limited	India	0.17%	60.87%	38.92%
18	Vijayawada-Machilipatnam Expressways Limited	India	3.20%	24.00%	64.80%
19	Rajauli Bakhtiyarpur Expressways Limited	India	24.00%	20.00%	16.00%
20	PT Madhucon Sriwijaya Power	Indonesia	25.00%	60.00%	-
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%	-	-

2.31(a) Contingent Liabilities not provided for:

Rs. in Lakhs

Particulars	As at 31.03.2013	As at 31.03.2012
Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company.	79,826.76	1,10,198.00
Disputed Sales Tax (on appeal)	6,334.07	974.03
Income-tax demand contested in appeal	5,601.84	7,244.20
Estimated Amount of contract remaining to be executed on capital account	1,85,279.00	54,379.38
Other Commitments		
Supervision Consultancy Services	337.00	-
Periodic Maintenance	5,294.00	-
Guarantees Issued by the Companies-Bankers on behalf of the company	3,036.00	-
Letter of Credit facilities/Comfort Letters provided by the Banks	26,533.00	-
Claims against the Company not acknowledged as Debt	21,204.00	-

(c) The Company has signed Power Tolling Agreement with PTC India Ltd., on 08.08.2008 and amended on 12.05.2011. As per the agreement PTC has to supply the coal for the entire capacity of Phase I of the SEL. The Company and project will use the coal for generation of electricity. PTC has a right for 200MW (GROSS) capacity on first right basis and the balance capacity shall remain with the company for sale as it deems fit. The agreement is valid for 25 years from COD of the Project.

2.32 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 facilitates to the respective investee companies.

Sl.No.	Investee Company	No of Shares pledged As at 31.03.2013	No of Shares pledged As at 31.03.2012
1	Madurai Tuticorin Expressways Limited	73454000	73454000
2	Nama Hotels Private Limited	13841000	13841000
3	Madhucon Infra Limited	47000000	25000000
4	Simhapuri Energy Limited	355520600	

2,33. 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:

Rs. in Lakhs

Particulars	As at 31.03.2013	Asat 31.03.2012
Deferred Tax Liabilities on timing differences due to :		
Depreciation	(2781.02)	(2487.89)
Total	**(2781.02)**	**(2487.89)**

2.34 Segmental Reporting:

The Company has a single segment namely Engineering and Construction. Therefore, the companies business does not fall under different business segments as defined by AS-17 "Segmental Reporting" issued by ICAI.

2.35 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 31st March, 2013 has been made in the Financial Statements based on the information received and such amount outstanding as on 31st March, 2013 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

2.36 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).

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

Particulars	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
Foreign Exchange Earnings & Out go:		
I. Foreign Exchange Earning : Interest & Other	Nil	Nil
II. Foreign Exchange Out Go:		
i. Towards Traveling	22.10	37.78
Towards Import of Capital Goods (CIF)	Nil	Nil
Towards Payments/Advance to Equipment suppliers	21,337.21	2,823.44
iii. On Account of Others:		
Investment	657.38	1,956.66
Interest	52.12	48.32
iv. Others	2,027.15	58.74

2.38 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 31st March, 2013 are as follows: Rs. in Lakhs

Particulars of Transactions	Associates		JointlyControlled/ entities and ventures		Key Management Personnel and Relatives		Enterprises Owned Or Significantly Influenced By Key Management Personnel Or Their Relatives	
	31st. March, 2013	31st. March, 2012	31st. March, 2013	31st. March, 2012	31st. March, 2013	31st. March, 2012	31st. March, 2013	31st. March, 2012
Services	-	-	-	-	-	-	-	-
Sales/Contract Receipts	-	-	-	6,986.08	-	-	-	-
Purchases/Contract Payments	-	-	-	-	-	-	-	-
Share Capital/Share Application Money	-	-	-	-	-	-	-	-
Rent Paid	-	-	-	-	98.87	29.40	-	-
Remuneration	-	-	-	-	71.33	60.00	-	-
Investments	-	-	-	-	-	-	-	-
Sale of Investments to Subsidiaries	-	-	-	-	-	-	-	-
Corporate Guarantees	-	-	-	-	-	-	-	-
Bank Guarantees	-	-	-	-	-	-	-	-
Loans/Advances paid	-	0.55	-	1.95	-	76.97	-	349.55
Loans/Advances Received	-	0.22	-	-	-	-	-	149.69
Year end balances in Current Assets	755.69	-	2,018.77	4,369.46	388.82	375.06	4,348.52	6,314.75
Year end balances in Current Liabilities	591.04	566.92	544.52	553.03	1,532.2	1,460.59	1,683.86	1,776.50

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 2012-13

Particulars of Transactions	Rs. in Lakhs	
	2012-13	2011-12
Sales/Contract Receipts:		
Madhucon-Sino Hydro JV	6,719.94	6,984.08
Rent Paid:		
Sri. Nama Seethaiah	14.40	14.40
Smt. Nama Chinnamma	84.47	15.00
Sri. NamaNageswaraRao	35.12	7.83
Remuneration:		
Sri. Nama Seethaiah	60.00	60.00
Sri. K. Srinivasa Rao	11.33	--
Sri. N. Krishnaiah	12.00	--
Loans/Advances paid		
Madhucon Land Developers Limited	--	88.65
Nama Investments Limited	--	236.78
Loans/Advances Received		
Madhucon Granites Limited	--	149.69

2.39 Earnings per Share:

S.No	Particulars	2012-13	2011-12
1	Profit computation for basic earnings Net Profit as per Profit & Loss Account available for equity shareholder. (Rs. In Lakhs)	(27,674.48)	(30,454.84)
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.)	(37.50)	(41.27)

2.40 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
FRN 011982S

K.S.R.K. Prasad
Partner
M.No.022964

Place : Hyderabad
Date : 30.05.2013

For and on behalf of the Board

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Nutan Singh
Company Secretary
ACS 27436

MADHUCON PROJECTS LIMITED

1-7-70, Madhu Complex, Jublipura, Khammam-507 003.

ATTENDANCE SLIP

Regd. Folio No : No. of Shares held :

Name:

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at 1-7-70, Madhu Complex, Jubilipura, Khammam - 507 003, at 3.00 PM on Saturday, the 28th September, 2013.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Notes:
1. Shareholder/Proxyholder intend to attend the meeting must bring the Attendance slip to the meeting and handover at the entrance duly signed.
2. Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

MADHUCON PROJECTS LIMITED

1-7-70, Madhu Complex, Jublipura, Khammam - 507 003.

PROXY FORM

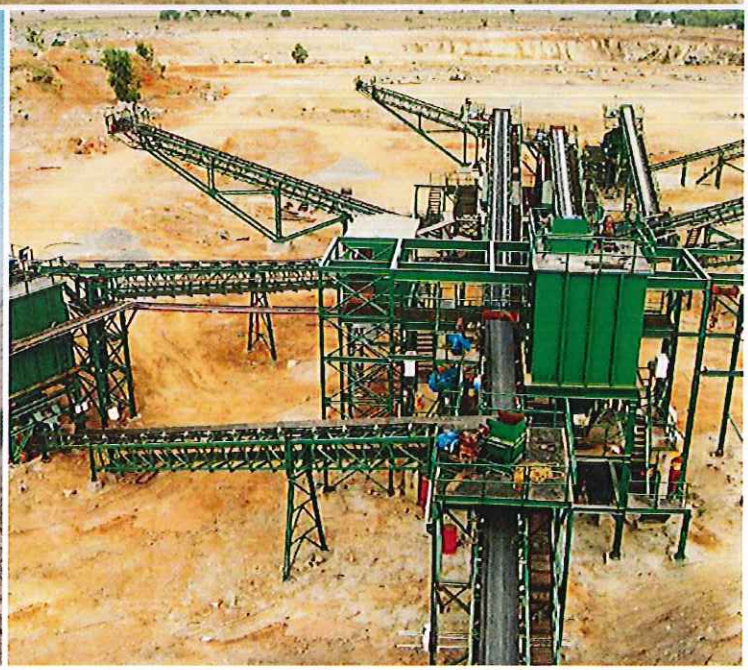
I/We.....of.....in the district of.....being member/members of MADHUCON PROJECTS LIMITED hereby appoint .....of.....in the district of .....or failing him..... of ....in the district of..... my / our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 28th September, 2013 at 03.00 PM and at any adjournment(s) thereof.

Signed this.....day of.....2013

Reference No
Number of Shares

Revenue Stamp
Re.1/-

Note: The Proxy form must be returned so as to reach the Registered Office of the Company at 1-7-70, Madhu Complex, Jublipura, Khammam - 507 003 not less than **FORTY EIGHT HOURS** before the time for holding the aforesaid meeting.



MADHUCON

MADHUCON

PROJECTS LIMITED

AN ISO - 9001 : 2008 COMPANY

If undelivered please return to:

"Madhucon House", Road No. 36, Jubilee Hills, Hyderabad - 500 033. INDIA

www.madhucon.com