



MADHUCON PROJECTS LIMITED

**22nd ANNUAL REPORT
2011 - 2012**



BOARD OF DIRECTORS

N. Seethaiah

Managing Director

S. Vaikuntanathan

Whole-time Director

K. Srinivasa Rao

Director

C. Venkateshwara Rao

Independent Director

P. Madhava Rao

Independent Director

Company Secretary

Nutan Singh

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

Madhu Complex, 1-7-70

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

Standard Chartered Bank

ICICI Bank Limited

Oriental Bank of Commerce

HDFC Bank

Bank of Bahrain & Kuwait BSC

State Bank of India

IDBI Bank Limited

United Bank of India

Axis Bank Limited

IndusInd Bank

Bank of India

Yes Bank Limited



NOTICE

To

The Members,
Madhucon Projects Limited

Notice is hereby given that the 22nd Annual General Meeting of Madhucon Projects Limited will be held on Saturday, the 29th September, 2012 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, 2012 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 Sri P. Madhava 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. **Enhancement of remuneration of Sri S. Vaikuntanathan, Whole-Time 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 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, as recommended by the Remuneration Committee and the Board, the revision in managerial remuneration of Sri S. Vaikuntanathan, Whole-time Director of the Company from Rs. 1,95,000/- to Rs. 2,45,000/- per month (inclusive of all allowances & perquisites) be and is here by approved and ratified."

6. **To Issue of further securities:**

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

"RESOLVED THAT in accordance with Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), as also provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations"), the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations made there under, including the Foreign Exchange



Management (Transfer and Issue of Securities by a Person Resident outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and rules and regulations made there under, if applicable, any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and applicable guidelines/regulations prescribed by the Securities and Exchange Board of India (“SEBI”) and/or Reserve Bank of India (“RBI”) and/or any other regulatory/statutory authority and clarifications thereon issued from time to time, whether in India or abroad, and enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements, entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to the approvals, consents, permissions and/or sanctions of, if applicable including but not limited to, Government of India, RBI, SEBI, Foreign Investment Promotion Board (“FIPB”) and/or all other authorities, institutions or bodies, within or outside India, (hereinafter collectively referred to as appropriate authorities) and subject to such terms, alterations, conditions, changes, variations and/or modifications as may be prescribed by any of them while granting such approval (hereinafter referred to as requisite approvals) and as agreed to by the Board of Directors (“Board”), which term shall be deemed to include any Committee which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred on the Board by this resolution) the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranche(s), in the course of domestic or international offerings or qualified institutional placements, with or without an over-allotment/green issue option, in one or more foreign markets or domestic markets, to domestic institutions, foreign institutions, non-resident Indians, Indian public companies, corporate bodies, mutual funds, banks, insurance companies, pension funds, individuals, qualified institutional buyers or other persons or entities, whether shareholders of the Company or not, through a public issue and/or on a private placement basis and/or qualified institutional placement within the meaning of SEBI Regulations and/or a preferential issue and/or any other kind of public issue and/or private placement, with or without an over-allotment/green shoe option, equity shares, preference shares, secured or unsecured debentures, bonds, warrants or any other securities whether convertible into Equity Shares or not, including, but not limited to, Compulsorily Convertible Preference Shares (“CCPS”) and/or Optionally Convertible Preference Shares (“OCPS”) and/or Partially Convertible Preference Shares (“PCPS”) and/or Non-Convertible Preference Shares (“NCPS”) and / or Foreign Currency Convertible Bonds (“FCCBs”) and / or Non-Convertible Debentures (“NCDs”) with or without attached share warrants and / or Partly Convertible Debentures (“PCDs”) and / or Optionally Convertible Debentures (“OCDs”) and / or Fully Convertible Debentures (“FCDs”) and / or Bonds with Share Warrants attached which are convertible into or exchangeable with equity shares and / or Global Depository Receipts (“GDRs”) and / or American Depository Receipts (“ADRs”) or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with bonds and/or any other securities whether convertible into equity shares or not as may be permitted by law (hereinafter referred to as “securities”), whether secured or unsecured, to be listed on any stock exchange in India or any foreign/international stock exchange outside India if required, through an offer document and/or prospectus and/or offer letter, and/or offering circular, and/or on public and/or private or preferential basis, whether rupee denominated or denominated in foreign currency, provided that the aggregate of the sums so raised, including premium, if any, shall not exceed **Rs.1000 Crores (Rupees One Thousand Crores)** as the Board may determine in accordance with the SEBI Regulations and where necessary in consultation with the lead managers, underwriters, merchant bankers, guarantors, financial and/or legal advisors, rating agencies/advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees, printers, auditors, stabilizing agents and all other agencies/advisors.”

“**RESOLVED FURTHER THAT** the securities to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the underlying equity shares shall rank pari passu in all respects with the existing equity shares of the Company including payment of dividend, if any, declared including other corporate benefits, if any, for the financial year in which the issue/offer/allotment has been made and subsequent years and shall have the same voting rights as the existing equity shares.”



“RESOLVED FURTHER THAT in addition to all applicable Indian laws, the securities issued in pursuance of this resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or that may in any other manner apply to such securities or provided in the terms of their issue.”

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised on behalf of the Company to finalize the pricing, tenure, terms and conditions relating to the issue of the securities and any other matter in connection with, or incidental to, the issue of the securities as the Board or any Committee thereof, in its absolute discretion, deems necessary or desirable, together with any amendments or modifications thereto.”

“RESOLVED FURTHER THAT the pricing of the securities and the pricing of any equity shares issued upon conversion of the securities shall be made subject to and in compliance with all applicable laws, guidelines, notifications, rules and regulations.”

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all other agencies, whether in India or abroad, in connection with the proposed issue/offering/allotment of the securities and to negotiate and finalise the terms and conditions (including the payment of fees, commission, brokerage, out of pocket expenses and their charges subject to requisite approvals of the RBI, if any) of the aforesaid appointments and also to, in its absolute discretion, renew or terminate the appointments so made and to enter into and execute all such agreements, arrangements, memoranda, documents etc. with such persons and to seek listing of such securities.”

“RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to determine the form, tenure, terms and timing of the issue(s)/ offering(s)/ allotment(s), including the investors to whom the securities are to be allotted, the proportion in which they are allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion or variation of the price or period of conversion, listing on one or more Stock Exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters and finalise and approve the preliminary as well as the final offer documents for the proposed issue of the securities as may be required by the authorities in such issues in India and/or abroad and to authorise any director or directors of the Company or Secretary or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents or any other confirmation and/or authorities as may, in the opinion of such authorised person, be required from time to time.”

“RESOLVED FURTHER THAT the Company do apply for listing of any new securities issued with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited or any other stock exchange(s) in India and/or Abroad.”

“RESOLVED FURTHER THAT such of these securities as are not subscribed may be disposed off by the Board or any Committee thereof in its absolute discretion in such manner, as the Board or Committee may deem fit and as permissible by law.”

“RESOLVED FURTHER THAT in case of a qualified institutional placement made pursuant to SEBI Regulations, the allotment of eligible securities within the meaning of SEBI Regulations shall only to qualified institutional buyers within the meaning of SEBI Regulations, such securities shall be fully paid-up and the allotment of such securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by SEBI Regulations from time to time and the



Company shall apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the eligible securities to be allotted as per the SEBI Regulations.”

“**RESOLVED FURTHER THAT** in case of a qualified institutional placement of equity shares pursuant to SEBI Regulations, the relevant date for the determination of the price of the equity shares, shall be the date of the meeting of the Board or any Committee thereof in which the decision to open the proposed issue is taken or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations.”

“**RESOLVED FURTHER THAT** in the event securities convertible into equity shares are issued under SEBI Regulations, the relevant date for the purpose of pricing of the equity shares to be issued on conversion, shall be the date of the meeting of the Board or any Committee thereof in which the decision to open the proposed issue is taken or the date on which the holder(s) of securities which are convertible into or exchangeable with equity shares at a later date become(s) entitled to apply for the said shares or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations.”

“**RESOLVED FURTHER THAT** subject to the applicable laws, the Board or any Committee thereof be and is hereby authorised to do such acts, deeds and things as the Board or any Committee thereof in its absolute discretion deems necessary or desirable in connection with the issue of the securities, and to give effect to aforesaid resolution, including, without limitation, the following:

- (a) finalisation of the allotment of the securities on the basis of the subscriptions received;
- (b) finalisation of arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/ offer document(s), and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required;
- (c) approval of the preliminary and final offering circulars/ prospectus/offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the Lead Managers/ Underwriters/ Advisors, in accordance with all applicable laws, rules, regulations and guidelines;
- (d) approval of the Deposit Agreement(s), the Purchase/ Underwriting Agreement(s), the Trust Deed(s), the Indenture(s), the Master/Global GDRs/ADRs/FCCBs/ other securities, letters of allotment, listing application, engagement letter(s), memorandum of understanding and any other agreements or documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- (e) finalisation of the basis of allotment in the event of oversubscription;
- (f) acceptance and appropriation of the proceeds of the issue of the securities as Board or Committee thereof decides as it think fit;
- (g) authorisation of the maintenance of a register of holders of the securities, if so required, in India or abroad;
- (h) authorisation of any director or secretary or other officer of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as the authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the securities;
- (i) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the securities;



- (j) seeking the listing of the securities on any Indian or international stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (k) giving or authorising to give by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- (l) deciding the pricing, tenure and terms of the securities, and all other related matters, including taking any action on two-way fungibility for conversion of underlying equity shares into GDRs/ADRs, as per applicable laws, regulations or guidelines; and
- (m) creation of mortgage and / or charge in accordance with Section 293 (1) (a) of the Companies Act, 1956 in respect of securities as may be required either on pari passu basis or otherwise."

"RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, issue of the securities may be done upon all or any terms or combination of terms in accordance with international practices relating to the payment of interest, additional interest, premium on redemption, prepayment or any other debt service payments and all such terms as are provided customarily in an issue of securities of this nature."

"RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of depository receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) in India or outside India) and under the forms and practices prevalent in the international markets."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board or any Committee thereof or any Director or Secretary or Officer of the Company so authorized by the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the securities."

"RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as appropriate authorities, in India or outside India, may impose at the time of their approval and as agreed to by the Board or any committee thereof."

By order of the Board

Place: Hyderabad
Date: 28.08.2012

Nutan Singh
Company Secretary
ACS - 27436

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 the 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 25.09.2012 to 29.09.2012 (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 beneficiary 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-mails 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 2005-2006 to 2010-2011 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 2004-2005 is due to be transferred to "Investor Education and Protection Fund" on 1st November, 2012. Therefore, Shareholders may approach Secretarial Department of the Company for claiming their dividend on or before 20th October, 2012.
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 Sri. P. Madhava 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: Enhancement of remuneration of Sri. S.Vaikuntanathan, a Whole-Time Director of the Company

The Remuneration Committee, in their meeting held on 14th November, 2011, has considered the revision in remuneration of Sri S. Vaikuntanathan, Whole Time Director of the Company from Rs. 1,95,000/- to Rs. 2,45,000/- per month (inclusive of all allowances & perquisites) w.e.f. 1st January 2011 subject to the approval of the members in the forthcoming Annual General Meeting.

Item No. 6: Issue of further Securities:

In order to meet the Company's long term fund requirements for projects in infrastructure sectors and to further strengthen the financial position of the Company, it is proposed to raise funds in India and/or abroad



from various sources / agencies. Accordingly, it is proposed to issue securities as mentioned in the proposed resolution, the amount of which shall not exceed **Rs. 1000 Crores (Rupees One Thousand Crores)** including premium, if any.

The resolution passed in the last 21st AGM held on 30th September 2011 has become invalid by lapse of One year from the date of passing that resolution.

As per provisions of Section 81(1A) of the Companies Act, 1956 read with Listing Agreement, the Board of Directors of the Company can issue and allot securities to any person other than existing members upon the approval of the members at this Annual General Meeting. The equity shares, if any, allotted on issue, conversion of securities or exercise of warrants shall rank in all respects pari passu with the existing equity shares of the Company.

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

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

By Order of the Board

Place: Hyderabad

Date: 28.08.2012

Nutan Singh
Company Secretary
ACS - 27436



DIRECTORS' REPORT

To
The Members,
Madhucon Projects Limited

Your Directors have pleasure in presenting the Twenty Second Annual Report on "Business Operations, Performance & Progress" of the Company together with the Audited Financial Statements for the year ended March 31, 2012.

A. FINANCIAL RESULTS:

(Rupees in Lakhs)

PARTICULARS	2011-2012	2010-2011
Gross Income	182294.22	172176.55
Profit before Depreciation & Taxation	9679.40	11897.60
Depreciation	5115.80	4780.17
Profit before Taxation	4563.60	7117.43
Provision for Taxation		
i) Current Tax	1564.61	4562.51
ii) Deferred Tax	(477.18)	(685.93)
Profit after Taxation	3476.17	3240.85
Profit available for appropriation	3476.17	3240.85
APPROPRIATION		
General Reserve	347.62	324.08
Proposed Dividend	73.79	184.49
Corporate Tax on Proposed Dividend	11.97	30.64
Balance transferred to Balance Sheet	3042.79	2701.63
Earnings per Share (Rs.)	4.71	4.39
Book Value (Rs.)	87.07	82.48
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	63511.79	60121.38

B. REVIEW OF OPERATIONAL PERFORMANCE:

During the year under review, your company has achieved a gross income of Rs. 182294.22 lakhs as against Rs. 172176.55 lakhs in the previous year. The Company has earned a net profit of Rs. 3476.17 lakhs as against Rs. 3240.85 lakhs in the previous year after providing for depreciation of Rs. 5115.80 lakhs (Rs. 4780.17 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. 57700.90 lakhs and Rs. 30454.84 lakhs respectively.



C. MANAGEMENT DISCUSSION AND ANALYSIS:

I. Industry Scenario:

The Indian economy has still facing global crisis due to slowdown in economy with higher interest cost and rupee depreciation culminating with slow recession of US economy and Euro crisis. India has achieved a GDP growth rate of 5.6% during 2011-2012 as against estimate of 8%. The government has given a special thrust to Infrastructure sector including Roads and Highways and provided substantiate budget to develop and construct 9500 Kms Highways during the fiscal year 2012-2013. It was also provided special incentives to boost the investment in infrastructure under PPP to accelerate the growth and to sustain at 6.7% in 2012-2013.

a) Overview of Indian Economy:

The growth in Indian economy in the last fiscal year slipped to 6.5% which is one of the lowest annual growth in the last 9 years. The global uncertainties couple with domestic challenges, high inflation, and absence of new investments is dampening the prospects for 2012-2013. Key important business sectors such as Power, Transportation has to encounter challenges due to Government policy delays impacting the growth in the core sectors.

b) Future Outlook:

Inspite of poor economy with slower growth in infrastructure industry, your company has able to sustain in Industry due to re-alignment of business models, strong asset base 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.6,300 Crores and has been pre-qualified in number of EPC works over Rs.20,000 Crores in Irrigation, Highways, Railways, Power plants and Transmission line projects etc.

Operational Performance:

Transportation Division:

a) BOT Toll based Projects:

Your company has completed 1459 lane Kms of BOT projects owned by your company and 2018 lane Kms is under progress. The performance and status of 9 BOT(Toll and Annuity) National Highway Projects are as follows:

Sl. No.	Name of the Project	No. of Lane Kms.	Name of the SPV	Status of the Project	Toll Collection/ COD
1	Bharatpur-Mahwa NH-11 - BOT Toll Basis Project	251	Madhucon Agra- Jaipur Expressways Limited	Completed	08.05.2009* (Revised Tariff w.e.f.01.07.2012)
2	Karur-Dindigul NH-7 BOT Toll Basis Project	352	TN(DK) Expressways Limited	Completed	05.11.2009
4	Thanjavur-Trichy NH-67 - BOT Toll Basis Project	288	Trichy-Thanjavur Expressways Limited	Completed	12.05.2011
3	Madurai – Tuticorin NH-45 - BOT Toll Basis Project	568	Madurai -Tuticorin Expressways Limited	Completed	02.07.2011
5	Chhapra- Hajipur NH-19 - DBFOT Annuity Basis Project	280	Chhapra-Hajipur Expressways Limited	In Progress	



6	Barasat-Krishnagar NH-34 DBFOT Annuity Basis, West Bengal	336	Barasat-Krishnagar Expressways Limited	In progress
7	Ranchi - Jamshedpur NH-33 DBFOT Annuity Basis, Jharkhand	715	Ranchi Expressways Limited	In Progress
8	Vijayawada-Machilipatnam NH-9 DBFOT Toll Basis Project, Andhra Pradesh	258	Vijayawada-Machilipatnam Expressways Limited	In Progress*
9	Rajauli-Bakhtiyarpur NH-31 of BSRDCL, DBFOT Toll Basis Project, Bihar	429	Rajauli-Bakhtiyarpur Expressways Limited	In Progress*

* Financial closure of Vijayawada-Machilipatnam project will be completed by 15.09.2012 and for Rajauli-Bakhtiyarpur project by 31.10.2012.

Your company has participated in number of ongoing tenders.

ii) Item Rate Projects:

The Status of following projects are as follows:

Sl. No.	Name of the Project	No. of Lane Kms.	Status of the Project
1	Spine Road-Pimpri Chinchwad Project, PCNTDA, Pune	100	Completed
2	Guna-Fathehgarh-Paron Project Road No.8, MPRDC.	307	Completed
3	Jhanjapur-Dharbanga Section NH-57, Bihar, NHAI.	168	In Progress
4	Gopalganj-Muzaffarpur, NH-28, Bihar, NHAI	190	Completed
5	Nagaon- Dharamtul, NH-37, Assam, NHAI	120	In Progress
6	Anik Panjarpole Link Road Project(APLR), MMRDA, Maharashtra	30	In Progress

iii) Irrigation Projects:

Your Company is executing 13 projects valued Rs.2295.66 Crores of which Rs.1778.25 Crores related to Irrigation projects of Andhra Pradesh.

b) Energy Projects:

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

Phase - I

The EPC Contract for execution of 2x150 MW coal based being awarded by Simhapuri Energy Private Limited (SEPL) was completed and generating power with full capacity.

Phase - II

The EPC Contract for execution of 2x150 MW coal based being awarded by Simhapuri Energy Private Limited (SEPL) will be completed by the end of December, 2012 / January, 2013.



c) Mining Division:

Your company has been awarded a work for removal of OB 416.46 Lakhs Cub.Mtrs and Coal 159.39 Lakhs Metric Tons valued Rs.422.06 Crores at Phularitand (BCCL) Project within the period of 7 years vide work order dated 07.02.2012.

The Work relating to removal of over burden at Jayant OCP of Northern Coal Field Limited in Singrauli has already completed.

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.

i) Hotel: Four Star Hotel cum Service Apartments at KPHB Colony, Hyderabad including service apartments. The construction work is in progress.

ii) Mega Mall: Mall with Multiplex and has integration with MRTS Station. The work is in progress.

iii) Office Complex: 14 storied office complex, opposite to JNTU, Kukatpally, Hyderabad. The construction work is in progress.

e) Overseas Division:

Your Company in Consortium participated and won the bid for 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 exploring coal mining in South Africa, Mozambique and West African countries.

f) Oil and Gas Division:

Your Company is exploring the ways and means for identifying the concession areas of Green and Brown fields in South East Asia and Africa.

III. Risks and Concerns:

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

IV. Internal Control System:

Your Company has adequate system of internal control comprising of 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 Restructuring:

Your Company is restructuring its organization according to Company's growth plan. The Subsidiaries of Madhucon Projects Limited are also being restructured according to growth plan of Madhucon Projects Limited. All Road SPVs are consolidated in to Road Holding Company under Madhucon Toll Highways Limited, a subsidiary of Madhucon Infra Limited.

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 and is already pre-qualified with REC and PFC.

**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 Revised Schedule-VI of the Companies Act, 1956, which is made mandatory by MCA from the financial year 2011-12 onwards 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 31.03.2012, 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 31.3.2012. The details of investments held by Madhucon Projects Limited 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	1015367045	10	10153670450	93.92
2	Madurai-Tuticorin Expressways Limited (CIN - U45203AP2006PLC050114)	11.05.2006	88561500	10	885615000	54.12
3	Madhucon Energy Limited (CIN - U45309AP2000PLC034007)	24.03.2000	100090	5	500450	99.95
4	Madhucon Mega Mall Private Limited (CIN - U45400AP2007PTC056734)	18.12.2007	20000	10	200000	66.66
5	Nama Hotels Private Limited (CIN - U55101AP2007PTC056818)	24.12.2007	27121200	10	271212000	99.96
6	Madhucon Heights Private Limited (CIN - U45209AP2007PTC056733)	18.12.2007	20000	10	200000	66.66
7	Agastyamuni Hydro Power Private Limited (CIN - 40108AP2010PTC068128)	28.04.2010	6000	10	60000	60.00
8	Rudraprayag Hydro Power Private Limited (CIN - U40108AP2010PTC068130)	28.04.2010	6000	10	60000	60.00
9	Tilwara Hydro Power Private Limited (CIN - U40300AP2010PTC068127)	28.04.2010	6000	10	60000	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



c) 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 Private Limited
6. PT Madhucon Indonesia, Indonesia
7. Madhucon Toll Highways Limited
8. Vijayawada-Machilipatnam Expressways Limited
9. Barasat-Krishnagar Expressways Limited
10. Ranchi Expressways Limited

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.

XIII. Transfer of Shares:

The Investments in Road, Power and Coal Projects transferred to Madhucon Infra Limited (a Subsidiary of Madhucon Projects Limited) for segregating the investments into infrastructure development projects under separate holding entity for infusion of more capital through Public Issue/IPO/Private Placements.

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. P.Madhava 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 Sri. P. Madhava Rao, as Independent Director of the Company, in the best interest of the Company. The profile of Sri. P.Madhava Rao is given in the report of Corporate Governance.



XVI. Directors' Responsibility Statement:

Pursuant to the requirement u/s 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, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company, at the end of the financial year and of the profit 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 2012 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, 2012, 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 - AN ISO 9001- 2008:

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 9001-2008. The Certificate no. IN013996 dated 06.11.2010 is valid up to 06.10.2013.

The Company is obtaining EMS-ISO 14001:2004 and OHSAS-18001:2007 registration during the year 2012-13.

XXI. Credit Rating Under Basel-II:

As per the "New Capital Adequacy Framework" based on Basel-II guidelines of RBI, your Company is rated by ICRA for different limits as follows:

Fund based / Non-Fund based limits **BBB+**

Short term Debt/Commercial papers **A3+**

Long term Debt/NCD **BBB+**

XXII. Auditors:

M/s Kota & Company, Statutory Auditors (FRN-011982S) of the Company, expressed their willingness to be re-appointed for the financial year 2012-2013 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(1B) of the Companies Act, 1956.



XXIII. 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 u/s 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.

XXIV. 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: 28.08.2012

N. SEETHAIAH
Managing Director

S. VAIKUNTANATHAN
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	2011-12	2010-11
Foreign Exchange Earnings:		
Interest & others	-	-
Foreign Exchange Out Go:		
i. Towards travelling	37.78	38.22
ii. Towards import of capital goods (CIF)	-	-
iii. Towards advance to equipment suppliers	2823.44	2981.50
iv. On account of others:		
a) Investment	1956.66	3049.85
b) Interest	48.32	396.28
v. Others	58.74	109.31

For and on behalf of the Board

Place: Hyderabad
Date: 28.08.2012

N. SEETHAIAH
Managing Director

S. VAIKUNTANATHAN
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. To be in the league of top ten infrastructure companies of the nation and to become the most respected global infrastructure company.

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 2012, the Board consists of 5 (Five) Directors. There is 1(One) Managing Director, 1(One) Whole-time Director, 1(One) Non-Executive Director, and 2(Two) Independent Non-Executive Directors of whom one is the 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 31.03.2012 has been set out here below.

Sl. No.	Name of the Director	Board Meetings attended during the financial year 2011-12	Meeting attended at Previous AGM held on 30.09.2011
1	Sri N. Seethaiah Managing Director	30	Yes
2	Sri S.Vaikuntanathan Whole-time Director	30	Yes
3	Sri K. Srinivasa Rao Non-Executive Director	30	Yes
4	Dr. C. Venkateshwara Rao Independent Director	30	No
5	Sri P. Madhava Rao Independent Director	20	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	18	3	-
2	Sri S.Vaikunthanathan	Whole-time Director	1	-	-
3	Sri K.Srinivasa Rao	Non- Executive Director	19	-	-
4	Dr. C.Venkateshwara Rao	Independent Director	13	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 (30) Board Meetings were held during the financial year ended 31.3.2012 on the following dates:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
13.04.2011	07.07.2011	10.10.2011	04.01.2012
16.04.2011	27.07.2011	29.10.2011	18.01.2012
29.04.2011	30.07.2011	31.10.2011	30.01.2012
24.05.2011	16.08.2011	14.11.2011	04.02.2012
25.05.2011	30.08.2011	12.12.2011	13.02.2012
30.05.2011	15.09.2011	19.12.2011	01.03.2012
21.06.2011		28.12.2011	12.03.2012
			16.03.2012
			20.03.2012
			31.03.2012

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.Venkateshwara Rao, Independent Director as Chairman, Sri.P.Madhava Rao, Independent Director and Sri.K. Srinivasa Rao, Non-Executive 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 29.04.2011, 30.07.2011, 30.08.2011, 14.11.2011 and 13.02.2012 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.Venkateshwara Rao	Chairman	5
2	Sri. P Madhava Rao	Member	5
3	Sri. K.Srinivasa Rao	Member	5

Whole Time Director, Head of Internal Auditors and representative of Statutory Auditors attend 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 review 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:

- 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.
- 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.
- 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 29.04.2006 consisting of three (3) members namely Dr. C.Venkateshwara Rao, Independent Director as Chairman, Sri.P.Madhava Rao, as Independent member and Sri.K.Srinivasa Rao, Non-Executive Director as Member.

iii. Attendance during the year:

The Remuneration Committee met 1 (One) time, during the financial year under review, on 14.11.2011 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. Venkateshwara 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:

- 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 2012 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	1,95,000 (01-04-2011 to 13.11.2011) 2,45,000 (14.11.2011 to 31.03.2012)	Nil	Nil	Nil	25,68,333

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 29.04.2006 consisting of three (3) members namely Sri.K.Srinivasa Rao, Non-Executive Director as Chairman, Sri.N.Seethaiah, Managing Director and Dr.C.Venkateshwara 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 Share holders Complaint received as on the date of approval of Directors Report:

During the financial year under review, the Company has received 19 complaints from Shareholders, disposed off is 19 and the balance is Nil.

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

Nil

v. Number of Pending Complaints as on the date of approval of Directors Report:

Nil



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

The Company has created a separate E-mail ID: **cs@madhucon.com** 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 29.04.2011, 30.06.2011, 14.11.2011 and 13.02.2012 and the attendance of the members of the Committee as recorded is as under:

SI.No.	Name of the Director	Position	No. of meetings attended
1	Sri K. Srinivasa Rao	Chairman	4
2	Sri N. Seethaiah	Member	4
3	Dr. C. Venkateshwara Rao	Member	4

vii Shares held by Non-Executive and Independent Directors:

SI. No.	Name of the Director	Status	No. of Shares held	Percentage (%) of total shares
1	Sri K. Srinivasa Rao	Non-Executive	1009000	1.37
2	Dr. C. Venkateshwara Rao	Independent	Nil	Nil
3	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
21st AGM (2010-2011)	30.09.2011, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam- 507003	<ol style="list-style-type: none"> 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.
19th AGM (2008-09)	30.09.2009, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam- 507003	No

iii. Special Resolution passed through Postal Ballot:

No Special resolution was passed through Postal Ballot during 2011-2012. 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 31.3.2012. 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 31.3.2012.

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 financial results of the Company will be published in the leading daily newspaper within 45 days from of the end of the respective quarter as per the 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 2012	11th August, 2012
2nd Quarter ended 30th September 2012	14th November, 2012
3rd Quarter ended 31st December 2012	14th February, 2013
4th Quarter ended 31st March 2013	14th May, 2013

ii. Newspapers wherein results normally published:

The un-audited financial 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 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 31.03.2012:**

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	1015367045*	10	10153670450	93.92
2	Madurai-Tuticorin Expressways Limited (CIN - U45203AP2006PLC050114)	11.05.2006	88561500	10	885615000	54.12
3	Madhucon Energy Limited (CIN - U45309AP2000PLC034007)	24.03.2000	100090	5	500450	99.95
4	Madhucon Mega Mall Private Limited (CIN - U45400AP2007PTC056734)	18.12.2007	20000	10	200000	66.66
5	Nama Hotels Private Limited (CIN - U55101AP2007PTC056818)	24.12.2007	27121200	10	271212000	99.96
6	Madhucon Heights Private Limited (CIN - U45209AP2007PTC056733)	18.12.2007	20000	10	200000	66.66
7	Agastyamuni Hydro Power Private Limited (CIN - U40108AP2010PTC068128)	28.04.2010	6000	10	60000	60.00
8	Rudraprayag Hydro Power Private Limited (CIN - U40108AP2010PTC068130)	28.04.2010	6000	10	60000	60.00
9	Tilwara Hydro Power Private Limited (CIN - U40300AP2010PTC068127)	28.04.2010	6000	10	60000	60.00

* Excludes Share application money of Rs. 155.66 Crores to Madhucon Infra Limited.

ii) Madhucon Projects Limited Investments in Equity of Foreign Subsidiary Companies as on 31.03.2012:

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 31.03.2012:**

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	27.59
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 (CIN - U45209AP2010PLC068742)	02.06.2010	100000	10	1000000	0.17
9	Simhapuri Energy Private Limited (CIN - U40101AP2005PTC048264)	02.12.2005	10000	10	100000	0.01
10	Rajanagaram Gas Power Private Limited (CIN - U40108AP2010PTC066560)	05.01.2010	488080	10	4880800	13.56
11	Ramnagar Power Private Limited (CIN - U40108AP2010PTC071246)	16.11.2010	10000	10	100000	50.00
12	Barasat-Krishnagar Expressways Ltd (CIN - U45203AP2011PLC073469)	24.03.2011	14000	10	140000	0.04
13	Ranchi Expressways Limited (CIN - U45209AP2011PLC073568)	29.03.2011	14000	10	140000	0.02
14.	Vijayawada – Machlipatnam Expressways Limited (CIN - U45209AP2011PLC077676)	28.11.2011	8000	10	80000	8.00

iv) **Madhucon Projects Limited Investments in Equity of Foreign Group Companies (other than subsidiary) as on 31.03.2012:**

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Share	Value of Equity Shares held	Percentage (%)
1	PT Madhucon Indonesia (Deed No.30) (H.R.01.01.TH 2006) Jakarta, Indonesia	19.12.2005	1565000	Rph.10,110	US\$1565000 (equivalent to Rs.72271700)	10.00

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 under clause 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 : 29th September, 2012
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:

25th September 2012 to 29th September 2012 (inclusive of both days) to determine the entitlement of shareholders to receive the dividend, if any, declared for the financial year ended 31st March, 2012. 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 28th October, 2012

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 2011-2012:

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 2012 are as under-



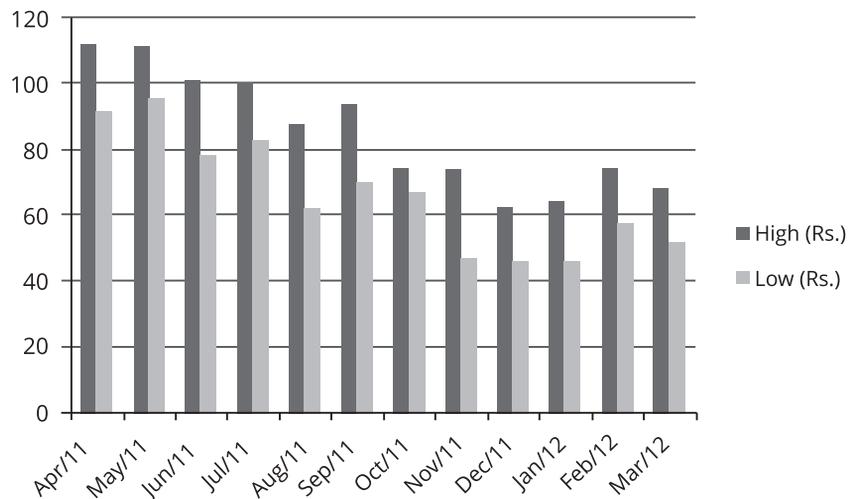
A) BSE

Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2011	112	91.95	468300	8756
May 2011	111	95.55	130209	2222
June 2011	101	78.1	219393	5672
July 2011	100	82.5	53520	1546
August 2011	87.2	61.95	160385	4396
September 2011	93.9	70	66637	1921
October 2011	74	67	178852	2667
November 2011	73.5	47	62053	2401
December 2011	62.5	46	182895	4593
January 2012	63.9	46.1	255181	4741
February 2012	74	57.55	454318	6973
March 2012	68.6	51.05	263264	4280

B) NSE

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares
April 2011	111.30	92.00	1835802
May 2011	112.00	98.00	692456
June 2011	100.85	78.10	1031846
July 2011	91.00	84.35	157486
August 2011	88.00	61.55	1515158
September 2011	88.00	68.05	201565
October 2011	73.80	66.00	651246
November 2011	70.50	47.00	306299
December 2011	62.45	43.65	2915734
January 2012	63.90	48.00	744282
February 2012	73.90	57.10	1154307
March 2012	68.00	51.00	602009

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: varghese@karvy.com

Contact Person Name & Designation: Mr. P.A. Varghese - General Manager

ix) Share Transfer System:

All the Share Transfers that are received will be processed by the Registrar and 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, 2012

Equity Share holding of nominal Value of Rs. 1/- each	Equity Shareholders		Equity Share Amount	
		%	In Rs.	%
1 - 5,000	10677	98.179314	2794196	3.786433
5,001 - 10,000	77	0.708046	594231	0.805246
10,001 - 20,000	40	0.367816	590390	0.800041
20,001 - 30,000	18	0.165517	443650	0.601193
30,001 - 40,000	6	0.055172	197908	0.268186
40,001 - 50,000	7	0.064368	308162	0.417592
50,001 - 1,00,000	8	0.073563	541152	0.733319
1,00,001 - Above	42	0.386207	68325251	92.587989
TOTAL	10875	100.00	73794940	100.00

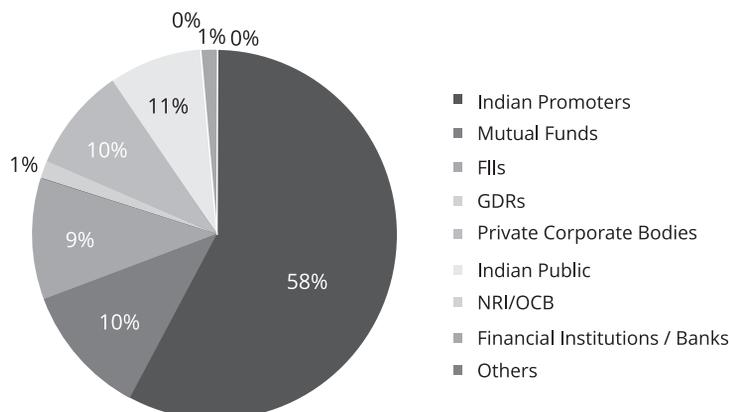

B) SHAREHOLDING PATTERN AS ON 31ST MARCH 2012:

Shareholding Pattern for the Quarter ending 31st March 2012 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	20	30278600	41.03
	b) Bodies Corporate	3	12406033	16.81
	c) Foreign Promoters	0	0	0
	d) Persons acting in Concert	0	0	0
	Total Promoters Shareholdings (A)	24	42549038	57.66
B) Public Shareholding	1) Institutions			
	a) Mutual Funds/ UTI	4	7709746	10.45
	b) Financial Institutions/Banks	1	452000	0.61
	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	20	6539773	8.86
	g) Foreign Venture Capital Investors	0	0	0
	2) Non- Institutions			
	a) Bodies Corporate	342	7271322	9.85
	b) Individual Shareholders holding:			
	i) Nominal share capital upto Rs.1 Lakh.	10285	4003750	5.43
	ii) Nominal share capital in excess of Rs.1Lakh	8	3932449	5.33
	c) NRI/OCB	153	103638	0.14
	d) Trust	1	3000	0.00
	e) Clearing Members	35	10229	0.01
	f) Foreign Bodies-DR	2	35000	0.05
	Total Public Shareholding (B)	10851	30060907	40.73
C) Shares held by Custodians and against which Depository Receipts have been issued	Duetches Bank Trust Company Americas – GDR's	1	1049400	1.42
	Total (C)	1	1049400	1.42
	Grand Total: (A)+(B)+(C)	10875	73794940	100.00



SHAREHOLDING DISTRIBUTION



C) Top Shareholders as on 31st March 2012:

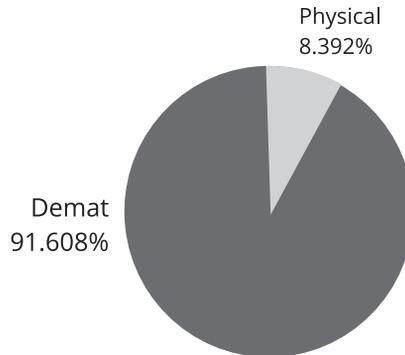
	Category	Name	No. of Shares	% of Shares
A	Promoter's Holding (holding more than 1%)			
	Individuals	NAMA NAGESWAR RAO	10147000	13.75
		NAMA CHINNAMMA	6158000	8.34
		SEETHAIAH NAMA	6001800	8.13
		NAMA KRISHNAIAH	2601800	3.53
		NAMA PRITHVI TEJA	993000	1.35
		KAMMA SRINIVASA RAO	954000	1.29
	Bodies Corporate	MADHUCON GRANITES LIMITED	8044000	10.90
		NAMA INVESTMENTS LIMITED	3633500	4.92
		Total (A)	38533100	52.21
B	Public shareholding (holding more than 1%)			
B1	Institutional Investors			
	a) Mutual Funds	1) RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIA	4835792	6.55
		2) SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP	2381501	3.23
	b) Foreign Institutional Investors:	1) COPTHALL MAURITIUS INVESTMENT LIMITED	4300672	5.83
		2) CREDIT SUISSE (SINGAPORE) LIMITED	781499	1.06
B2	Non-Institutions	1) ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	4346222	5.89
		2) MAX NEW YORK LIFE INSURANCE COMPANY LIMITED A/C -	763498	1.03
B3)	Individual	ASHISH DHAWAN	1794999	2.43
		Total (B1 + B2 +B3)	19204183	26.02



xi. Dematerialization of shares and liquidity:

67,60,2330 Equity Shares equivalent to 91.608 % of the total equity share capital have been de-materialized and 6192610 are in physical form equivalent to 8.392% as on 31st March 2012.

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:

10,49,400.

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: varghese@karvy.com

Contact Person Name& Designation: Mr. P.A. Varghese - 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 2012-2013.

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 2012.

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.)
2010-2011	Interim	--	---	----
	Final	25	0.25	18448735
2009-2010	Interim	---	---	---
	Final	40	0.80	29517976
2008-2009	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) reappointed at the ensuing AGM is given here below.

18. Directors retiring by rotation:**Sri P. MadhavaRao, Independent Director**

Sri P. MadhavaRao, aged 53 years, is an eminent Advocate with two decades as Practicing Lawyer.

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

**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 S.Vaikuntanathan, Director (Finance)/ Whole-time Director 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: 28.08.2012

S. VAIKUNTANATHAN
Director-Finance / Whole-time Director

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 Exchanges the quarterly compliance of corporate governance report within the prescribed period and in the prescribed format.

Quarterly Compliance Report on Corporate Governance for the Quarter ending on 30th June, 2012.

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

Place: Hyderabad
Date: 28.08.2012

N.SEETHAIAH
Managing Director



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 2012 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 2012, 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

Place: Hyderabad
Date: 28.08.2012

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



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-Machilipatnam Expressways Limited (SPV)
20. M/s Rajauli-Bakhtiyarpur Expressways Limited (SPV)
21. M/s Madhucon Energy Limited
22. M/s Simhapuri Energy Private 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 Madhucon Infotech Limited
37. M/s Madhucon Natural Resources Limited, Singapore
38. M/s PT Madhucon Indonesia, Indonesia
39. M/s PT Madhucon Sriwijaya Power, Indonesia



AUDITORS' REPORT

To
The Members,
Madhucon Projects Limited

- (1) We have audited the attached Balance Sheet of Madhucon Projects Limited ("the Company") as at 31st March, 2012, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956. we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations from the directors, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
and
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KOTA & COMPANY
Chartered Accountants
FRN 011982S

Place: Hyderabad
Date: 28.08.2012

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



Annexure to the Auditor's Report **(Referred to in paragraph 3 of our report of even date)**

To
The Members,
Madhucon Projects Limited

- (i) In respect of its fixed assets:
- (a) The Company is maintaining proper records showing 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 such verification.
 - (c) According to the information and explanations given to us, no substantial part of the fixed assets has been disposed off during the year to affect the going concern aspect.
- (ii) In respect of its inventory:
- (a) As explained to us, the inventory has 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 inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - (d) The Company has reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on issue of stores and allocation of stores and labour of jobs.
- (iii) (a) According to the information and explanations provided to us, the Company has granted unsecured loans aggregating Rs.4383.50 lakhs to 7 companies during the year covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.17552.65 lakhs (11 parties) and the year end balance of the loans granted to such parties was Rs.16896.91 lakhs (11 parties).
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the above loans are not prima facie, prejudicial to the interest of the Company.
- (c) & (d) According to the information and explanations given to us, the principle and interest are payable on demand and there is no repayment schedule and hence we are unable to comment on the regularity of receipt/repayment of principal and interest payment.
- (e) According to the information and explanations given to us, the Company has not taken loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly, paragraphs (iii) (e), (f) and (g) of CARO are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system 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 the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.



- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained u/s 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time as per the information available with the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public.
- (vii) In our opinion, internal audit system of the Company needs to be improved so as to be 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(1d) of the Companies act, 1956 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) The Company is generally regular in depositing undisputed statutory dues with appropriate authorities including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no significant undisputed amounts payables in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.
- (c) According to information and explanation given to us and the records of the Company examined by us, there are no dues on account of Income Tax, Sales Tax, Customs Duty, Excise Duty Cess and other statutory dues as at 31st March 2012, which have not been deposited on account of dispute except the following:

S.No.	Nature of due	Amount (Rs. in lakhs)	Period	From where dispute is pending
1	Income Tax	7244.20	2000-01 to 2007-08	Appeal with ITAT, Hyderabad
2.	Sales Tax	974.03	Demand raised in 2004-05	Appeal pending with Hon'ble High Court of AP.

- (x) In our opinion, the Company doesn't have any accumulated losses and also there are no cash losses during the financial year covered by our audit due to commercial operations.
- (xi) According to the information and explanations given to us, the Company has defaulted in repayment of dues to a financial institutions and banks. Details are as follows:

Amount of Default Rs. in Lakhs		Period of Delays in days (as at 31.03.2012)
Principal	Interest	
498.87	153.08	01-30
40.46	8.40	31-60



- (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 /nidhi/ mutual benefit fund/society. Therefore, the provisions of any special statute as specified under clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares securities, debentures and other investments.
- (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions are not prejudicial to the interest of the Company.
- (xvi) In our opinion, and according to the information and explanations given to us the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us, no short-term borrowings have been used for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us during the period covered by our audit report, the Company had 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 was reported on or by the Company.

For KOTA & COMPANY
Chartered Accountants
FRN 011982S

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

Place : Hyderabad
Date : 28.08.2012

**Balance Sheet as at 31st March, 2012**

(Rupees in Lakhs)

Particulars	Note	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	63,511.78	60,121.38
Total-A		64,252.10	60,861.70
(2) Non-Current Liabilities			
(a) Long-term Borrowings	2.3	17,958.64	18,251.57
(b) Deferred tax Liability (Net)	2.4	-	358.98
(c) Other Long term Liabilities	2.5	59,284.18	40,853.19
(3) Current Liabilities			
(a) Short-term Borrowings	2.6	38,227.18	47,607.67
(b) Trade Payables	2.7	33,989.62	10,266.57
(c) Other Current Liabilities	2.8	90,693.06	49,380.66
(d) Short-term Provisions	2.9	12,862.52	10,659.31
Total-B		253,015.22	177,377.95
Total (A+B)		317,267.32	238,239.66
II. ASSETS:			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.10	20,078.41	24,098.46
(b) Non-current Investments	2.11	114,424.70	75,613.63
(c) Deferred Tax Asset (net)	2.4	118.20	-
(d) Long term Loans and Advances	2.12	14,543.59	10,548.34
(e) Other Non-Current Assets	2.13	53,578.08	53,811.13
(2) Current assets			
(a) Inventories	2.14	4,193.77	17,840.40
(b) Trade Receivables	2.15	64,464.53	20,008.21
(c) Cash and Bank Balances	2.16	3,481.97	6,406.49
(d) Short-term Loans and Advances	2.17	2,385.39	2,535.08
(e) Other Current Assets	2.18	39,998.69	27,377.91
Total		317,267.32	238,239.66
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

For and on behalf of the Board

K.S.R.K. Prasad

Partner

M.No.022964

Place : Hyderabad

Date : 28-08-2012

N. Seethaiah

Managing Director

S. Vaikuntanathan

Wholetime Director

Nutan Singh

Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2012

(Rupees in Lakhs)

	Particulars	Note	For the year Ended 31.03.2012	For the year Ended 31.03.2011
	Revenue:			
I	Revenue from Operations	2.19	180,315.53	171,289.68
II	Other Income	2.20	1,978.69	886.88
III	Total Revenue (I +II)		182,294.22	172,176.55
	Expenses:			
IV	Cost of Materials Consumed	2.21	73,423.66	84,449.44
	Work Expenses	2.22	58,452.59	67,298.88
	Changes in Stock & Work-in-Progress	2.23	13,626.70	(10,309.72)
	Employee Benefit Expenses	2.24	6,318.00	5,838.04
	Finance Costs	2.25	11,268.50	6,254.80
	Depreciation and Amortization Expenses	2.10	5,115.80	4,780.17
	Other Expenses	2.26	9,525.38	6,787.78
	Total Expenses		177,730.62	165,099.39
V	Profit before Exceptional and Extraordinary Items and Tax (III - IV)		4,563.59	7,077.16
VI	Exceptional Items	2.27	-	40.27
VII	Profit Before Tax (V + VI)		4,563.59	7,117.42
VIII	Tax Expense: (1) Current tax (2) Deferred tax		1,564.61 (477.18)	4,562.51 (685.93)
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		3,476.17	3,240.85
X	Profit/(Loss) for the period		3,476.17	3,240.85
	Earning per equity share:			
	(1) Basic		4.71	4.39
	(2) Diluted		4.71	4.39

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

For and on behalf of the Board

K.S.R.K. Prasad
Partner
M.No.022964
Place : Hyderabad
Date : 28-08-2012

N. Seethaiah
Managing Director

S. Vaikuntanathan
Wholetime Director

Nutan Singh
Company Secretary



Cash Flow Statement for the Year Ended 31st March 2012

(Rupees in Lakhs)

PARTICULARS	As at 31.03.2012	As at 31.03.2011
A.CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	4,563.59	7,077.16
Adjustments for:		
Add:		
Depreciation	5,115.80	4,780.17
Interest	10,762.07	4,646.90
Less: Income from Investment	1,279.36	614.17
Operating profit before working capital changes	19,162.10	15,890.06
Adjustments for:		
(Increase)/Decrease in stocks	13,646.63	(10,329.65)
Increase /Decrease in Trade Receivables and other advances	(60,689.60)	(52,109.14)
Increase/Decrease in Trade Payables and other Liabilities	85,669.66	28,278.66
	38,626.69	(34,160.13)
Cash Generated from operations	57,788.79	(18,270.07)
Direct taxes	1,564.61	4,562.51
Cash flow before extraordinary items	56,224.18	(22,832.58)
Extraordinary items	-	40.27
Net Cash from Operating activities (A)	56,224.18	(22,792.31)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets(net)	(1,095.75)	(1,537.34)
Increase in Investments	(38,811.07)	(11,748.52)
Income from investment (Interest)	1,279.36	614.17
Net Cash used in investing activities (B)	(38,627.45)	(12,671.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(10,762.07)	(4,646.90)
Increase / Decrease in long Term Borrowings	(292.93)	29,052.55
Increase/ Decrease in Short Term Borrowings	(9,380.49)	12,132.11
Dividend Paid	(73.79)	(184.49)
Dividend Tax thereon	(11.97)	(30.64)
Dividend and Dividend Tax Adjustments of Previous Year	-	-
Net cash from financing activities (C)	(20,521.25)	36,322.64
Net Increase in Cash and Cash equivalents	(2,924.52)	858.64
Cash and cash equivalents as at 01/04/2011 (Opening Balance)	6,406.49	5,547.84
Cash and cash equivalents as at 31/03/2012 (Closing Balance)	3,481.97	6,406.49
Note: Proceeds from Long Term and Short Term Borrowings are shown Net of Repayments		

As per our Report of even date attached

For Kota & Company
Chartered Accountants
FRN 011982S

For and on behalf of the Board

K.S.R.K. Prasad
Partner
M.No.022964
Place : Hyderabad
Date : 28-08-2012

N. Seethaiah
Managing Director

S. Vaikuntanathan
Wholetime Director

Nutan Singh
Company Secretary



Significant Accounting Policies and Notes on Accounts forming part of the Accounts As at 31st March, 2012

I. SIGNIFICANT ACCOUNTING POLICIES

1. 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.

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for the preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact on recognition and measurement of principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. 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.

3. Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulation of 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.

4. 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.

5. 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.

6. 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.



7. Loan Funds

Working Capital, Short term Loan facilities:

Funded and Non fund based facilities from Consortium of banks are secured by

- (a) Paripassu first charge on Current assets of the Company.
- (b) Paripassu second charge on unencumbered movable fixed Assets of the Company.

ECB Loan:

Facility is secured by exclusive charge on equipment purchase.

8. Employee Benefits

a) Provident Fund:

Provident fund is defined Contribution scheme and contributions are charged to the statement of profit and loss 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.

9. 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.

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.

c) 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.

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.

10. 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.

11. 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.

12. 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.

13. 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.

14. Provisions, Contingent Liabilities & Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligations 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 out flow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

15. Leases

Lease rentals in respect of assets acquired under operating lease are charged to Statement of profit and loss.



II	Notes on Accounts:			
	1. Contingent Liabilities not provided for:			
	Particulars	As at 31.03.2012 Rs. (Lakhs)	As at 31.03.2011 Rs. (Lakhs)	
	Bank Guarantees/Letter of Credit issued by the banks on behalf of the Company.	110198.00	109096.00	
	Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	126965.00	110674.61	
	Disputed Sales Tax (on appeal)	974.03	974.03	
	Income-tax demand contested in appeal.	7244.20	7189.30	
	<p>2. The long term unquoted investments in equity shares of Subsidiary Companies as given hereunder and included in Note No.2.10 are pledged with Banks and Financial Institutions which have extended loan facilities to the respective investee companies.</p>			
	S.No	Investee Company	No of Shares pledged	
			2011-2012	2010-2011
1	Madurai Tuticorin Expressways Ltd	7,34,54,000	7,34,54,000	
2	Madhucon Infra Ltd	2,50,00,000	2,50,00,000	
3	Nama Hotels (P) Ltd	1,38,41,000	1,38,41,000	
3. Auditor's Remuneration:				
Particulars	2011-12 Rs. (Lakhs)	2010-11 Rs. (Lakhs)		
Statutory Audit Fee	22.00	15.50		
Tax Audit Fee	3.00	1.50		
<p>4. The Income Tax assessments of the Company have been completed up to the assessment year 2008-09. The disputed demand outstanding up to the said assessment year is Rs.7244.20 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.</p>				
5. Deferred Tax Asset / Liabilities:				
As per Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, Deferred Tax Liabilities arising are as follows:			(Rs. In Lakhs)	
	31.03.2012	31.03.2011		
Deferred Tax Liabilities on timing differences on account of Depreciation	(477.18)	(685.93)		
Total	(477.18)	(685.93)		
<p>6. Turnover (Civil Engineering Projects) include machinery and equipment supplied to Simhapuri Energy Private Limited (Subsidiary Company) Rs.59403.00 Lakhs as part of EPC contract.</p>				



7. Segmental Reporting:

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

8. Joint Ventures:

The Company has financial 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

9. 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, 2012 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2012 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.

10. In accordance with Accounting Standard 11 (revised) the net exchange gain/(Loss) credited to profit & loss account is Rs.58.36 Lakhs (previous year net exchange gain credited Rs. 6.10 lakhs) and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. Nil (previous year: Rs.Nil).

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

Particulars	2011-12 Rs. (Lakhs)	2010-11 Rs. (Lakhs)
Foreign Exchange Earnings & Out go :		
I. Foreign Exchange Earning: Interest & Others	-	-
II. Foreign Exchange Out Go:		
i. Towards Traveling	37.78	38.22
ii. Towards Import of Capital Goods (CIF)	-	-
Towards Advance to Equipment suppliers	2823.44	2981.50
iii. On Account of Others :		
Investment	1956.66	3049.85
Interest	48.32	396.28
iv. Others	58.74	109.31

**12. Related Party Transactions:**

Following are the list of related parties and relationships

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 Private Limited
18. PT Madhucon Indonesia
19. Madhucon Toll Highways Limited
20. Vijayawada-Machilipatnam Expressways Limited

C. Associates

21. Madhucon Sugars and Power Industries Limited
22. M.B.N. Anchored Earth Limited
23. Madhucon Properties Limited
24. Ramnagar Power Private Limited

D. Enterprises where Significant Influence Exists

25. Nama Investments Limited
26. Madhucon Granites Limited
27. Madhucon Infotech Limited
28. Madhucon Land Developers Limited
29. Madhucon Estates Limited
30. Nama Properties Limited
31. NNR Infra Investments Private Limited
32. Rajanagaram Gas Power Private Limited
33. Madhucon Stone Crushers Private Limited
34. Madhucon Mineral Resources Limited
35. Nama Energy Private Limited
36. Umarwada Gas Power Project Private Limited
37. Pallakurichi Power Private Limited
38. Tiruchendur Power Private Limited

E. Joint Ventures

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

**F. Key Management Personnel and their relatives:**

45. Sri Nama Seethaiah Managing Director
46. Sri S. Vaikuntanathan Whole-time Director

G. Related Party Transactions during the year ended 31st March, 2012 are as follows:

Particulars of Transactions	Subsidiaries	Associates	Step Down Subsidiaries	Jointly Controlled entities	Key Mgmt. personnel and relatives	Enterprises Owned Or Significantly influenced By Key Management Personnel Or Their Relatives
Sales/Contract Receipts	6,858.70	-	130,976.92	6,986.08	-	-
Share Capital/Share Application Money	15,566.00	-	-	-	-	-
Rent Paid	-	-	-	-	29.40	-
Remuneration	-	-	-	-	60.00	-
Investments	-	-	7.80	-	-	-
Sale of Investments to Subsidiaries	-	-	-	-	-	-
Corporate Guarantees	53,589.90	-	73,375.03	-	-	-
Bank Guarantees	-	-	17,060.00	-	-	-
Loans/Advances paid	2,273.00	0.55	-	1.95	76.97	349.55
Loans/Advances Received	-	-	-	-	-	149.69
Year end balances in Current Assets	13,776.44	0.22	58,884.70	4,369.46	375.06	6,314.75
Year end balances in Current Liabilities	-	566.92	-	553.03	1,460.59	1,776.50

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 2011-12

Particulars of Transactions	Amount (Rs. in Lakhs)
Sales/Contract Receipts:	
Simhapuri Energy Pvt Ltd	92612.58
Chhapra-Hajipur Expressways Limited	21843.63
Rent Paid:	
Sri Nama Seethaiah	14.40
Smt. Nama Chinnamma	15.00
Remuneration:	
Sri Nama Seethaiah	60.00
Investments	
Chhapra-Hajipur Expressways Limited	7.80
Corporate Guarantees	
PT Madhucon Indonesia	13500.00
Simhapuri Energy Private Limited	51220.00
Bank Guarantees	
Simhapuri Energy Private Limited	2,455.00
Brasat-Krishnagar Expressways Limited	4,335.00
Chhapra-Hajipur Expressways Limited	2,875.00
Loans/Advances paid	
Madurai-Tuticorin Expressways Ltd	435.00
Madhucon Infra Limited	1,837.84
Loans/Advances Received	
Madhucon Granites Limited	149.69

**13. Consolidation of Accounts:**

In accordance with the Accounting Standards AS-21 and AS-23 on Consolidated Financial Statements read with Accounting Standard AS-27 on Accounting for Investments in Subsidiaries/Associates/JVs, the figures of the subsidiaries are consolidated with the parent company.

14. Earnings per share:

S.No	Particulars	As at 31.03.2012	As at 31.03.2011
A	Profit computation for basic earnings Net Profit as per Profit & Loss Account Available for equity shareholders. (Rs. Lakhs)	3476.17	3240.85
B	Weighted average number of equity shares For EPS computation. (Nos) (For Basic EPS)	73794940 of Rs.1/-each	73794940 of Rs.1/-each
C	EPS (weighted average) (Rs)	4.71	4.39

15. 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.

16. 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

For and on behalf of the Board

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

N. Seethaiah
Managing Director

S. Vaikuntanathan
Wholetime Director

Nutan Singh
Company Secretary

Place : Hyderabad
Date : 28-08-2012



2. Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.1	SHARE CAPITAL				
	PARTICULARS		2011-12	2010-11	
	a) Authorized Share Capital				
	30,00,00,000 Equity Shares of Re.1/-each		3,000.00	3,000.00	
	20,00,00,000 Redeemable Preference Shares of Rs.100/- each		2,000.00	2,000.00	
	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	2011-12		2010-11	
		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 Rs.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	2011-12		2010-11	
		Number of shares held	% of share holding	Number of shares held	% of share holding
	(1) Reliance Capital Trustee Company Limited	4,835,792	6.55	4,229,142	5.73
	(2) Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
	(3) ICICI Prudential Life Insurance Company Limited	4,346,222	5.89	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 Chinamma	6,158,000	8.34	6,158,000	8.34
	(7) Cophall Mauritius Investment Limited	4,300,672	5.83	2,617,236	3.55
	Total	43,833,486	59.39	41,543,400	56.29
	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	2011-2012	2010-2011
	(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	3,137.08	2,813.00
	Add: Additions during the year	347.62	324.08
	Closing Balance	3,484.70	3,137.08
	(c) Surplus		
Opening Balance	27,671.22	24,969.59	
Net profit/(Net Loss) for the current year	3,476.17	3,240.85	
Proposed Dividend	(73.79)	(184.49)	
Dividend Distribution Tax	(11.97)	(30.64)	
Transfer to Reserves	(347.62)	(324.08)	
Closing Balance	30,714.00	27,671.22	
GRAND TOTAL	63,511.78	60,121.38	
2.3	LONG TERM BORROWINGS		
	Particulars	2011-2012	2010-2011
	TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS-SECURED FROM FINANCIAL INSTITUTIONS		
	(1) Bajaj Auto Finance Ltd	648.62	840.82
	(2) SREI Equipment Finance Ltd -2	3,332.47	5,000.00
	(3) SREI Equipment Finance Ltd -3	4,163.90	1,803.98
	(4) SREI Equipment Finance Ltd -4	649.22	-
	FROM BANKS		
	(5) Bank of Bahrain and Kuwait	-	1,455.39
	(6) ICICI Bank Ltd-Term Loan 2	5,900.00	8,000.00
	(7) Axis Bank Ltd	3,000.00	-
	(8) Standard Chartered Bank (ECB) -1	-	622.50
	(9) Standard Chartered Bank (ECB) - 2	264.44	528.88
	Total	17,958.64	18,251.57



Notes forming part of the Financial Statements

(Rupees in Lakhs)

Note No.:2.3(1) Bajaj Auto Finance Ltd - 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 **one year three months**.

Note No.: 2.3(2) SREI Equipment Finance Ltd - 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 instalments. The rate of interest 15% p.a. The period of maturity w.r.t. balance sheet date is **one year ten months only**.

Note No.:2.3(3)SREI Equipment Finance Ltd - 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 instalments starting from June-2011 the rate of Interest is 12%. The period of Maturity w.r.t Balance sheet date is **two years one month**.

Note No.:2.3(4) SREI Equipment Finance Ltd - Term 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 **two years eight months**.

NoteNo.:2.3(5) Bank of Bahrain and Kuwait -Term Loan- Refer No.2.8(2)

Note No.2.3(6) ICICI Bank Ltd-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 instalments will fall due after 3 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. to Balance Sheet date is **four years** repayable in Quarterly Instalments.

Note No.2.3(7)Axis Bank Ltd - Secured by the Subservient charge on the movable Fixed Assets and Current Assets of the company along with personnel guarantee of the Sri. N. Seethaiah, Managing Director. The loan is repayable in eight quarterly instalments after a moratorium of one year and three months from the first disbursement and the rate of interest is 12% p.a. payable at monthly rests. The period of maturity w.r.t to Balance Sheet date is **2 Years**.

Note No.2.3(8) Standard Chartered Bank - ECB Loan 1 - Refer Note No.2.8(5)

Note No.2.3(9) 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 **2 years**.

Note: The personal guarantee given by Mr.N.Seethaiah, Managing Director to the extent of Rs.13713.12 Lakhs for the above referred loans taken by the company Vide Note nos 2.3(3),(4),(6) & (7).

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

NAME OF THE BANK	PRINCIPAL (Rs. in Lakhs)	INTEREST (Rs. in Lakhs)	PERIOD OF DEFAULT
IndusInd Bank	26.40	-	31 Days
SREI Equipment Ltd -1	216.62	18.02	16 Days
SREI Equipment Ltd-2	-	54.17	16 Days
SREI Equipment Ltd-3	-	50.96	16 Days
SREI Equipment Ltd-4	63.21	29.94	16 Days
SREI Equipment Ltd-4	8.15	-	47 Days
Bank of Baharain and Kuwait	5.91	-	52 Days
Bank of Baharain and Kuwait	110.00	-	23 Days
ICICI Bank Limited	-	8.40	32 Days
ICICI Bank Limited	109.04	-	01 Day
Total	539.33	161.49	



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.4	DEFERED TAX LIABILITY / (ASSET)		
	Particulars	2011-2012	2010-2011
	Opening balance	358.98	1,044.91
	Less: Deferred Tax	477.18	685.93
	Total	(118.20)	358.98
	<p>1. Deferred Tax Liability/Asset for the Year Ended 31st March'2012 has been provided on the estimated tax computation for the Year.</p> <p>2. Major Components of Deferred Tax Liability/Asset arising on account of timing difference in Depreciation.</p>		
2.5	OTHER LONG TERM LIABILITIES		
	Particulars	2011-2012	2010-2011
	(1) Mobilisation advance	42,644.53	27,658.12
	(2) Performance Security	28.61	40.85
	(3) Retention Money Deposit	8,802.98	8,816.66
	(4) Security Deposit	937.36	979.02
	(5) Other Non-current liabilities	6870.68	3358.54
	Total	59,284.18	40,853.19
2.6	SHORT TERM BORROWINGS		
	Particulars	2011-2012	2010-2011
	(a) LOANS REPAYABLE ON DEMAND-SECURED FROM BANKS		
	(1) Axis Bank Ltd	2,527.91	2,531.42
	(2) Bank of India	2,500.00	2,500.00
	(3) I D B I Bank Ltd	7,509.38	4,992.77
	(4) State Bank of India	5,080.98	5,005.69
	(5) Oriental Bank of Commerce-1	4,925.20	-
	(6) IndusInd Bank Ltd	2,386.40	3,982.50
	(7) ING Vysya Bank Ltd	5,013.41	5,000.00
	(8) Standard Chartered Bank	-	1,483.42
	(9) Oriental Bank of Commerce -2	1,000.00	10,000.00
	(10) Yes Bank Ltd	6,283.90	-
	(11) ICICI Bank Ltd	1,000.00	-
	Unsecured from Banks:		
	(12) Canara Bank -Term Loan	-	9,999.87
	Total	38,227.18	45,495.67
	b) Loans and advances from related parties-Unsecured		
	(1) Madhucon Infra Limited	-	2,112.00
	Total	-	2,112.00
	TOTAL SHORT TERM BORROWINGS	38,227.18	47,607.67



Notes forming part of the Financial Statements

Note:-2.6(a)(1)Axis Bank Ltd - 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.2.6(a)(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.2.6(a)(3) IDBI Bank Ltd - 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.2.6(a)(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 of 10%).

Note No.2.6(a)(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 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.

Note2.8(a)(6)IndusInd Bank Ltd:-The loan is secured by the first charge on the unencumbered plant and machinery of the Company and loan is executed is on 16.07.2010 and repayable/determinable on demand are presently being made available for a period of 12 months. The rate of interest at the time of Sanction @9% p.a. at present 12.75% p.a.

Note No.2.6(a)(7) ING Vysya Bank Ltd - 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.2.6 (a)(8) Standard Chartered Bank Ltd: The loan taken from standard chartered bank during the year repaid fully.

Note No.2.6(a)(9) Oriental 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 rate of Interest is at Base rate of 10.75% plus Bank's spread of 1.25% which works out to 12% p.a at present with monthly rests, subject to changes in Base Rate and spread from time to time. The loan is repayable in one year.

Note No.2.6(a)(10) 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.2.6(a)(11)ICICI Bank Ltd-Term Loan- 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.2.6(a)(12) Canara Bank-Unsecured Loan-The unsecured loan taken from the canara Bank during the year repaid fully.

Note No.2.6(b) (1) Madhucon Infra Ltd - The unsecured loan taken from Madhucon Infra Limited on temporary arrangement basis repaid fully during the Year.

Note: The personal guarantee has been given by Mr.N.Seethaiah, Managing Director to the extent of Rs.5924.20 lakhs Vide Note nos 2.6(a)(5) & (11)



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.7	TRADE PAYABLES		
	Particulars	2011-2012	2010-2011
	- For Supplies	17,452.02	9,099.11
	- For Services	16,537.61	1,167.46
	Total	33,989.62	10,266.57
2.8	OTHER CURRENT LIABILITIES		
	Particulars	2011-2012	2010-2011
	a) Current maturities of long-term debt		
	(1) Bajaj Auto Finance	172.20	588.65
	(2) Bank of Bahrain and Kuwait	1,455.39	544.61
	(3) SREI Equipment Finance Ltd - 2	1,667.53	-
	(4) ICICI Bank Ltd- 2	2,600.00	2,000.00
	(5) Standard Chartered Bank (ECB) - 1	622.50	998.13
	(6) Standard Chartered Bank (ECB) - 2	264.44	240.40
	(7) SREI Equipment Finance Ltd - 3	836.10	-
	(8) SREI Equipment Finance Ltd - 4	1,628.97	-
	(9) Axis Bank Ltd	2,000.00	-
	(10) ICICI Bank Ltd (ECB LOAN)	-	1,173.84
	(11) SREI Equipment Finance Ltd - 1	2,020.60	2,476.75
	b) Current maturities and finance lease obligations		
	(1) Axis Bank Ltd (Schwing Stetter - Mobile Mixing Plant)	0.68	26.76
	(2) Axis Bank Ltd (Metso Concrete Crusher)	6.85	57.31
	(3) Magma Fincorp Ltd - (Mobile Concrete Mixer)	5.23	36.62
	(4) SREI Equipment Finance [Vehicles]	15.89	779.81
	(5) Axis Bank Ltd (ETIOS - 1 & 2)	13.69	-
	(7) Axis Bank Ltd (ETIOS - 3)	5.92	-
	(6) Axis Bank Ltd (ETIOS - 4 & 5)	12.21	-
	(8) Axis Bank Ltd [Vehicles]	-	300.61
	c) Other payables		
	(1) Bonus Payable	89.16	64.29
	(2) Labour Cess Payable	248.06	62.67
	(3) Other Liabilites	46,274.39	32,712.84
	(4) TDS & Other Taxes	685.53	315.39
	(5) Material Advance	14,973.68	6,711.35
	(6) Mobilisation Advance	14,779.56	-
	(7) LTA & Medical Allowance payable	54.63	41.74
	(8) Royalty Payable	259.85	248.89
	Total	90,693.07	49,380.66



Notes forming part of the Financial Statements

Note No. 2.8(1) Bajaj Auto Finance Ltd-Loan a/c: - Refer Note No.2.3(1)

Note No.2.8(2) Bank of Bahrain & Kuwait - 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 repayable in 17 Monthly instalment of INR 11 Millions each starting from the end of 7th month from the date of first draw down and 18th installment 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.2.8(3) SREI Equipment Finance Ltd-Term Loan - 2 - Refer Note No.2.3(2)

Note No. 2.8(4) ICICI Bank Ltd-Term Loan - Refer Note No.2.3(6)

Note No. 2.8(5) Standard Chartered 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 period of maturity w.r.t. balance sheet date is 4 months.

Note No.2.8(6) Standard Chartered Bank-ECB-2 - Refer Note No.2.3(9)

Note No.2.8(7) SREI Equipment Finance Ltd-Term Loan-3- Refer Note No.2.3(3)

Note No. 2.8(8) SREI Equipment Finance Ltd-Term Loan-4- Refer Note No.2.3(4)

Note No. 2.8(9) Axis Bank Ltd-Term Loan- Refer Note No-2.3(7)

Note No. 2.8(10) ICICI Bank Ltd (ECB)-1 The loan taken from ICICI has been repaid fully during the year

Note No. 2.8(11) SREI Equipment Finance Ltd-Term Loan-1 - Secured by the Fixed asset (equipment) to the extent of Rs.65 Crores. The loan is Repayable in 36 instalement (3 Months moratorium, 3 Months low EMI, 24 Months regular)with IRR 10.70% (Rs.58.66 lakhs x 3 Months, Rs.234.64 lakhs x 24 Months). The Period of Maturity w.r.t. balance sheet date is one year six months.

Note No.2.8(b)(1) Axis Bank-Vehicles Loan -The loan secured by hypothecation of the Construction Equipement and Commercial Vehicles financed under this loan facility and rate interest is 13.25% IRR-Fixed. The period of repayment in 35 months.

Note No.2.8(b)(2) Axis Bank-Vehicles Loan -The loan secured by hypothecation of the Construction Equipement and Commercial Vehicles financed under this loan facility and rate interest is 13.25% IRR-Fixed. The period of repayment in 35 months

Note No.2.8(b)(3) Magma Fincorp Ltd- 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. The date of Maturity w.r.t balance sheet date is 2 months.

Note No.2.8(b)(4) SREI Equipment Finance Ltd - Secured by the Equipment which was purchased out of the borrowed funds.The loan was executed on 04.02.2011 and repayable in 24 monthly instalments. The rate of interest is 15% (SBR).The period of Maturity w.r.t. balance sheet date is ten months.

Note No. 2.8(b)(5)Axis Bank Ltd Vehicles loan - Secured by the exclusive charge on the vehicles procured out this funds and repayable in 35 Equated Monthly Instalments at the rate of interest 10.39% p.a. on a monthly reducing basis.

Note No. 2.8(b)(6)Axis Bank Ltd Vehicles loan- Secured by the exclusive charge on the vehicles procured out this funds and repayable in 35 Equated Monthly Instalments at the rate of interest 10.39% p.a. on a monthly reducing basis.

Note No. 2.8(b)(7)Axis Bank Ltd Vehicles loan- Secured by the exclusive charge on the vehicles procured out this funds and repayable in 35 Equated Monthly Instalments at the rate of interest 10.39% p.a. on a monthly reducing basis.

Note No. 2.8(b)(8)Axis Bank Ltd- The loan taken from Axis Bank Ltd for purchasing vehicles repaid fully during the year.



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.9	SHORT-TERM PROVISIONS		
	Particulars	2011-2012	2010-2011
	Provision for Taxation	1,564.61	3,024.71
	Provision for Proposed Dividend & Tax	85.77	215.13
	Provision for Expenses	11,212.15	7,419.47
	Total	12,862.52	10,659.31
2.10	NON-CURRENT INVESTMENTS		
	Particulars	2011-2012	2010-2011
	1) INVESTMENTS IN EQUITY CAPITAL QUOTED		
	Canara Bank Limited (4100 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 (1015367045 Equity shares of Rs.10/- each)	101536.70	62728.70
	(2) Madhucon Energy Limited (100090 Equity Shares of Rs.5/- each)	5.00	5.00
	(3) Madhucon Mega Mall Private Limited (20000 Equity Shares of Rs.10/- each)	2.00	2.00
	(4) Nama Hotels Private Limited (27121200 Equity Shares of Rs.10/- each)	2712.12	2712.12
	(5) Madhucon Heights Private Limited (20000 Equity Shares of Rs.10/- each)	2.00	2.00
	(6) Agastyamuni Hydro Power Private Limited (6000 Equity shares of Rs.10/- each)	0.60	0.60
	(7) Rudraprayag Hydro Power Limited (6000 Equity shares of Rs.10/- each)	0.60	0.60
	(8) Tilwara Hydro Power Privated Limited (6000 Equity shares of Rs.10/- each)	0.60	0.60
	(9) P T Madhucon Indonesia (1565000 Ordinary Shares of Indonesia Rph 10,110 each)	722.72	722.72
	(10) Simhapuri Energy Private Limited (10000 Equity shares of Rs.10/- each)	1.00	1.00
	(11) Madhucon Toll Highways Limited (30000 Equity Shares of Rs.10- each)	3.00	3.00
	Special Purpose Entities		
	(12) Madurai-Tuticorin Expressways Limited (88561500 Equity Shares of Rs.10/- each)	8856.15	8856.15
	(13) T N (DK) Expressways Limited (100000 Equity Shares of Rs.10/- each)	10.00	10.00
	(14) Trichy-Thanjavur Expressways Limited (100000 Equity Shares of Rs.10/- each)	10.00	10.00



Notes forming part of the Financial Statements

(15) Madhucon Agra-Jaipur Expressways Limited (100000 Equity Shares of Rs.10/- each)	10.00	10.00		
(16) Chhapra-Hajipur Expressways Limited (100000 Equity shares of Rs.10/- each) Share Application money	10.00	3.00		2.00
(17) Barasat-Krishnagar Expressways Limited (14000 Equity shares of Rs.10/- each)	1.40	1.40		
(18) Ranchi Expressways Limited (14000 Equity shares of Rs.10/- each)	1.40	1.40		
Associates				
(19) M B N Anchored Earth Limited (40000 Equity Shares of Rs.10/- each)	4.00	4.00		
(20) Madhucon Properties Limited (20000 Equity Shares of Rs.10/- each)	2.00	2.00		
(21) Ramnagar Power Private Limited (10000 Equity shares of Rs.10/- each)	1.00	1.00		
(22) Madhucon Sugar & Power Industries Limited (4811500 Equity Shares of Rs.10/- each)	481.15	481.15		
(23) Rajanagaram Gas Power Private Limited (488080 Equity shares of Rs.10/- each)	48.81	48.81		
(24) Madhucon Oil & Gas Power Limited, Ghana	-	2.73		
(25) Madhucon Natural Resources Limited (Singapore) (750 Ordinary Shares of S \$1 each)	0.21	0.21		
(26) Vijayawada- Machilipatnam Expresssways Limited (8000 Ordinary Shares of Rs.10/-each)	0.80	-		
Total	114,423.26	75,612.20		
	2011-2012		2010-2011	
(1) Aggregate of Investments	Cost	Market Value	Cost	Market Value
Quoted Investments	1.44	19.28	1.44	25.67
Un Quoted Investments	114,423.26	-	75,612.20	-
Grand Total	114,424.70	19.28	75,613.63	25.67



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.11	Long Term Loans and Advances		
	Particulars	2011-2012	2010-2011
	A) Loans and Advances to Related Parties		
	(1) Madurai-Tuticorin Expressways Limited	435.00	435.00
	(2) Madhucon Energy Limited	98.34	98.18
	(3) Madhucon Heights Limited	1,946.22	638.95
	(4) Madhucon Infotech Limited	60.52	60.36
	(6) Madhucon Land Developers Limited	214.69	126.04
	(8) Madhucon Mega Mall Pvt Limited	3,073.21	3,073.06
	(9) Nama Investments Limited	3,521.35	3,284.57
	(10) NNR Infra Investment (P) Limited	347.48	323.97
	(11) PT Madhucon Indonesia	4,411.90	2,399.90
	(12) Madhucon Infra Limited	402.80	-
		14,511.52	10,440.03
B) Loans and Advances to Others			
(1) Other Loans & Advances	32.06	108.31	
Total	14,543.59	10,548.34	
2.12	OTHER NON-CURRENT ASSETS		
	Particulars	2011-2012	2010-2011
	(1) Earnest Money Deposits	1,459.60	534.92
	(2) Retention Money Deposits	13,190.68	16,681.60
	(3) Mobilisation advance	1,121.79	11,201.33
	(4) Other Non Current Assets	16,632.54	5,242.05
	(5) Security Deposits	1,400.95	1,501.93
	(6) Misc. Deposits	513.76	415.51
	(7) Trade Receivables (More than Six months considered good)	3,692.76	18,233.79
	(8) Share Application money-Madhucon infra Limited	15566.00	-
Total	53,578.08	53,811.13	
2.13	INVENTORIES		
	Particulars	2011-2012	2010-2011
	(1) Closing Stock	2,519.75	3,432.27
	(2) Work-in progress	1,674.03	14,408.13
	Total	4,193.77	17,840.40
2.14	TRADE RECEIVABLES		
	Particulars	2011-2012	2010-2011
	a) Trade Receivables outstanding for a period less than six months Unsecured, considered good	49,156.13	16,401.35
	Total	49,156.13	16,401.35
	b) Trade receivables outstanding for a period more than six months Unsecured, considered good	15308.40	3606.86
Grand Total	64,464.53	20,008.21	



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.15	CASH AND BANK BALANCES		
	Particulars	2011-2012	2010-2011
	I. Cash and Cash Equivalents		
	a) Cash on hand	47.71	34.29
	b) Balances with Banks		
	(1) Current Accounts	2,932.29	5,989.16
	(2) Balances with Banks for Unpaid Dividend	9.70	8.27
	(3) FDR With Banks	25.30	34.98
	Total	3,014.99	6,066.70
	II. Other Bank balances		
Bank Deposits with more than 12 months maturity			
Margin Money Deposits	466.98	339.79	
Total	466.98	339.79	
Grand Total	3,481.97	6,406.49	
2.16	SHORT TERM LOANS AND ADVANCES		
	Particulars	2011-2012	2010-2011
	A) Unsecured Considered good		
	Madhucon Granites Ltd	2,385.39	2,535.08
Total	2,385.39	2,535.08	
2.17	OTHER CURRENT ASSETS		
	Particulars	2011-2012	2010-2011
	(1) Interest Accrued	24.69	33.14
	(2) Advance Tax*	5,329.68	4,276.56
	(3) HP Interest Suspense	4.05	73.20
	(4) Mobilisation Advance	6,415.85	136.94
	(5) Material advance	232.32	7.73
	(6) TDS Receivable	3539.45	2,649.07
	(7) Other Current assets	24,452.67	20,201.27
Total	39,998.69	27,377.91	

Note:

2.17 (2) *Amount paid against the tax assessment which are under dispute and pending before ITAT.

2.10: FIXED ASSETS AND DEPRECIATION

(Rupees in Lakhs)

S.No.	Name of the Asset	Gross Block			Depreciation			Net Block		
		As at 01.04.2011	Additions upto 31.03.2012	Deletions	As at 31.03.2012	During the Year 2012	Deletions	As at 31.03.2012	WDV As at 31.03.2012	WDV As at 31.03.2011
1	Land	1066.78	2.63	-	1069.41	-	-	-	1069.41	1066.78
2	Buildings	11.10	-	-	11.10	0.18	-	0.38	10.72	10.90
3	Staff Quarters	10.57	-	-	10.57	-	-	1.94	8.62	8.62
4	Excavators	5470.20	2.75	31.00	5441.94	617.55	5.77	4225.75	1216.19	1856.22
5	Compressors	273.19	1.26	-	274.45	13.04	-	179.27	95.18	106.96
6	Vibratory Compactors	1985.46	-	-	1985.46	94.57	-	739.32	1246.15	1340.72
7	DGTH Crawler Tractor with Dozer Blades	526.64	-	-	526.64	50.17	-	396.11	130.53	180.70
8	Miller Batching Plant	2692.74	-	-	2692.74	305.38	-	2199.53	493.21	798.59
9	Industrial Process Chiller	58.12	-	-	58.12	2.77	-	27.85	30.28	33.04
10	Dozer	378.66	-	-	378.66	36.07	-	263.57	115.10	151.17
11	Drilling Equipment	560.67	0.61	-	561.29	26.71	-	128.06	433.22	459.32
12	Hot Mix Plant	2297.60	-	-	2297.60	238.22	-	1549.17	748.43	986.65
13	Crushing Plant	6966.84	-	-	6966.84	722.34	-	5317.08	1649.76	2372.10
14	Motor Graders	1409.52	-	-	1409.52	146.14	-	1026.83	382.69	528.84
15	Pavers	2581.41	-	-	2581.41	267.65	-	1942.64	638.77	906.42
16	Wet Mix Plant	215.56	-	-	215.56	22.35	-	176.78	38.77	61.12
17	Loaders	1311.21	-	-	1311.21	135.95	-	965.48	345.73	481.68
18	Cranes	114.80	-	-	114.80	10.94	-	49.41	65.39	76.32
19	Kerb Making Machine	348.83	-	-	348.83	16.61	-	121.21	227.61	244.23
20	Transit Mixtures	1066.21	82.03	-	1148.24	50.82	-	275.89	872.35	841.14
21	Vehicles	1426.91	131.81	9.73	1548.99	141.64	6.26	830.05	718.94	732.24
22	Tipper & Trucks	12915.73	7.35	510.47	12412.60	1202.60	383.00	6244.08	6168.53	7491.26
23	Centering Materials	1713.69	140.75	-	1854.44	446.07	-	1405.02	449.42	754.74
24	Other Machineries	1079.63	27.42	-	1107.05	52.27	-	370.65	736.40	761.25
25	Generators	941.46	23.27	-	964.73	45.34	-	269.05	695.69	717.76
26	Lab Equipment	270.39	35.20	-	305.58	30.53	-	178.35	127.23	122.57
27	Survey Equipment	127.21	17.90	-	145.11	14.10	-	87.97	57.14	53.35
28	Weigh Bridges	168.49	-	-	168.49	17.47	-	118.85	49.63	67.10
29	Temporary Structures	1498.23	510.86	-	2009.09	318.01	-	1680.34	328.75	135.90
30	Furniture & Office Equipment	882.98	174.85	-	1057.83	60.12	-	319.41	738.42	623.69
31	Computer & Software	151.57	93.25	-	244.82	30.17	-	54.66	190.16	127.08
T O T A L		50522.40	1251.93	551.20	51223.12	5115.80	395.03	31144.71	20078.41	24098.46



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.19 REVENUE FROM OPERATIONS:			
Particulars		For the period ended 31.03.2012	For the period ended 31.03.2011
Civil Engineering Projects		180315.53	171289.68
Total		180315.53	171289.68
2.20 OTHER INCOME			
a) Interest Income		1279.36	614.17
b) Dividend Income		1.49	4.56
c) Other Non-operating Income		639.47	262.04
d) Net gain on Foreign Currency Translation		58.36	6.10
Total		1978.69	886.88
2.21 COST OF MATERIALS CONSUMED			
a) Cement		4330.39	6148.25
b) Steel		4326.23	5740.90
c) Bitumen		3900.18	11494.37
d) General Stores		4300.61	4802.36
e) Other Materials		56566.25	56263.55
Total		73423.66	84449.44
2.22 OTHER CONSTRUCTION EXPENSES			
a) Road Work Expenses		15678.06	15513.41
b) Civil Works Expenses		24258.80	17590.67
c) Earth Work Expenses		11629.56	16401.05
d) Site Expenses		245.54	173.19
e) Material Transport Charges		978.08	1568.33
f) Repairs & Maintenance		2743.61	12048.57
g) Other Works Expenses		2918.93	4003.66
Total		58452.59	67298.88
2.23 CHANGES IN STOCK & WORK IN PROGRESS			
Opening Stock		3412.34	951.47
Opening Work-in-Progress		14408.13	6559.28
Less: Closing Stock		2519.75	3412.34
Closing Work-in-Progress		1674.03	14408.13
Increase/Decrease in Work-in-Progress		13626.70	(10309.72)
2.24 EMPLOYEE BENEFIT EXPENSES			
a) Salaries&Wages and Bonus		5844.18	5310.91
b) Staff Welfare Expenses		473.82	527.12
Total		6318.00	5838.04



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.25	FINANCE COST		
	Particulars	For the period ended 31.03.2012	For the period ended 31.03.2011
	a) B.G Commission	397.10	327.28
	b) Interest On Mobilisation Adv.	51.67	229.55
	c) Bank Charges	57.66	25.14
	d) Interest expense	10762.07	5672.83
	Total	11268.50	6254.80
2.26	OTHER EXPENSES		
	Operating Expenses		
	a) Power & Fuel	234.50	8833.08
	b) Vehicle Maintenance	304.37	403.83
	c) Machinery Maintenance	875.67	1678.40
	d) Repairs & Maintenance	62.12	57.36
	e) Machinery Hire Charges	1266.95	1075.90
	Total (A)	2743.61	12048.57
	Other Non-operating Expenses		
	a) Travelling Expenses	244.14	186.31
	b) Telephone and Fax Expenses	82.50	84.08
	c) Printing & Stationery	86.67	69.63
	d) Security Expenses	255.87	243.45
	e) Consultancy	750.56	594.36
	f) Advertisements	12.14	26.13
	g) Tender Charges	231.75	327.24
	h) Insurance Charges	813.56	402.34
	i) Legal Expenses	294.54	127.33
	j) Rent	293.34	258.49
	k) Sales Tax	2633.10	1915.66
	l) Misc. Expenses	63.36	83.63
	m) Office Maintenance	238.69	368.72
	n) Rates & Taxes	3427.43	2057.20
	o) Loss on Sale of Vehicles	69.63	24.46
	AUDIT FEES:		
	a) Statutory Audit Fee	24.72	17.10
	b) Tax Audit Fee	3.37	1.65
	Total (B)	9525.38	6787.78
	Total (A+B)	12268.99	18836.35
2.27	EXCEPTIONAL AND EXTRA ORDINARY ITMES		
	Sundry Balances Written Back	-	1034.27
	less:- Loss on Sale of Investments	-	994.00
	Total	-	40.27



CONSOLIDATED FINANCIAL STATEMENTS

2011 - 2012



AUDITORS' REPORT

THE BOARD OF DIRECTORS OF MADHUCON PROJECTS LIMITED

- (1) We have audited the attached consolidated Balance Sheet of Madhucon Projects Limited (the "Company") its subsidiaries and jointly controlled entities (collectively referred as 'the Group') as at 31st March 2012, the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement of the Group for the year ended on that date both annexed there to. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- (2) We conducted our Audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3)
 - (a) As stated in the Note no. I (3) (q) of accounting policies and notes on accounts to the consolidated financial statements; one subsidiary has not been considered in preparation of Consolidated financial statements, for reasons stated therein.
 - (b) We did not audit the financial statements and other financial information of certain subsidiaries included in the financial statements, whose financial statements reflect total assets of Rs.376910.91 lakhs as at March 31, 2012, total revenue of Rs.15627.03 lakhs (including other income), net loss of Rs.21323.93 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of the other auditors.
- (4) We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting standard 21 (consolidated financial statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
- (5) Further to our comments in the Annexure referred to in paragraph 3 above, we report that: In our opinion and to the best of our information and according to the explanations given to us, the 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 Consolidated Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - c) In the case of the Consolidated Cash Flow Statement, of the cash flow for the year ended on that date.

For KOTA & COMPANY
CHARTERED ACCOUNTANTS
FRN 011982S

Place: Hyderabad
Date: 28.08.2012

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



Consolidated Balance Sheet as on 31st March, 2012

(Rupees in Lakhs)

Particulars	Note	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	740.32	740.32
(b) Reserves and Surplus	2.2	17,205.28	66,668.23
(2) Minority Interest			
		13,104.48	17,755.03
(3) Non-Current liabilities			
(a) Long term borrowings	2.3	384,151.93	261,551.72
(b) Deferred Tax Liabilities(Net)	2.4	2,847.26	359.36
(c) Other Long term liabilities	2.5	20,540.14	18,185.30
(d) Long term Provisions	2.6	3,117.09	895.00
(4) Current Liabilities			
(a) Short term borrowings	2.7	38,227.18	40,029.75
(b) Trade Payables	2.8	34,807.91	8,143.31
(c) Other Current liabilities	2.9	94,379.40	128,948.74
(d) Short-term Provisions	2.10	12,930.52	3,762.48
TOTAL LIABILITIES		622,051.51	547,039.24
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	2.11		
(i) Tangible Assets		28,614.67	32,094.47
(ii) Intangible Assets		105,488.17	64,312.67
(iii) Capital Work-in-Progress		320,357.09	251,876.71
(iv) Intangible Assets under Development		49,063.10	38,479.59
(b) Non Current investments	2.12	674.81	571.64
(c) Long term loans and advances	2.13	4,907.27	15,627.87
(d) Other Non-Current assets	2.14	26,767.10	13,405.55
(2) Current assets			
(a) Inventories	2.15	11,102.76	24,729.46
(b) Trade receivables	2.16	36,416.41	37,167.19
(c) Cash and Bank Balances	2.17	12,566.88	13,270.93
(d) Short-term loans and advances	2.18	2,889.34	16,160.02
(e) Other Current assets	2.19	23,203.91	39,343.14
TOTAL ASSETS		622,051.51	547,039.24
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

For and on behalf of the Board

K.S.R.K. Prasad

Partner

M.No.022964

N. Seethaiah

Managing Director

S. Vaikuntanathan

Wholetime Director

Nutan Singh

Company Secretary

Place : Hyderabad

Date : 28-08-2012

**Statement of Consolidated Profit and Loss for the year ended 31st March, 2012**

(Rupees in Lakhs)

Particulars	Note	For the year Ended 31.03.2012	For the year Ended 31.03.2011
REVENUE			
Revenue from operations	2.20	55,232.04	68,602.78
Other income	2.21	2,468.86	1,356.69
Total Revenue		57,700.90	69,959.47
EXPENSES			
Cost of Materials Consumed	2.22	3,971.86	16,925.84
Other Construction Expenses	2.23	25,637.52	50,370.88
Changes in Stock & Work-in-Progress	2.24	13,626.70	(17,218.70)
Employee Benefits Expense	2.25	5,967.55	4,203.90
Finance costs	2.26	19,964.32	12,653.07
Depreciation and Amortization Expense	2.11	15,712.02	8,514.21
Other Expenses	2.27	1,385.69	6,387.78
Total Expenses		86,265.66	81,836.98
Profit before Extraordinary Items and Tax		(28,564.76)	(11,877.51)
Extraordinary Items	2.28(a)	-	40.27
Prior period items	2.28(b)	(383.01)	(244.44)
Profit Before Tax		(28,947.77)	(12,081.69)
Tax expenses:			
(1) Current tax		(1,564.61)	4,562.51
(2) Deferred Tax		(2,487.89)	(685.55)
Profit/Loss After Tax Before Minority Interest		(33,000.28)	(15,958.64)
Share of Loss Transferred to Minority Interest		2,427.18	239.35
Profit/Loss After Tax, After Minority Interest		(30,573.09)	(15,719.29)
Share of Profit/Loss from Associated Companies		118.26	-
Consolidated Profit / Loss for the Year		(30,454.84)	(15,719.29)
Earnings Per Share of Face Value of Rs. 1/- each Basic and Diluted - Rs.		(41.27)	(21.30)
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 & CompanyChartered Accountants
FRN 011982S

For and on behalf of the Board

K.S.R.K. Prasad
Partner
M.No.022964**N. Seethaiah**
Managing Director**S. Vaikuntanathan**
Wholetime Director**Nutan Singh**
Company SecretaryPlace : Hyderabad
Date : 28-08-2012



Consolidated Cash Flow Statement for the Year Ended 31st March 2012

(Rupees in Lakhs)

PARTICULARS	As at 31.03.2012	As at 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(28556.53)	(11878.06)
Adjustments for:		
Add:		
Depreciation	15712.02	8514.21
Loss on sale of Assets	14.36	24.46
Profit/Loss on sale of Investments		(1.22)
Interest	19500.24	11144.52
Less: Income from Investment	1012.52	614.17
Operating profit before working capital changes	5649.34	(7192.18)
Adjustments for:		
(Increase)/Decrease in stocks	13583.13	(12042.72)
Increase /Decrease in Trade Receivables and other advances	27563.31	(51914.72)
Increase/Decrease in Trade Payables and other Liabilities	8328.12	47245.90
Cash generated from operations	55123.91	(23903.72)
Direct taxes	(1564.61)	4562.51
Cash flow before extraordinary items	53559.30	(28466.23)
Extraordinary items		204.17
Net Cash from Operating activities (A)	53559.30	(28466.23)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets(net)	(129541.98)	(102797.68)
Increase/decrease other assets	(26856.72)	8878.26
Decrease in Investments	(103.17)	(901.14)
Income from investment (Interest)	1012.52	614.17
profit/Loss on Sale of Investments	14.36	1.22
Net Cash used in investing activities (B)	(155474.99)	(94205.17)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(19500.24)	(11144.52)
Increase/Decrease in Long and Short Term Borrowing	120797.65	98146.90
Unsecured Loans	0.00	41762.62
Dividend Paid	(73.79)	(184.49)
Dividend Tax thereon	(11.97)	(30.64)
Net cash from financing activities (C)	101211.64	128549.88
Net Increase in Cash and Cash equivalents	(704.05)	5878.47
Cash and cash equivalents as at 01/04/2011 (Opening Balance)	13270.93	7392.46
Cash and cash equivalents as at 31/03/2012 (Closing Balance)	12566.88	13270.93

As per our Report of even date attached

For Kota & Company

Chartered Accountants

FRN 011982S

For and on behalf of the Board

K.S.R.K. Prasad

Partner

M.No.022964

Place : Hyderabad

Date : 28-08-2012

N. Seethaiah

Managing Director

S. Vaikuntanathan

Wholetime Director

Nutan Singh

Company Secretary



Significant Accounting Policies and Notes on Accounts forming part of the Accounts as at 31st March, 2012

I.	<p>SIGNIFICANT ACCOUNTING POLICIES</p> <p>i) Principles of Consolidation:</p> <p>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:</p> <ul style="list-style-type: none">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, 2012 except one Subsidiary Company.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. <p>Minority interest in the net assets of consolidated subsidiaries consists of:</p> <ul style="list-style-type: none">i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; andii) The minorities share movements in the equity since the date the parent subsidiary relationship came into existence. <ul style="list-style-type: none">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 eliminatedj) 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.
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ii) 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.

iii) 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) Loan Funds

(i) Working Capital, Short term Loan facilities:

Funded and Non fund based facilities from Consortium of banks are secured by

- (a) Paripassu first charge on Current assets of the Company.
- (b) Paripassu second charge on unencumbered movable fixed Assets of the company.

**(ii) ECB Loan:**

Facility is secured by exclusive charge on equipment purchase.

i) 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.

j) Revenue Recognition:**a) Interest:**

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

b) 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.

k) 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.

l) Grants:

Equity support received from National Highways Authority of India for meeting capital cost of the project is treated as Capital Reserve. Grants received from NHAI during operation and maintenance period are treated as revenue grants as AS 12 and accordingly credited to Profit & Loss Account on actual basis.

m) 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.



n) 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

o) Foreign Currency Translation:

- a) 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.

- b) 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.

p) 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.

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

- r)** 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 settled by NHAI.



II. 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	93.92%		
2	Nama Hotels Private Limited	India	99.96%		
3	Madhucon Mega Mall Private Limited	India	66.66%		
4	Madhucon Heights Private Limited	India	66.66%		
5	Madhucon Energy Limited	India	99.95%		
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	Ramnagar Power Private Limited	India	50.00%		
11	MBN Anchored Earth Limited	India	40.00%		
12	Madhucon Toll Highways Limited	India	0.010%	99.97%	
13	Madhucon Properties Limited	India	33.33%		
14	Madhucon Sugar & Power Industries Limited	India	27.59%		
15	Ranchi Expressways Limited	India	0.02%	0.02%	99.93%
16	Barasat-Krishnagar Expressways Limited	India	0.04%	60.87%	38.92%
17	Simpapuri Energy Private Limited	India	0.01%	99.69%	
18	Madhucon Agra-Jaipur Expressways Limited	India	0.10%	51.00%	39.79%
19	TN(DK) Expressways Limited	India	0.13%	50.97%	48.86%
20	Trichy-Thanjavur Expressways Limited	India	0.15%	51.05%	48.75%
21	Chhapra-Hajipur Expressways Limited	India	0.17%	60.87%	38.92%
22	PT Madhucon Indonesia	Indonesia	10.00%	85.00%	
23	Madhucon Natural Resources (Singapore) Limited	Singapore	75.00%		

2(a) Contingent Liabilities not provided for:

Rs. in Lakhs

Sl.No.	Particulars	As at 31.03.2012	As at 31.03.2011
1.	Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company.	110198.00	109096.00
2.	Disputed Sales Tax (on appeal)	974.03	974.03
3.	Income-tax demand contested in appeal.	7244.20	7189.30
4.	Estimated Amount of contract remaining to be executed on capital account	54379.38	48.35
5.	Commitments towards investments in companies	19977.90	36248.77

2(b) The Company has signed Power Tolling Agreement with PTC India Limited on 8th August, 2008 and amended on 12th May, 2011. As per the agreement PTC has to supply the coal for the entire capacity of the Phase-I of the SEPL. The Company and project will use the coal for conversion into electricity. PTC has a right for 200 MW (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(c) The long term unquoted investments in equity shares of subsidiary companies as given hereunder are pledged with Banks and Financial Institutions which have extended loan facilities to the respective investee companies.

SI.No.	Investee Company	No of Shares pledged As at 31.03.2012	No of Shares pledged As at 31.03.2011
1	Madurai-Tuticorin Expressways Ltd	73454000	73454000
2	Nama Hotels Private Limited	13841000	13841000
3	Madhucon Infra Limited	25000000	25000000

3. 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 31.03.2012	Asat 31.03.2011
Deferred Tax Liabilities on timing differences on account of Depreciation	(2487.89)	(685.93)

4. Segmental Reporting:

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

5. Joint Ventures:

The Company has financial 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

6. 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 Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31st March, 2012 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2012 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.

7. In accordance with Accounting Standard 11 (revised) the net exchange gain / (Loss) credited to profit & loss account is Rs.58.36 Lakhs and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. 6.10 Lakhs.



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

Particulars	2011-12 Rs. in Lakhs	2010-11 Rs. in Lakhs
Foreign Exchange Earnings & Out go:		
I. Foreign Exchange Earning : Interest & Other	-	-
II. Foreign Exchange Out Go:		
i. Towards Traveling	37.78	38.22
Towards Import of Capital Goods (CIF)	-	
Towards Advance to Equipment suppliers	2823.44	2981.50
iii. On Account of Others:		
Investment	1956.66	3049.85
Interest	48.32	396.28
iv. Others	58.74	109.31

9. 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 Infotech 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

B. Related Party Transactions during the year ended 31st March, 2012 are as follows:

(Rs. in Lakhs)

Particulars of Transactions	Associates		Jointly Controlled/ entities and ventures		Key Management Personnel and Relatives		Enterprises Owned and Key Management Personnel Or Their Relatives	
	31st. March, 2012	31st. March, 2011	31st. March, 2012	31st. March, 2011	31st. March, 2012	31st. March, 2011	31st. March, 2012	31st. March, 2011
Services	0.00	0.00	0.00	0.00	0.00	0.00	-	10.16
Sales/Contract Receipts	0.00	0.00	6986.08	3064.72	0.00	0.00	-	0.00
Rent Paid	0.00	0.00	0.00	0.00	29.40	29.40	-	0.00
Remuneration	0.00	0.00	0.00	0.00	60.00	81.84	-	0.00
Investments	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
Corporate Guarantees	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
Loans/Advances paid	0.55	0.71	1.95	2.76	76.97	640.16	349.55	2469.33
Loans/Advances Received	0.22	0.00	0.00	1.49	0.00	0.00	149.69	0.00
Year end balances in Current Assets	0.00	0.06	4369.46	3973.01	367.60	338.57	6,314.75	6087.71
Year end balances in Current Liabilities	566.92	567.30	553.03	555.33	1460.59	1504.64	1,776.50	1095.52



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 2011-12			
Particulars of Transactions		Rs. in Lakhs	
		2011-12	2010-11
Sales/Contract Receipts:			
Madhucon Infotech Limited		-	10.16
Madhucon-Sino Hydro JV		6,986.08	-
Rent Paid:			
Sri. Nama Seethaiah		14.40	14.40
Smt. Nama Chinnamma		15.00	15.00
Remuneration:			
Sri. Nama Seethaiah		60.00	57.00
Bank Guarantees:			
Madhucon Sugar & Power Industries Limited		0.00	1,887.00
Loans/Advances paid			
Nama Investments Limited		236.78	-
Madhucon Land Developers Limited		88.65	-
Madhucon Granites Limited		-	2,450.00
Loans/Advances Received			
Madhucon Granites Limited		149.69	-
10. Earnings per Share:			
S.No	Particulars	2011-12	2010-11
1	Profit computation for basic earnings Net Profit as per Profit & Loss Account available for equity shareholder. (Rs. In Lakhs)	(30454.84)	(15719.83)
2	Weighted average number of equity shares of Re.1/- each for Basic EPS (Nos)	73794940	73794940
3	EPS (weighted average) (Rs.)	(41.27)	(21.30)
11. 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

For and on behalf of the Board

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

N. Seethaiah
Managing Director

S. Vaikuntanathan
Wholetime Director

Nutan Singh
Company Secretary

Place : Hyderabad
Date : 28-08-2012



2. Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.1	SHARE CAPITAL		
	PARTICULARS	2011-12	2010-11
	a) Authorized Share Capital		
	30,00,00,000 Equity Shares of Re.1/-each	3,000.00	3,000.00
	20,00,00,000 Redeemable Preference Shares of Rs.100/- each	2,000.00	2,000.00
	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
	<p>Terms/ Rights attached to Shares:- The Company has only one class of paid-up equity shares having par value of Rs.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.</p>		
2.2	RESERVES AND SURPLUS		
	Particulars	2011-2012	2010-2011
	(a) Capital Reserve	-	8,044.85
	Closing Balance	-	8,044.85
	(b) General Reserve	-	
	Opening Balance	3,137.08	2,813.00
	Additions during the year	347.63	324.08
	Closing Balance	3,484.71	3,137.08
	(c) Securities Premium Account	29,313.07	29,313.07
	Closing Balance	29,313.07	29,313.07
	(d) Surplus		
	Opening Balance	8,108.60	24,158.43
	Net profit for the current year	(30,454.84)	(15,510.62)
	Proposed Dividends	(73.79)	(184.49)
	Dividend Distribution Tax	(11.97)	(30.64)
	Transfer to reserve	(347.62)	(324.08)
	Closing Balance	(22,779.62)	8,108.60
	(e) Currency Translation Reserve	-	3.64
	(f) Post Acquisition reserves	7,187.12	18,060.98
	Grand Total	17,205.28	66,668.23



Notes forming part of the Financial Statements

(Rupees in Lakhs)

2.3	LONG TERM BORROWINGS		
	PARTICULARS	2011-12	2010-11
	(a) Unsecured Debenture		
	(1) 100,000,000 9% Fully convertible debentures	10,000.00	20,000.00
	(b) Term Loans-Secured from Banks		
	(1) BAJAJ AUTO FINANCE	648.62	709.34
	(2) ICICI BANK-TERM LOAN	5,900.00	8,000.00
	(3) ICICI BANK LTD	12,500.00	15,000.00
	(4) AXIS BANK	6,533.15	5,499.62
	(5) STANDARD CHARTERED [ECB] - 2	264.44	1,151.38
	(6) Consortium banks-BKEL	18,500.00	-
	(7) Consortium banks-CHEL	22,500.00	-
	(8) Consortium banks-MTEL	55,016.00	57,679.00
	(9) Consortium of banks-REL	14,989.00	-
	(10) Consortium banks-SEPL-Phase-1	91,844.05	84,301.29
	(11) Consortium banks-SEPL-Phase-2	65,781.92	1,489.00
	(12) Consortium banks-TTEL	22,902.75	24,012.00
	(13) Consortium banks-MAJEL	22,540.00	14,917.65
	(14) Consortium banks-TN(DK)	17,474.00	19,275.00
	(15) Consortium banks-Nama Hotel	4,556.27	3,437.00
	(c)Term Loans from Financial Institutions		
	(1) SREI EQUIPMENT FINANCE LTD- 2	3,332.47	-
	(2) SREI EQUIPMENT FINANCE LTD-3	4,163.90	-
	(3) SREI EQUIPMENT FINANCE LTD -4	649.22	1,465.06
	(4) TATA CAPITAL	3,846.15	4,615.38
	(d) From Others		
	(1) Nama Investments Limited	210.00	-
	LONG TERM BORROWINGS TOTAL	384,151.93	261,551.72
	<p>Note No.2.3(a) Debentures:-</p> <p>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.</p> <p>Note No.:2.3(b)(1) Bajaj Auto Finance Ltd- 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.</p> <p>Note No.2.3(b)(2) ICICI Bank Ltd-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 instalments will fall due after 3 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.</p> <p>Note No.2.3(b)(3)</p> <p>Terms of Repayment:</p> <p>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 31.03.2012 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.</p>		



Notes forming part of the Financial Statements

Secured by:

(i) Corporate Guarantee of Madhucon Projects Limited

Note No.2.3(b)(4) Axis Bank Ltd -Secured by the Subservient charge on the movable Fixed Assets and Current Assets of the company along with personnel guarantee of the Sri. N. Seethaiah, Managing Director. The loan is repayable in eight quarterly instalments after a moratorium of one year and three months from the first disbursement and the rate of interest is 12% p.a. payable at monthly rests.

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%.

Note No.2.3(b)(6)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 7 bankers with a weighted average interest rate of 13%(State Bank Base rate+3%) as on 31st March 2012. 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 38 quarterly installments with each Installment ranging from of Rs.8 crores to Rs. 37 crores each along with the interest from 30.09.2009. During the year Rs.11.29(PY 8.25) crores out of 15.00(PY 11.00) crores of current year repayment of the loan amount was repaid.

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 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 & future, in respect of the Project.
- (v) Pledge of 51% of share of the paid up equity capital of SPV.

Note No.2.3(b)(7)

Terms of Repayment

Indian Rupee Term Loans consists of Loans borrowed from a consortium of 6 bankers with a weighted average interest rate of 12.50%(SBI Base rate+2.50%) as on 31st March 2012. 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



Notes forming part of the Financial Statements

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 with a weighted average interest rate of 12.50% as on 31st March 2012. The interest rates are fixed for all with interest reset happening on each reset date per annum. The loan is repayable in 129 monthly with unequal Installments along with the interest from 31.07.2011.

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 itscontractors favouring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project.
- (v) Pledge of 51% of share of the paid up equity capital of SPV.
- (vi) A first charge on all bank accounts of the borrower.

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 2012. 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.

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 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, 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 instalments starting from 06.05.2012.

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 31.03.2012 - 13% p.a.



Notes forming part of the Financial Statements

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

Phase II - Term Loan

Repayable in 45 structured quarterly instalments 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) + 3.75% p.a.

Prevailing interest rate as on 31.03.2012 - 13.75% 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.

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 institution with a weighted average interest rate of 12.25% as on 31st March 2012. The interest rates are fixed for all with interest reset happening on each reset date per annum. The loan is repayable in 126 monthly with unequal Installments along with the interest from 31.12.2009.

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. 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 & future, in respect of the Project.
- (v) Pledge of 51% of share of the paid up equity capital of SPV.
- (vi) A first charge on all bank accounts of the borrower.

Note No.2.3(b)(13)

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 8 banks and one financial institution with a weighted average interest rate of 12.25%(Oriental Bank of Commerce Base rate+1.50%) as on 31st March 2012. Rate of interest shall be floating rate equivalent to base rate of OBC plus interest spread of 1.5%(the interest rate for SBBJ is SBBJ Base rate + 2% and for SBH it is SBI base rate+ 2.25%) 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.



Notes forming part of the Financial Statements

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 23 semi annual Installments along with the interest starting from March 2015.

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, 18,819,000 equity shares held by Madhucon Toll Highways Limited are pledged with the lenders.

Note No.2.3(b) (14)

Terms of Repayment

During the year, the existing term loans were re-financed by the consortium of 7 bankers with a weighted average interest rate of 12.60% as on 31st March 2012. 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 Installments each along with the interest from 31.03.2012. During the year Rs.1.15 crores of the refinanced loan amount was repaid.

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 & future, in respect of the Project.
- (v) Pledge of 51% of share of the paid up equity capital of SPV held by the Promoter
- (vi) A first charge on all bank accounts of the borrower

Note No.2.3(b)(15): The above loan was sanctioned by consortium Banks consisting above 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 promoters. The amount of Rs. 50 Cr. loan sanctioned by consortium 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 Ltd- 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 instalments. The rate of interest 15% p.a. The period of maturity w.r.t. balance sheet date is one year ten months only.

Note No.:2.3(c)(2)SREI Equipment Finance Ltd-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 instalments starting from June-2011 the rate of Interest is 12%.

Note No.:2.3(c)(3) SREI Equipment Finance Ltd-Term 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.



Notes forming part of the Financial Statements

	<p>Note No.2.3(c)(4) 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 31.03.2012 is 13.75% The loan is repayable in 26 equated quarterly Installments of Rs.19230800 after moratorium period of 6 months. The interest payment is on monthly basis. The lender reserves the right to modify the spread in the rate of interest payable on every reset date i.e. 15 January every year.</p> <p>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</p> <p>Note No.2.3(d)(1):- Nama Investments Ltd - unsecured loan Repayable on before 30.11.2014 in single payment. The rate of Interest is 8% p.a.</p>																																			
2.4	<p>DEFERRED TAX LIABILITIES (NET) (Rupees in Lakhs)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">PARTICULARS</th> <th style="text-align: center;">2011-12</th> <th style="text-align: center;">2010-11</th> </tr> </thead> <tbody> <tr> <td>Opening Balance</td> <td style="text-align: right;">359.37</td> <td style="text-align: right;">1,044.92</td> </tr> <tr> <td>Add/Less:- For the Current Year</td> <td style="text-align: right;">2,487.89</td> <td style="text-align: right;">685.54</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">2,847.26</td> <td style="text-align: right;">359.36</td> </tr> </tbody> </table>			PARTICULARS	2011-12	2010-11	Opening Balance	359.37	1,044.92	Add/Less:- For the Current Year	2,487.89	685.54	Total	2,847.26	359.36																					
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Notes forming part of the Financial Statements

Note:-2.7(1)Axis Bank Ltd - 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 Ltd - 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 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 Ltd:-The loan is secured by the first charge on the unencumbered plant and machinery of the Company and loan is executed is on 16.07.2010 and repayable/determinable on demand are presently being made available for a period of 12 months. The rate of interest at the time of Sanction @9% p.a. at present 12.75% p.a.

Note No.2.7(7) ING Vysya Bank Ltd-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 Ltd - Term Loan - 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.2.7(10) Canara Bank-Unsecured Loan -The unsecured loan taken from the canara Bank during the year repaid fully.

2.8

TRADE PAYABLES

(Rupees in Lakhs)

PARTICULARS	2011-12	2010-11
For Supplies	17,452.02	4,551.33
For Services	17,355.89	3,591.98
Total	34,807.91	8,143.31



Notes forming part of the Financial Statements

2.9	OTHER CURRENT LIABILITIES	(Rupees in Lakhs)	
	PARTICULARS	2011-12	2010-11
	a. Current maturities of Long Term debt	38,781.29	29,382.69
	b. Other Payables		
	(1) Bonus & LTA payable	144.89	105.34
	(2) Labour Cess Payable	248.06	27.35
	(3) Material Advance	2,040.52	1,247.58
	(4) Mobilisation Advance.	14,779.56	24,220.57
	(5) Other Liabilites	35,644.69	73,466.38
	(6) TDS Payable	2,740.38	498.83
	Total	94,379.40	128,948.74
2.10	SHORT-TERM PROVISIONS		
	(1) Provision for Employee Benefits	1,564.60	-
	(2) Provision for Proposed Dividend & Tax	85.77	3,347.40
	(3) Provision for expenses and salaries	11,280.15	415.08
	Total	12,930.52	3,762.48
2.12	NON-CURRENT INVESTMENTS		
	Equity Investment - Quoted		
	Canara Bank (4100Equity shares of Rs.10/each with premium of Rs25/-)	1.44	28.74
	Total	1.44	28.74
	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)	603.27	481.15
	(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)	3.82	4.00
	(5) Madhucon Properties Limited (20000 euqity Shares of Rs.10/-each)	1.91	2.00
	(6) Madhucon Toll Highways Limited	-	3.00
	(7) Ramnagar Power Private Limited (10000 euqity Shares of Rs.10/-each)	-	1.00
	(8) Madhucon Oil & Gas Power Limited, Ghana	-	2.73
	(9) Canara Bank Mutual Funds	15.36	-
	Total	673.38	542.90
	Total Investment Quoted+Unquoted	674.81	571.64



Notes forming part of the Financial Statements

2.13	LONG TERM LOANS AND ADVANCES	(Rupees in Lakhs)	
	PARTICULARS	2011-12	2010-11
	(1) Madhucon Infotech Ltd	60.52	46.96
	(2) Madhucon Land Developers Ltd	214.69	53.67
	(3) Nama Investments Ltd	3,521.35	431.17
	(4) NNR Infra Investment (P) Ltd	347.48	302.00
	(5) Other Loans & Advances	763.22	14,794.07
	Total	4,907.27	15,627.87
2.14	OTHER NON-CURRENT ASSETS		
	(1) Earnest Money Deposits	1,469.60	529.92
	(2) Retention Money Deposits	4,355.26	2,493.18
	(3) Mobilisation advance	1,121.79	183.71
	(4) Other Non Current Assets	14,498.87	9,267.69
	(5) Security Deposits	1,400.99	331.93
	(6) Other Receivables	3,920.59	599.12
	Total	26,767.10	13,405.55
2.15	INVENTORIES		
	1) Closing Stock	9,408.81	3,412.34
	2) Work-in-progress	1,693.95	21,317.12
	Total	11,102.76	24,729.46
2.16	TRADE RECEIVABLES		
	1) Trade receivable less than 6 months Unsecured, considered good	22,461.50	33,383.93
	Total	22,461.50	33,383.93
	2) Trade receivables more than 6 months Unsecured, considered good	13,954.91	3,783.25
	Total	13,954.91	3,783.25
	Grand - Total	36,416.41	37,167.19
2.17	CASH AND BANK BALANCES		
	1) Balances with banks		
	i) In Current Accounts	11,700.22	12,854.29
	ii) Unpaid Dividend	9.70	8.29
	iii) FDR with banks	60.30	-
	2) Cash on hand	130.13	58.57
	Bank Deposits with more than 12 months maturity		
	Margin Money Desposits	666.55	349.78
	Total	12,566.88	13,270.93



Notes forming part of the Financial Statements

2.18 SHORT TERM LOANS AND ADVANCES		(Rupees in Lakhs)	
PARTICULARS		2011-12	2010-11
(1) Madhucon Granites Ltd		2,385.39	2,535.08
(2) Other Advances		503.95	13,624.94
Total		2,889.34	16,160.02
2.19 OTHER CURRENT ASSETS			
(1) Interest Accrued		25.27	382.82
(2) Advance Tax		5,329.68	4,276.56
(3) Mobilisation adv.		6,415.85	49.60
(4) Other Current assets		5,465.62	11,433.27
(5) TDS Receivables		3,562.21	3,957.09
(6) Grant Receivable-NHAI		2,172.96	2,764.14
(7) Material Advance		232.32	1630.00
(8) Preliminary Expenses		-	14849.65
Total		23,203.91	39,343.14
2.20 Revenue from Operations			
Particulars		For the period ended 31.03.2012	For the period ended 31.03.2011
Civil Engineering Projects		41,068.50	60,179.23
NHAI -Grant (O&M)		823.00	1,836.50
Income from Toll Fee collection		13,340.54	6,587.05
Total		55,232.04	68,602.78
2.21 OTHER INCOME			
Interest Income		1,001.81	1,075.48
Dividend Income		10.71	11.84
Other non-operating income		1,397.98	263.27
Net gain on foreign currency translation and transaction		58.36	6.10
Total		2,468.86	1,356.69
2.22 COST OF MATERIALS CONSUMED			
Cement		988.64	3,206.38
Steel		987.69	3,534.50
Bitumen		890.42	3,029.87
General Stores		981.84	4,802.36
Other Materials		123.26	2,352.73
Total		3,971.87	16,925.84



2.11: FIXED ASSETS AND DEPRECIATION

S.No.	Name of the Asset	Gross Block			Depreciation			Net Block		
		As at 01.04.2011	Additions	Deletions	As at 31.03.2012	As at 01.04.2011	During the Year	Deletions	As at 31.03.2012	WDV As at 31.03.2011
1	Land	5351.74	925.51	-	6277.25	-	-	-	6277.25	5351.74
2	Building	298.27	17.58	-	315.85	3.10	-	3.55	312.30	297.82
3	Staff Quarters	10.57	-	-	10.57	-	-	1.94	8.62	8.62
4	Excavators	5470.20	2.75	31.00	5441.94	617.55	5.77	4225.75	1216.19	1856.22
5	Compressors	273.19	1.26	-	274.45	13.04	-	179.27	95.18	106.96
6	Vibratory Compactors	1985.46	-	-	1985.46	94.57	-	739.32	1246.15	1340.72
7	DGTH Crawler Tractor with Dozer Blades	526.64	-	-	526.64	50.17	-	396.11	130.53	180.70
8	Miller Batching Plant	2692.74	-	-	2692.74	305.38	-	2199.53	493.21	798.59
9	Industrial Process Chiller	58.12	-	-	58.12	2.77	-	27.85	30.28	33.04
10	Dozer	378.66	-	-	378.66	36.07	-	263.57	115.10	151.17
11	Drilling Equipment	560.67	0.61	-	561.29	26.71	-	128.06	433.22	459.32
12	Hot Mix Plant	2297.60	-	-	2297.60	238.22	-	1549.17	748.43	986.65
13	Crushing Plant	6966.84	-	-	6966.84	722.34	-	5317.08	1649.76	2372.10
14	Motor Graders	1409.52	-	-	1409.52	146.14	-	1026.83	382.69	528.84
15	Pavers	2581.41	-	-	2581.41	267.65	-	1942.64	638.77	906.42
16	Wet Mix Plant	215.56	-	-	215.56	22.35	-	176.78	38.77	61.12
17	Loaders	1311.21	-	-	1311.21	135.95	-	965.48	345.73	481.68
18	Cranes	114.80	-	-	114.80	10.94	-	49.41	65.39	76.32
19	Kerb Making Machine	348.83	-	-	348.83	16.61	-	121.21	227.61	244.23
20	Transit Mixtures	1066.21	82.03	-	1148.24	50.82	-	275.89	872.35	841.14
21	Vehicles	1619.96	314.24	-	1924.47	184.04	6.26	993.76	930.70	803.97
22	Tipper & Trucks	12915.73	7.35	9.73	12412.60	1202.60	383.00	6244.08	6168.53	7491.26
23	Centering Materials	1713.69	140.75	-	1854.44	446.07	-	1405.02	449.42	754.74
24	Other Machineries	1177.26	27.42	-	1204.68	52.27	-	425.36	779.32	804.17
25	Generators	941.46	23.27	-	964.73	46.34	-	269.05	695.69	717.76
26	Lab Equipment	273.08	35.20	-	308.28	30.53	-	178.35	129.92	125.26
27	Survey Equipment	131.08	17.90	-	148.98	14.10	-	87.97	61.01	57.22
28	Weigh Bridges	178.59	0.00	-	178.59	17.47	-	118.85	59.73	77.20
29	Temporary Structures	1497.26	510.86	-	2008.12	318.01	-	1694.89	313.23	120.38
30	Furniture & Office Equipment	982.83	189.75	-	1172.57	296.19	-	376.73	795.85	686.64
31	Computer & Software	201.51	120.88	-	322.38	38.09	-	85.33	237.05	163.42
32	Plant & Machinery	555.89	-	-	555.89	78.14	-	129.18	426.70	504.84
33	Heavy Equipment	4368.43	239.41	336.09	4271.75	528.44	160.90	2031.77	2239.98	2704.20
	T O T A L	60475.01	2656.75	887.29	62244.47	5805.19	555.93	33629.80	28614.67	32094.47
34	Carriageway	7022.42	129584.08	35956.88	163829.62	5759.45	-	11687.14	152142.48	64294.73
35	Capital Work in Progress	290374.25	132968.95	98247.70	325095.50	4738.41	-	4738.41	320367.09	290374.25
	Less: Depreciation transferred to Pre - operative Expenses	-	-	-	-	591.02	-	-	-	-
36	Goodwill	-	-	-	-	-	-	-	2408.79	-
	T O T A L	421071.68	265189.78	135091.87	551169.59	15712.02	555.93	50055.35	503523.03	396763.44



Notes forming part of the Financial Statements

2.23	Other Construction Expenses	(Rupees in Lakhs)	
	Particulars	For the period ended 31.03.2012	For the period ended 31.03.2011
	Road Work Expenses	8,845.36	16,096.84
	Civil Works	7,832.72	8,776.14
	Earth Work Expenses	5,074.92	12,512.89
	Site Expenses	107.15	173.19
	Material Transport Charges	426.82	1,613.18
	Repairs & Maintenance	1,666.11	7,178.25
	Other Works	1,684.45	4,020.40
	Total	25,637.52	50,370.88
2.24	CHANGES IN STOCK & WORK-IN-PROGRESS		
	Opening Stock	3,412.34	951.47
	Opening work-in-Progress	21,317.12	6,559.28
	Less: Closing Stock	9,408.81	3,412.34
	Closing Work-In-Progress	1,693.95	21,317.12
	Total	13,626.70	(17,218.71)
2.25	EMPLOYEE BENEFITS EXPENSE		
	Salaries, Wages and Bonus	5,455.76	3,674.44
	Contribution to Provident and other Fund	22.12	529.46
	Workmen and staff welfare expenses	489.67	-
	Total	5,967.55	4,203.90
2.26	FINANCE COST		
	B.G Commision	397.26	327.28
	Interest on Term loans	19,500.24	12,249.44
	Bank Charges	66.82	76.35
	Total	19,964.32	12,653.07
2.27	OTHER EXPENSES		
	Administrative Expenses	588.11	2,019.34
	Consultancy	185.20	653.80
	Insurance Charges	175.44	405.07
	Rates & Taxes	436.93	3,309.56
	Total	1,385.69	6,387.78
2.28	(a) EXCEPTIONAL AND EXTRA ORDINARY ITMES		
	Sundry Balances Written Back	-	40.27
	less:- Loss on Sale of Investments	-	-
	Total	-	40.27
2.28	(b) PROIR PERIOD EXPENSE		
		383.01	244.44
	Total	383.01	244.44



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 SECOND ANNUAL GENERAL MEETING of the Company at 1-7-70, Madhu Complex, Jublipura, Khammam - 507 003, at 3.00 PM on Saturday, the 29th September, 2012.

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 appointof.....in the district ofor failing him..... ofin the district of..... my / our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th September, 2012 at 03.00 PM and at any adjournment(s) thereof.

Signed this.....day of.....2012

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.

