



MADHUCON PROJECTS LIMITED

**21ST ANNUAL REPORT
2010 - 2011**



BOARD OF DIRECTORS

N. Seethaiah

Managing Director

S. Vaikuntanathan

Whole-time Director

K. Srinivasa Rao

Non-Executive Director

C. Venkateshwara Rao

Independent Director

P. Madhava Rao

Independent Director

Company Secretary

E.N. Viswanath

AUDITORS

M/s Kota & Company

Chartered Accountants

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

Sathguru Management Consultants Pvt. Ltd.

Plot No.15, Hindi Nagar, Punjagutta

Hyderabad - 500 034.

BANKERS

Canara Bank

Standard Chartered Bank

ICICI Bank Ltd.

Oriental Bank of Commerce

HDFC Bank Ltd.

Bank of Bahrain & Kuwait BSC

State Bank of India

IDBI Bank Ltd.

United Bank of India

AXIS Bank Ltd.

IndusInd Bank Ltd.

Bank of India

Yes Bank Ltd.



NOTICE

To

The Members,
Madhucon Projects Limited

Notice is hereby given that the 21st Annual General Meeting of Madhucon Projects Limited will be held on Friday, the 30th September, 2011 at 3.00 PM at the Registered Office of the Company "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, 2011 and the Profit and Loss Account for the year ended on that date together with the Report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Dr. C.Venkateshwara 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 modification(s), 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. **To re-appoint Sri S. Vaikuntanathan as a Whole-Time Director of the Company and to fix his remuneration.**

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII including modification and amendment thereto and other applicable provisions, if any, of the Companies Act, 1956 and on recommendations of Remuneration Committee and subject to the approval of members of the Company and such other approvals as may be required, consent of the members be and is hereby accorded to the re-appointment of Sri.S. Vaikuntanathan as a Whole-time Director of the Company for a period of 2 (two) years with effect from 5th March, 2011 on a monthly remuneration of Rs. 1,95,000/- (Rupees One Lakh Ninety Five Thousand Only) inclusive of all allowances & perquisites".

"RESOLVED FURTHER THAT the Board of Directors of the Company or any Director or Secretary or Officer of the Company as may be delegated/authorized by the Board of Directors be and is hereby authorized to take such steps from time to time as may be necessary including supplementary or consequential to give effect to the above resolution".



6. **To amend the Unpaid Dividend Clause in Articles of Association:**

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 156 of the Articles of Association of the Company be substituted with the following clause”.

156 (1) Where dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called “Unpaid Dividend Account of MADHUCON PROJECTS LIMITED”.

(2) Any money transferred to unpaid dividend account of the Company in pursuance of Sub-clause (1) of above which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to “Investor Education and Protection Fund”.

(3) The Company shall, when making any transfer to the Fund as mentioned in Sub-clause (2) above, any unpaid or unclaimed dividend, furnish to such authority or committee as the Central Government may appoint in this behalf a statement in the prescribed form setting forth in respect of all sums included in such transfer, the nature of the sums, names and last known addresses of the persons entitled to receive the sum, the amount to which each person is entitled and the nature of his claim thereto and such other particulars as may be prescribed.

(4) The Company shall be entitled to a receipt from the authority or committee for any money transferred by it to the Fund and such a receipt shall be an effectual discharge of the Company in respect thereof.

7. **To insert Nomination Clause in Articles of Association:**

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Nomination Clause be inserted in the Articles of Association as Clause 42A under “Nomination Clause”.

42 A (1) Every holder of shares in or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in or debentures of the Company shall vest in the event his death.

(2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders become entitled to all rights in the shares or debentures of the Company or as the case may be all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless nomination is varied or cancelled in the prescribed manner.



(4) Where the nominee is a minor, it shall be lawful for the holders of the Shares or holder of debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitle to shares in or debentures of the Company, in the event of his death during the minority.

8. To insert Dematerialization of Securities Clause in Articles of Association:

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Dematerialization of Securities Clause be inserted in the Articles of Association as Clause 15A under “Dematerialization of Securities Clause in consonances with Depositories Act, 1996 read with applicable provisions of the Companies Act, 1956”.

15(A) (i) Notwithstanding anything contained herein, the Company shall be entitled to dematerialize and rematerialize its shares, Debentures and other securities pursuant to the Depositories Act, 1996 and any amendment made there to including regulations from time to time and to offer its shares, debentures and other securities for subscription in a dematerialized form.

(ii) All securities held by a Depository shall be in fungible form.

(iii) The Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of a beneficial owner.

(iv) Every person holding securities and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of such of his securities that are held by the Depository.

9. To amend the Attorney of the Company Clause in Articles of Association:

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 124 of the Articles of Association of the Company be substituted with the following clause”.

124. The Board may appoint at any time and from time to time, by a resolution/ power of attorney as the case may be, any person (s), firm or Company or association of persons, to be the attorney of the Company for such purpose and with such powers and authorities and discretions not exceeding those vested in or exercisable by the Board under these articles and subject to such conditions as the Board may think fit.

10. To Issue of Further Securities:

To consider and, if thought fit, to pass with or without modification(s), 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 trench(es), in the course of domestic or international offerings or qualified institutional placements, with or without an overallotment/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 overallotment/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 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 or to be made for 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 finalise 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), memoranda 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: 30.08.2011

E.N.VISWANATH
Company Secretary

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 26.09.2011 to 30.09.2011 (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 Sathguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar, Panjagutta, Hyderabad-500034 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 provisions 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 2004-2005 to 2009-2010 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 2003-2004 is due to be transferred to "Investor Education and Protection Fund" on 1st November, 2011. Therefore, Shareholders may approach Secretarial Department of the Company for claiming their dividend on or before 20th October, 2011.
13. Where members are holding their shares in joint name, the members whose name appears first will be considered for dividend and/or voting purpose.
14. The brief profile of Dr. C.Venkateshwara Rao, Independent Director and Sri S. Vaikuntanathan, the Whole-Time Director, who are being re-appointed at this meeting, are 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: Re-appointment of Sri.S. Vaikuntanathan as a Whole-Time Director of the Company

At the 19th Annual General Meeting of the Company held on 30th September 2009, the members approved the appointment of Sri.S. Vaikuntanathan, as a Whole-Time Director of the Company for a period of 2 (two) years with effect from 5th March, 2009 and whose period of office expired on 4th March 2011.

The Remuneration Committee, in their meeting held on 25th February, 2011, has considered the re-appointment of Sri.S. Vaikuntanathan, as a Whole-Time Director for a period of 2 (two) years with effect from 5th March, 2011 on a monthly remuneration of Rs. 1,95,000/- (Rupees One Lakh Ninety Five Thousand Only) (inclusive of all allowances & perquisites) after having reviewed his performance during the tenure of his appointment and thereafter recommended the same to the Board of Directors of the Company for its approval.

The Board of Directors, at their meeting held on 25th February, 2011, has approved the re-appointment of Sri. S. Vaikuntanathan, as a Whole-Time Director of the Company on the terms recommended by the Remuneration Committee.

The brief profile of Sri. S. Vaikuntanathan is given in the "Report on Corporate Governance".

The Board of Directors of your company recommends the proposed resolution in the interest of the Company.

None of the Directors of the Company are interested or concerned in the proposed resolution except Sri. S. Vaikuntanathan himself.

Item No. 6: Amendment of Articles of Association relating to Unpaid Dividend Clause

The existing clause 156 of Articles of Association of the Company relating to unpaid dividend is substituted with the clause as mentioned in item no.6 of the accompanying notice due to insertion of Section 205A in the Companies Act, 1956 with regard to period within which unpaid dividend amount shall be transferred to special account called Unpaid Dividend Account of the Company and transfer of dividend remained unpaid in such account for a period of seven years from the date of such transfer to Investor Education and Protection Fund established by the Central Government.

Hence, the Board of Directors of your company recommends the proposed resolution.

None of the Directors of the Company are interested or concerned in the proposed resolution except to the extent of shares held by them.

Item No. 7: Amendment of Articles of Association inserting Nomination Clause

The existing Articles of Association of the Company does not provide for nomination clause as required u/s 109A of the Companies Act, 1956. Therefore, the Articles of Association of the Company is amended by insertion of Clause 42 A regarding nomination of shares in accordance with the provision of Section 109A of the Companies Act, 1956 for the benefit of holders of shares and debentures.

The Board of Directors of your company recommends the proposed resolution.

None of the Directors of the Company are interested or concerned in the proposed resolution except to the extent of shares held by them.



Item No. 8: Amendment of Articles of Association inserting Dematerialization of Securities Clause

The existing Articles of Association of the Company does not provide for dematerialization of securities clause as provided under Depositories Act, 1996 where, the shareholders can hold their securities either in physical form or in dematerialization form. The Company shall also issue the further securities either in physical form or in dematerialization form at the option of the shareholders. The securities held by depository will be in dematerialize and fungible form. The dealing in securities in dematerialization form is governed by Depositories Act, 1996 and any amendment thereto from time to time including regulations thereof. In consonances with Depositories Act, 1996 read with applicable provisions of the Companies Act, 1956, the Articles of Association of the Company is amended by insertion of Clause 15A regarding dematerialization of securities of shares for the benefit of holders of shares, debentures and other securities.

The Board of Directors of your company recommends the proposed resolution.

None of the Directors of the Company are interested or concerned in the proposed resolution except to the extent of shares held by them.

Item No. 9: Amendment of Articles of Association relating to “Attorney of the Company” Clause

The existing clause 124 of Articles of Association relating to “Attorney of the Company” is proposed for deletion with substitution of new clause for sake of administrative convenience. The text of new substituted clause is as per item no. 9 of accompanying notice.

The Board of Directors of your company recommends the proposed resolution.

None of the Directors of the Company are interested or concerned in the proposed resolution.

Item No. 10: 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 Thousand Crores)** including premium, if any.

The resolution passed in the last 20th AGM held on 30th September, 2010 has become invalid by lapse of one year from the date of passing this resolution.

As per the 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 your 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: 30.08.2011

E.N.VISWANATH
Company Secretary



DIRECTORS' REPORT

To
The Members,
Madhucon Projects Limited

Your Directors have pleasure in presenting the Twenty First Annual Report on "Business Operations, Performance & Progress" of the company together with the Audited Financial Statements for the year ended March 31, 2011.

A. FINANCIAL RESULTS:

(Rupees in Lakhs)

PARTICULARS	2010-2011	2009-2010
Gross Income	182486.27	134216.45
Profit before Depreciation & Taxation	11857.33	11587.40
Depreciation	4780.17	4642.70
Profit before Taxation	7117.42	6944.69
Provision for Taxation		
i) Current Tax	4562.51	2566.22
ii) Deferred Tax	(685.93)	(199.19)
iii) Fringe Benefit Tax		-
Profit after Taxation	3240.85	4577.66
Profit available for appropriation	3240.85	4577.66
APPROPRIATION		
General Reserve	324.08	457.77
Proposed Dividend	184.49	295.18
Corporate Tax on Proposed Dividend	30.64	49.03
Balance transferred to Balance Sheet	2701.63	3775.69
Earnings per Share (Rs.)	4.39	6.20
Book Value (Rs.)	82.47	78.37
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	60121.38	57095.66

B. REVIEW OF OPERATIONAL PERFORMANCE:

During the year under review, your company has achieved a gross income of Rs. 182486.27 lakhs as against Rs. 134216.45 lakhs in the previous year registering a growth by 35.96%. The company has earned a net profit of Rs. 3240.85 lakhs as against Rs.4577.66 lakhs in the previous year after providing for depreciation of Rs. 4780.17 lakhs (Rs.4642.70 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 loss is shown as Rs.80269.19 lakhs and Rs.15959.18 lakhs respectively.



C. MANAGEMENT DISCUSSION AND ANALYSIS:

I. Economic and Industrial Structure and its Developments:

The Indian economy has undergone recovery of global crisis. Now fiscal consolidation process is undergoing. The Indian economy has performed better in the year 2009-2010 (8% growth rate) than last year (7.4% growth rate). The GDP growth rate for the year 2010-2011 is estimated at 9%. The financial year 2010-2011 started with double digit inflation of 11% and food inflation at 18% which is major concern for economic and social development. The exchange rate of rupee was depreciated during 2010-2011 as against other major international currencies. Non-plan expenditure surpassed the total revenue receipts which shall be controlled including public debt and subsidies and planned expenditure shall be increased to boost the demand and investment. The growth trajectory has to be balanced with raising all round inflation, non-plan expenditure and public debt by converging all sectors of economy.

The index of industrial production (IIP) was volatile during 2010-2011 and there was no impressive industrial growth. The Government shall come up with common manufacturing policy to boost the industrial performance. The fiscal and revenue deficit for the year 2010-2011 was 5.1% and 2.3% of GDP respectively.

Direct Tax Code, Goods and Service Tax and Companies Bill need to be implemented together effective from 01.04.2012. The symbol of Indian Rupee (₹) shall be placed in Indian Script Code for information by BIS. Rate of Minimum Alternative Tax increased from 18 per cent to 18.5 per cent of book profits

a) Future Outlook:

The fiscal, structural, sectoral, institutional and legal frame work consolidation is under process to meet the target of 9% GDP growth in the next financial year 2011-2012. The fiscal deficit for the financial year 2011-2012 is estimated at 4.6% by using disinvestment proceeds and non-revenue realization for development process. There will be improvement in regulatory standards and administrative practices beside result oriented economic management systems in India.

b) Infrastructure Sector and Industry Overview:

The infrastructure sector is gaining a momentum over a period of time. The planned expenditure is budgeted for investment in infrastructure sector during the financial year 2011-2012. The disinvestment proceeds will be used for financing infrastructure sector. Government is coming up with comprehensive policy for developing PPP projects.

Allocation of Rs. 2,14,000 Crores for infrastructure in 2011-12 has been provided. This is an increase of 23.3 per cent over 2010-11. This also amounts to 48.5 per cent of total plan allocation. To boost infrastructure development, tax free bonds of Rs. 30,000 Crores proposed to be issued by Government undertakings during 2011-12. Tax incentives shall be extended to attract foreign funds for financing of infrastructure.

The infrastructure development needs a projected investments requirement of USD 500 Billion and USD 1.5 Trillion in the year 2007-2012 and 2012-2017 respectively to trigger the growth. The investment in infrastructure in India has increased from 4.9% of GDP in 2002-2003 to 6% last fiscal.

i) Transport Sector:

Indian Highways is second largest road networks in the world aggregating 3.34 Million Kms which contributes 65% of Freight and 85% of Passenger traffic. To make a viable impact in the road sector, government targeted construction of National Highway at the pace of 20 Km per day. During 2010-2011, as against the target of 2500 Km of NHAI, NHAI has completed construction of 1156 Km (4.28 Km per day). Nearly, 24000 Km was planned during the year 2011-2012. NHAI envisages improvement of more than 54,500 Km of arterial route of national highway network of international standard. The Ministry has taken up special accelerated road development programme in North-Eastern Region involving widening of 10,141 Km of NHAI. NHAI has undertaken development of National Highway in addition to widening



of single lane to two lane, two lane to four lane under NHDP on PPP mode including maintenance. Planning Commission provided an annual outlay of Rs.27,100 Crores for the year 2011-2012 for development of road sector. The traffic growth on National Highway is estimated around 10% per year. Many stretches of national highway are in need of capacity augmentation. During 2010-2011, 42 projects have been awarded under different mode covering 4001.24 Km as against 32 projects covering 3600 Km in the last year. At present, length of National Highway stood at 70,934 Km for improvement. NHAI has targeted to complete 6000 Km before December, 2012 under NHDP Phase-III. NHAI proposed to upgrade nearly 14,279 Km into four or six lane on BOT basis which was constructed under NHDP Phase-I & II in the year 2005-2007. In order to encourage private sector participation, government has taken initiative to declare road sector as an industry and duty free import of high quality construction equipments, provision of capital grant subsidy up to 40% of project cost, 100% tax exemption in any consecutive 10 years out of 20 years, FDI up to 100%, easier ECB and higher concession period up to 30 years. Government has decided to adopt Electronic Toll Collection (ETC) system across NH networking, ISO 18000-6C technology, On Board Units (BOU) Tag and Smart Card.

Road sector would require an investment of USD 80 Billion in the next three-four years.

The government shall increase the target for infrastructure investment using PPP model.

(Source: www.morth.nic.in)

ii) **Power Sector:**

Electricity is critical input for economic growth and social development. For sustaining growth of power, it is necessary to ensure adequate supply of power to all the sectors of economy. During the last five years, nearly 50,000 MW was added. The power generation shall match with GDP growth estimation. The installed capacity has stood at 1,70,000 MW as on January, 2011. During the year 2009-2010 and 2010-2011, a capacity of 9585 MW and 10,210 MW were added. The Capacity addition for XI Plan is 32,500 MW. It has planned to add nearly 75,000 MW in the next five years. Trading in power has increased from 12 bln units (2004-2005) to 34 bln units (2009-2010) through bilateral agreement. Competitive forces in the power market shall be encouraged. Liberalization of mega power policy shall be initiated. More focus shall be given on reduction of carbon emission, improving energy efficiency, clear power and super critical technology. Bulk of capacity addition in the next 12th Plan shall be through super critical and ultra critical technology. Thermal Power Plant (Coal, Lignite and Gas) account for 65% of existing installed capacity. Coal based power plants accounts nearly 54% of installed capacity. In 12th Plan, bulk of new capacity would come from coal fired plants. Nearly 50,000 MW of capacity addition is projected to be coal based out of 75,000 MW during 12th Plan. At present, the country has operational gas based capacity of over 17,000 MW. The gas based generation in the year 2010-2011 will be around 1,00,000 MW at PLF 68.2%. Coal linkage and allotment of coal blocks are important to meet the estimated generation of coal based power. Thrust shall be given to import the coal to bridge the gap. Coal based generation increased from 413 bu (2005-2006) to 515 bu (2009-2010) with CAGR 5.7%. PLF has increased from 73.6% (2005-2006) to 77.5% (2009-2010). The operational availability thermal unit was stood at 85.1% in the year 2009-2010. The power sector has grown at 10%. The Per Capita consumption has increased from 631 Units in 2005-2006 to 733 Units in 2007-2008 as against the world average of 2800 Units. PPP model shall be implemented in distribution and transmission sector.

The present hydel installed capacity is 37,367 MW. In order to accelerate the pace of hydel, government shall finalise New Hydro Policy and National Rehabilitation and Re-settlement Policy. Strong participation by private sector will bring in nearly 19,000 MW during current plan. The share of private sector has grown from 11.6% in 2006 to 20% in 2010. Private Sector would add nearly 30% of capacity addition in 11th Plan and 60% in 12th Plan.

(Source: www.powerin.nic.in)

**iii) Mining Industry (Coal):**

Coal is the mainstay of India's energy sector. Nearly 75% of Power is based on coal. It is proposed to introduce a competitive bidding process for allocating coal blocks for captive mining. Government proposes to setup Coal Regulatory Authority to deal with pricing of coal and benchmarking of standard performance. Jharkhand and Orissa State has highest reserve potential. Mines and Minerals Amendment Act provides for allocation of coal through competitive bidding route. Standing linkage committee was formed to review the coal supply to power sector.

(Source: www.coal.in and www.infrastructure.gov.in)

c) Investment Opportunities:

In terms of targeted construction of national highway at the rate of 20 Km per day, planned construction of 24,000 Km in the year 2011-2012, improvement of more than 54,500 Km of arterial route of national highway and increase of traffic growth around 10% on national highway, the company foresees encouraging investment opportunities in the road sector. Moreover, the Government has taken initiative to declare road sector as an industry.

It is felt that adequate supply of power is required for all the sectors of economy. Nearly 75,000 MW was planned during 12th Plan. There has been increase in trading in power. The Government is contemplating PPP model for distribution and transmission sector. The per capita consumption has been gradually increased. These factors are evident that there is a great investment opportunity in the power sector. The Government is also encouraging private sector participation in the power sector.

d) Risks and Challenges:

The double digit inflation, frequent increase in lending rate of interest, delay in regulatory approvals are considered as business risk which will have impact on the project.

e) Approach to Regulation of Infrastructure Sector:

The regulations and policies relating to infrastructure sector shall be liberalized in order to encourage the private participation in the infrastructure sector like FDI Policy, Tax Laws, Environmental Law etc. There must be specific and independent regulation and policy for infrastructure sector in order to promote economic growth.

II. PROJECT WISE PERFORMANCE:**a) Highways:**

As on date, your company has completed 1459 Lane Kms of BOT projects owned by your company and 1331 Kms. is under progress.

i) BOT Toll Based Projects:

The performance and status of 5 BOT National Highway Projects are as follows:

Sl. No.	Name of the Project	No. of Lane Kms.	Name of the SPV	Status of the Project
1	Bharatpur-Mahwa NH-11 BOT Project	251	Madhucon Agra-Jaipur Expressways Limited	Completed
2	Karur - Dindigul NH-7 BOT Project	352	TN(DK) Expressways Limited	Completed
3	Thanjavur - Trichy NH-67 BOT Project	288	Trichy - Thanjavur Expressways Limited	Completed
4	Madurai - Tuticorin NH - 45 BOT Project	568	Madurai - Tuticorin Expressways Limited	Completed
5	Chhapra - Hajipur NH-19 DBFOT Annuity Basis Project	280	Chhapra - Hajipur Expressways Limited	In Progress



In respect of Bharatpur-Mahwa project, your company started collecting toll w.e.f. 8th May, 2009.

In respect of Karur-Dindigul project, your company started collecting toll w.e.f. 5th November, 2009.

In respect of Thanjavur-Trichy project, your company started collecting toll w.e.f. 12th May, 2011.

In respect of Madurai-Tuticorin project, your company has started collecting toll w.e.f. 2nd July, 2011.

In respect of Chhapra-Hajipur, your company has achieved the financial closure.

Your company has secured following two new road projects on DBFOT Annuity Basis from NHAI and SPVs have been formed accordingly.

Sl. No.	Name of the Project	No. of Lane Kms.	Project Cost as per NHAI (Rs. in Crores)	Name of the SPV	Status of the Project
1	Barasat-Krishnagar NH-34 DBFOT Annuity Basis, West Bengal	336	867.00	Barasat-Krishnagar Expressways Limited	In progress
2	Ranchi – Jamshedpur NH-33 DBFOT Annuity Basis, Jharkhand	715	1479.00	Ranchi Expressways Limited	In progress

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 Project Section NH-57, Bihar, NHAI	168	In Progress
4	Gopalganj - Muzaffarpur Project NH-28, Bihar, NHAI	190	In Progress
5	Nagaon - Dharamtul Project 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 five major irrigation projects in the State of Andhra Pradesh which are under progress of execution.

b) Energy Projects:

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

Phase - I

The EPC Contract for execution of 2x135 MW coal based being awarded by Simhapuri Energy Private Limited (SEPL) will be completed in the month of September, 2011.



Phase-II

The EPC Contract for execution of 2x150 MW coal based being awarded by Simhapuri Energy Private Limited (SEPL) will be completed in the month of April, 2012.

c) Mining Project:

The Work relating to removal of over burden at Jayanth OCP of Northern Coal Field Limited in Singrauli is under execution / progress.

Your company has participated in many ongoing tenders in mining project during the year under review. Your company is also contemplating to acquire coal blocks from the government through auction process.

d) Building and Property Project:

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: Your Company has taken up a construction of Four Star Hotel cum Service Apartments at KPHB Colony, Hyderabad including service apartments. The construction work is in progress.

ii) Mega Mall: Your Company has taken up a construction of Mall with Multiplex and has integration with MRTS Station.

iii) Office Complex: Your Company has taken up the construction of 14 storied office at JNTU, Kukatpally, Hyderabad which is in progress.

e) Crushing:

Your company has established a commercial setup in Anakapally, Vishakapatnam District and Varadaiahpalem, Chittoor District, Andhra Pradesh for sale of aggregates of various sizes to nearby customers like contractors, residential customers and other road projects by using in-house equipments which add to the profit of the Company.

f) Overseas:

Your Company is contemplating in to overseas ventures in African Countries, Indonesia etc.

g) Oil and Gas:

Your Company has forayed into exploration and production of oil and gas by establishing its oil and gas division consisting of senior and experienced exploration and production team having vast knowledge, skill and international exposure in the field. Your Company is intending to focus on operating 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 of your company.

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 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.



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 and Oil & Gas 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 Companies Act, 1956 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 25% (Re. 0.25 per share) on paid up equity capital for the year ended 31.03.2011, subject to approval of the members at this Annual General Meeting.

XI. Subsidiary companies:

The Company has 9 (Nine) Indian Subsidiaries and 2 (Two) Foreign Subsidiaries as on 31.3.2011. 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	627287045	10	6272870450	90.51
2	Madurai-Tuticorin Expressways Limited (CIN-U45203AP2006PLC050114)	11.05.2006	88561500	10	885615000	54.12
3	Madhucon Energy Limited (CIN- L45309AP2000SGC034007)	24.03.2000	100090	5	500450	99.99
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 PowerPrivate Limited (U40108AP2010PTC068128)	28.04.2010	6000	10	60000	60.00
8	Rudraprayag Hydro PowerPrivate Limited (U40108AP2010PTC068130)	28.04.2010	6000	10	60000	60.00
9	Tilwara Hydro PowerPrivate Limited (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	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%
02	Madhucon Oil & Gas Limited, Ghana (CA-81,639)	22.11.2010	900	Ghc405,000.00	274500	90.00%

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. Barasat-Krishnagar Expressways Limited
6. Ranchi Expressways Limited
7. Simhapuri Energy Private Limited
8. PT Madhucon Indonesia, Indonesia

XII. Consolidation of Accounts:

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

The Board of Directors of the Company has, by resolution, given consent for not attaching the Balance Sheet of Subsidiary Companies concerned. The Company has presented the consolidated financial statements of holding company and all its subsidiaries in this Annual Report duly audited by its Statutory Auditors.

The Annual Accounts of the subsidiary companies and the related detailed information will be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The Annual Accounts of subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and also at its subsidiary companies. The Company will furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The annual accounts of subsidiary companies will be kept at the venue of Annual General Meeting for inspection by the shareholders.

XIII. Transfer of Shares:

The Investments in 4 SPVs of 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 Mumbai Stock Exchanges along with the Annual Report.

XV. Directors:

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

Sri S.Vaikuntanathan was appointed as Whole-time Director of the Company for a period of two years with effect from 5th March, 2009 and whose period of office expired on 4th March, 2011. The Board of Directors, at its meeting held on 25th February, 2011, has re-appointed him as Whole-time Director for a further period of two years with effect from 5th March, 2011 on terms and conditions mentioned in the resolution based on the recommendations of Remuneration Committee. The Board of Directors of the company recommends the appointment of Sri S.Vaikuntanathan, as Whole-time Director of the Company in the best interest of the company. The profile of Sri S.Vaikuntanathan is given in the report on 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, 2011, 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 2011 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, 2011, 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 Company is planning to obtain EMS-ISO 14001:2004 and OHSAS-18001:2007 registration during the year 2011-12.

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 - LA+

Short term Debt/Commercial papers - A1

Long term Debt/NCD - LA+

XXII. Auditors:

M/s Kota & Company, Statutory Auditors of the Company expressed their willingness to be re-appointed for the financial year 2011 - 2012 and to hold office up to the conclusion of the next Annual General Meeting, if they are appointed at this Annual General Meeting. They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance with the limits specified under 224(1-B) of the Companies Act, 1956.

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: 30.08.2011

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:

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Foreign Exchange Earnings:		
Interest & others	-	-
Foreign Exchange Out Go:		
i. Towards travelling	38.22	3.79
ii. Towards import of capital goods (CIF)	-	-
iii. Towards advance to equipment suppliers	2981.50	4574.11
iv. On account of others:		
a) Investment	3049.85	3548.14
b) Interest	-	579.43
v. Others	109.31	22.39

For and on behalf of the Board

Place: Hyderabad
Date: 30.08.2011

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(l)(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 2011, 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 31.03.2011 has been set out here below.

Sl. No.	Name of the Director	Board Meetings attended during the financial year 2010-11	Meeting attended at Previous AGM held on 30.09.2010
1	Sri N. Seethaiah Managing Director	33	Yes
2	Sri S.Vaikuntanathan Whole-time Director	33	Yes
3	Sri K. Srinivasa Rao Non-Executive Director	33	No
4	Dr. C. Venkateshwara Rao Independent Director	33	No
5	Sri P. Madhava Rao Independent Director	8	No



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	17	3	-
2	Sri S. Vaikunthanathan	Whole-time Director	1	-	-
3	Sri K. Srinivasa Rao	Non- Executive Director	18	-	-
4	Dr. C. Venkateshwara Rao	Independent Director	12	1	2
5	Sri P. Madhava Rao	Independent Director	2	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 Three(33) Board Meetings were held during the financial year ended 31.3.2011 on the following dates:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
06.04.2010	14.07.2010	07.10.2010	17.01.2011
16.04.2010	20.07.2010	29.10.2010	31.01.2011
24.04.2010	23.07.2010	30.10.2010	04.02.2011
30.04.2010	31.07.2010	12.11.2010	21.02.2011
25.05.2010	09.08.2010	29.11.2010	25.02.2011
17.06.2010	21.08.2010	02.12.2010	07.03.2011
19.06.2010	08.09.2010	18.12.2010	08.03.2011
30.06.2010	14.09.2010		19.03.2011
			30.03.2011
			31.03.2011

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 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 Sri P. Madhava Rao, Independent Director as Chairman, Dr. C. Venkateshwara 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 4(Four) times during the financial year under review, on 30.04.2010, 31.07.2010, 29.10.2010, and 31.01.2011 and the attendance of the members of the Audit Committee as recorded is as under:

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

The Whole-Time Director / Director (Finance), Head of the Internal Auditors, General Manager (Accounts & Finance) 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:

1. To determine the company's policy on specific remuneration package for executive directors including compensation payment if any on behalf of the Board of Directors and Share holders.
2. To review, assess and recommend the appointment of executive director from time to time and also remuneration package including Employees Stock Option Scheme to the Board of Directors.
3. Any other function as may be delegated by Board of Directors.

ii. Composition, Name of the Members and Chairperson:

The Company has re-constituted the Remuneration Committee on 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 25.02.2011 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:

1. The remuneration payable to the executive directors shall not exceed the limits prescribed by the Companies Act, 1956 and amendment / re-enactment, if any.



2. The remuneration payable to the executive directors is linked with their merit and performance.
3. The remuneration payable to the directors is subject to approval of Board of Directors and Shareholders at their meetings.
4. No sitting fee to the Directors for attending the Board/Committee meetings.
5. Such other policy as may be decided from time to time.

v. Details of Remuneration to all Directors:

Details of Remuneration of the following Directors for the financial year ended 31st March 2011 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 (01.05.2010 to 31.03.2011) 2,00,000 (01.04.2010 to 30.04.2010)	Nil	Nil	Nil	57,00,000
2	Sri S. Vaikuntanathan Whole-Time Director	1,95,000	Nil	Nil	Nil	23,40,000
3	Sri K. Srinivasa Rao Non-Executive Director	Nil	Nil	Nil	Nil	Nil

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:

Sri Viswanath E.N., 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:

The company has received no complaints from the Shareholders.

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 30.04.2010, 31.07.2010, 29.10.2010 and 31.01.2011 and the attendance of the members of the Committee as recorded is as under:

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

vii Shares held by Non-Executive and Independent Directors:

Sl. No.	Name of the Director	Status	No. of Shares held	Percentage (%) of total shares
1	Sri K. Srinivasa Rao	Non-Executive	954000	1.29
2	Dr. C. Venkateshwara Rao	Independent	Nil	Nil
3	Sri P. Madhava Rao	Independent	Nil	Nil

6. GENERAL BODY MEETINGS:**i. Location, Time and Special Resolutions passed for 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
20th AGM (2009-10)	30.09.2010, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	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	No
18th AGM (2007-08)	29.09.2008, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	Yes



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

No Special resolution was passed through Postal Ballot during 2010-2011. 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 31.3.2011. 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 31.3.2011.

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 financial provisional un-audited results of the company will be published in the leading daily newspaper within 45 days from the end of the respective quarter 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 2011	29th July, 2011
2nd Quarter ended 30th September 2011	15th November, 2011
3rd Quarter ended 31st December 2011	15th February, 2011
4th Quarter ended 31st March 2012	15th May, 2012

ii. Newspapers wherein results normally published:

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

iii. Any website where quarterly results displayed:

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

iv. Whether quarterly results also displays official news releases:

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

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

Yes. Through video conference.

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

9. INVESTMENTS/EQUITY PARTICIPATION IN OTHER COMPANIES:

i) Madhucon Projects Limited Investments in Equity of Subsidiary Companies as on 31.03.2011:

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	627287045	10	6272870450	90.51
2	Madurai-Tuticorin Expressways Limited (CIN-U45203AP2006PLC050114)	11.05.2006	88561500	10	885615000	54.12
3	Madhucon Energy Limited (CIN- L45309AP2000SGC034007)	24.03.2000	100090	5	500450	99.99
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 (U40108AP2010PTC068128)	28.04.2010	6000	10	60000	60.00
8	Rudraprayag Hydro Power Private Limited (U40108AP2010PTC068130)	28.04.2010	6000	10	60000	60.00
9	Tilwara Hydro Power Private Limited (U40300AP2010PTC068127)	28.04.2010	6000	10	60000	60.00


ii) Madhucon Projects Limited Investments in Equity of Foreign Subsidiary Companies as on 31.03.2011:

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%
02	Madhucon Oil & Gas Limited, Ghana (CA-81,639)	22.11.2010	900	Ghc405,000.00	274500	90.00%

iii) Madhucon Projects Limited Investments in Equity of Group Companies as on 31.03.2011:

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Share Rs.	Value of Equity Shares held Rs.	Percentage (%)
1	Madhucon Sugar & Power Industries Limited (CIN:U15427AP2002PLC039859)	05.11.2002	4811500	10	48115000	10.36
2	MBN Anchored Earth Limited (CIN U45200AP1998PLC029310)	28.04.1998	40000	10	400000	40.00
3	Madhucon Properties Limited (CIN:U45200AP2005PLC045366)	15.02.2005	20000	10	200000	33.33
4	Madhucon Toll Highways Limited (CIN- U93000AP2008PLC060479)	05.08.2008	30000	10	300000	37.50
5	Madhucon Agra-Jaipur Expressways Limited (CIN-U45203AP2005PLC045689)	23.03.2005	100000	10	1000000	0.10
6	TN(DK) Expressways Limited (CIN- U45200AP2006PLC048941)	31.01.2006	100000	10	1000000	0.13
7	Trichy-Thanjavur Expressways Limited (CIN- U45200AP2006PLC049815)	13.04.2006	100000	10	1000000	0.15
8	Chhapra-Hajipur Expressways Limited (U45209AP2010PLC068742)	02.06.2010	30000	10	300000	0.05
9	Simhapuri Energy Private Limited (CIN-U40101AP2005PTC048264)	02.12.2005	10000	10	100000	0.00
10	Rajanagaram Gas Power Private Limited (U40108AP2010PTC066560)	05.01.2010	488080	10	4880800	13.56
11	Ramnagar Power Private Limited (U40108AP2010PTC071246)	16.11.2010	10000	10	100000	50.00
12	Barasat-Krishnagar Expressways Ltd (U45203AP2011PLC073469)	24.03.2011	14000	10	140000	28.00
13	Ranchi Expressways Limited (U45209AP2011PLC073568)	29.03.2011	14000	10	140000	28.00

iv) Madhucon Projects Limited Investments in Equity of Foreign Group Companies as on 31.03.2011:

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.65804152)	10



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 and Bombay Stock Exchange along with Annual Report of the Company.

12. GENERAL SHAREHOLDER INFORMATION:

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

Day : Friday
Date : 30th September, 2011
Time : 3:00 PM
Venue : Registered 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:

26th September 2011 to 30th September 2011 (inclusive of both days) to determine the entitlement of shareholders to receive the dividend, if any, declared at the AGM for the financial year ended 31st March, 2011 and also for effecting the transfer of shares. 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 30th October, 2011

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 2010-2011:

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 2011 are as under:

A) BSE

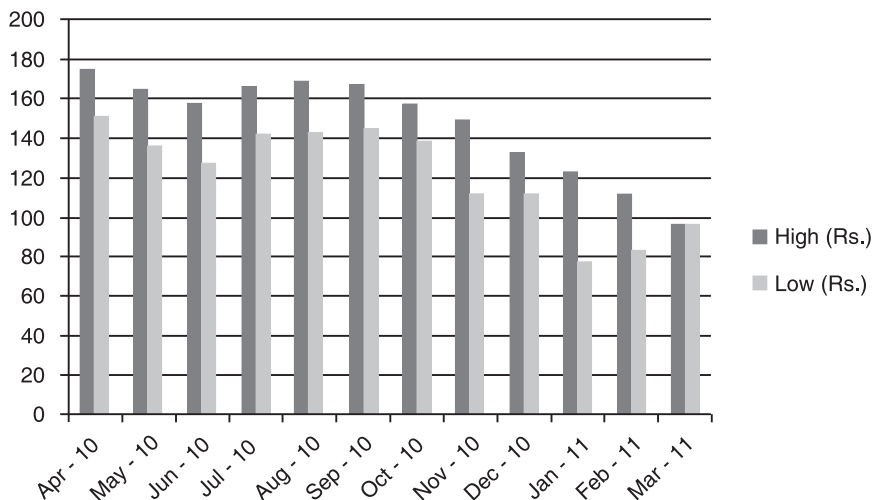
Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2010	174.90	151.10	1321963	22713
May 2010	165.00	136.45	432393	10004
June 2010	158.00	127.25	582148	10584
July 2010	166.00	142.15	394135	8146
August 2010	169.00	142.60	410642	7466
September 2010	167.75	145.10	1228352	15279
October 2010	157.45	139.10	297780	6480
November 2010	149.50	112.00	412766	3806
December 2010	132.90	112.80	212480	4056
January 2011	123.35	77.50	168900	5795
February 2011	111.35	83.25	672534	16232
March 2011	96.45	83.00	478049	10814

B) NSE

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares
April 2010	174.15	151.10	147432
May 2010	166.00	136.25	53185
June 2010	157.30	127.30	34939
July 2010	166.50	142.00	9141
August 2010	169.50	146.00	51630
September 2010	167.70	143.40	26590
October 2010	157.00	140.10	82627
November 2010	148.00	110.10	17733
December 2010	131.80	113.00	33816
January 2011	125.70	82.00	44159
February 2011	112.00	84.00	101406
March 2011	96.40	83.15	46206



Share Price Movement Diagram:



viii) Registrar and Transfer Agents (RTA):

M/s. Sathguru Management Consultants Private Limited
 Plot No. 15, Hindi Nagar
 Punjagutta, Hyderabad-500 082
 Phone Nos: 040-30160333, Fax: 040-23354042
 E-mail: sta@sathguru.com
 Contact Person Name: Sri R. Chandrasekhar, Sr. Divisional Manager - Capital Market

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, 2011:

Equity Share holding of nominal Value of Rs. 1/- each	Equity Shareholders		Equity Share Amount	
		%	In Rs.	%
1 - 5,000	10874	98.13	2730362	3.70
5,001 - 10,000	75	0.68	573401	0.78
10,001 - 20,000	50	0.45	711718	0.96
20,001 - 30,000	17	0.15	407854	0.55
30,001 - 40,000	6	0.05	201900	0.27
40,001 - 50,000	6	0.05	256985	0.35
50,001 - 1,00,000	9	0.08	660290	0.89
1,00,001 - Above	44	0.40	68252430	92.49
TOTAL	11081	100.00	73794940	100.00

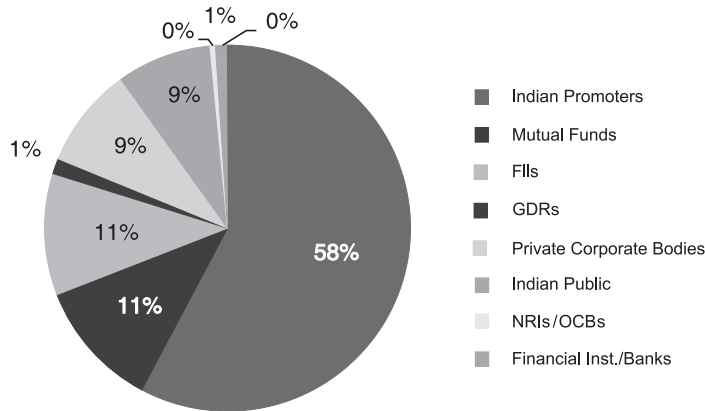

B) SHAREHOLDING PATTERN AS ON 31ST MARCH 2011:

Shareholding Pattern for the Quarter ending 31st March 2011 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	21	30278600	41.03
	b) Bodies Corporate	3	12270438	16.63
	b) Foreign Promoters	0	0	0
	c) Persons acting in Concert	0	0	0
	Total Promoters Shareholdings (A)	24	42549038	57.66
B) Public Shareholding	1) Institutions			
	a) Mutual Funds/ UTI	5	8417226	11.41
	b) Financial Institutions/Banks	2	559500	0.76
	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	33	7964190	10.79
	g) Foreign Venture Capital Investors	0	0	0
	2) Non- Institutions			
	a) Bodies Corporate	411	6718239	9.10
	b) Individual Shareholders holding:			
	i) Nominal share capital upto Rs.1 Lakh.	10370	3579639	4.85
	ii) Nominal share capital in excess of Rs.1Lakh	7	2654202	3.60
	c) NRI/OCB	166	212122	0.29
	d) Trust	1	5000	0.01
e) Clearing Members	61	81384	0.11	
	Total Public Shareholding (B)	11080	30191502	40.91
C) Shares held by Custodians and against which Depository Receipts have been issued	Duetches Bank Trust Company Americas – GDR's	1	1054400	1.43
	Grand Total: (A)+(B)+(C)	11081	73794940	100



SHAREHOLDING DISTRIBUTION



C) Top Shareholders as on 31st March, 2011:

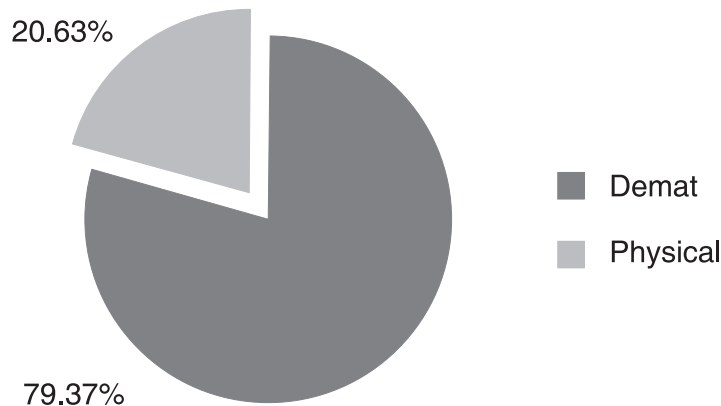
	Category	Name	No. of Shares	% of Shares
A	Promoter's Holding (holding more than 1%)			
	Indian Promoters	1) Nama Nageswar Rao	10147000	13.75
		2) Nama Seethaiah	6001800	8.13
		3) Nama Chinnamma	6158000	8.34
		4) Nama Krishnaiah	2601800	3.53
		5) Nama PrithviTeja	993000	1.35
		6) Kamma Srinivasa Rao	954000	1.29
		Total (A)	26855600	36.39
B	Public shareholding (holding more than 1%)			
B1	Institutional Investors			
	a) Mutual Funds	1) Reliance Capital Trustee Co. Ltd A/C Reliance Growth Fund	4229142	5.73
		2) Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP	2618570	3.55
	b) Foreign Institutional Investors:	1) The Master Trust Bank of Japan, Ltd A/c HSBC. Indian Equity Mother Fund.	1165170	1.58
		2) Cophall Mauritius Investment Ltd	2617236	3.55
		3) Deutsche Securities Mauritius Limited	2381955	3.23
		4) Merrill Lynch Capital Markets Espana S.A. S.V.	1381000	1.87
B2	Non-Institutions	Bodies Corporate – Domestic		
		1) Madhucon Granites Limited	8044000	10.90
		2) Nama Investments Limited	3633500	4.92
		3) ICICI Prudential Life Insurance Company Ltd	4346222	5.89
		4) MAX New York Life Insurance Company Ltd	1151751	1.56
		Total (B1)+(B2)	31568546	42.78



xi. Dematerialization of shares and liquidity:

5,85,70,530 Equity Shares equivalent to 79.37% of the total equity share capital have been de-materialized and 1,52,24,410 are in physical form equivalent to 20.63% as on 31st March 2011.

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



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

No outstanding instruments.

xiii. A) Plant Locations:

Not applicable, since the company is not engaged in manufacturing activities.

xiv. Address for Correspondence:

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

M/s. Sathguru Management Consultants Pvt. Ltd

Plot No.15, Hindi Nagar, Punjagutta

Hyderabad - 500 034

Telephone: 040 - 30160333

Fax No: 040 - 23354042

E-Mail: sta@sathguru.com

Contact Person - Mr. R. Chandrasekhar, Sr. Divisional Manager - Capital Market

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 within the prescribed time limit as set in the clause 38(a) of Listing Agreement for the Financial Year 2011-2012.

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 2011.

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.)
2009-2010	Interim	---	---	---
	Final	40	0.40	29517976
2008-2009	Interim	---	---	---
	Final	40	0.80	29517976
2007-2008	Interim	---	---	---
	Final	30	0.60	22138482

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

**18. Directors retiring by rotation:****A) Dr. C. Venkateshwara Rao, Independent Director**

Dr.C.Venkateshwara Rao is aged around 56 years hails from an Agriculture family. He is an Industrialist. While he was in real estate and construction business, he has successfully completed many construction ventures of residential and commercial nature in and around Hyderabad. He is involved in Educational activities in Nursing and Paramedical courses. Presently, he is Chairman & Managing Director of Image Health Care Limited, a super speciality hospital in Hyderabad. He was honoured with Doctorate for his achievement in Humanitarian services by Open International University for complimentary medicines.

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

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

He holds no shares in the Company.

B) Re-appointment of Sri S. Vaikuntanathan as a Whole-time Director of the Company:

Sri.S.Vaikuntanathan, aged about 57 years, is a Fellow of Chartered Accountant and CAIIB. Before joining Madhucon Projects Limited, he worked in Banking and Industrial sectors in different capacities in the field of Accounts, Finance, Internal Audit & Banking discipline over a period of 32 years. He is working in Madhucon Projects Limited since last 14 years holding various positions from Group General Manager (Finance) to Whole-time Director designated as Director (Finance). He is Whole-time Director on the Board since 15th March, 2004. He has a rich experience in Accounts, Finance & Banking and more particularly in BOT financial modeling in transportation. He is instrumental in bagging seven BOT Roads of NHAI and also successfully raising Global Depository Receipts (GDR) in the year 2006. He is also instrumental in achieving financial closure for Road, Power and Hotel projects.

He is a member on the Board of Directors of Simhapuri Energy Private Limited.

He is holding 10000 equity shares in the company representing 0.01% in the total paid up equity share capital of the company.

19. Declaration of compliance with the Code of Conduct:

In terms of compliance with the requirements of clause 49(l)(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

Place: Hyderabad
Date: 30.08.2011

N.SEETHAIAH
Managing Director



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, 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: 30.08.2011

N. SEETHAIAH
Managing Director

S. VAIKUNTANATHAN
Whole-time Director



21. Quarterly Compliance Report on Corporate Governance

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

Quarterly Compliance Report on Corporate Governance for the Quarter ending on 30th June, 2011.

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: 30.08.2011

N.SEETHAIAH
Managing Director



Auditor's Certificate on Compliance of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Madhucon Projects Limited having its Regd. Office at: 1-7-70, Jubilipura, Khammam – 507 003, Andhra Pradesh for the year ended 31st March 2011 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 2011, 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: 30.08.2011

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



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 Madhucon Energy Limited
20. M/s Simhapuri Energy Private Limited
21. M/s Umarwada Gas Power Project Private Limited
22. M/s Rajanagaram Gas Power Private Limited
23. M/s Agastyamuni Hydro Power Private Limited
24. M/s Rudraprayag Hydro Power Private Limited
25. M/s Tilwara Hydro Power Private Limited
26. M/s Pallakurichi Power Private Limited
27. M/s Tiruchendur Power Private Limited
28. M/s Ramnagar Power Private Limited
29. M/s Madhucon Mineral Resources Limited
30. M/s Madhucon Estates Limited
31. M/s Madhucon Land Developers Limited
32. M/s Madhucon Properties Limited
33. M/s Madhucon Heights Private Limited
34. M/s Madhucon Infotech Limited
35. M/s Madhucon Natural Resources Limited, Singapore
36. M/s PT Madhucon Indonesia, Indonesia



AUDITOR'S REPORT

To
The Members,
Madhucon Projects Limited

- (1) We have audited the attached balance sheet of Madhucon Projects Limited, as at 31st March 2011, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (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) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government In terms of Sub-Section (4A) of Section 227 of the Companies Act, 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 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act.
 - (v) On the basis of written representations received from the Directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of the Section 274 of the Companies Act.
 - (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, 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 2011.
- b) In the case of the Profit and Loss account, of the profit for the ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For KOTA & COMPANY
Chartered Accountants
FRN 011982S

Place: Hyderabad
Date: 30.08.2011

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



Annexure to the Auditor's Report

(As referred to in paragraph 3 of our report of even date)

1. In respect of fixed assets:
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) 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) During the year, the company has disposed few items of machinery. According to the information and explanations given to us we are of the opinion that the sale of the said part of plant and machinery has not affected the going concern status of the company.
2. In respect of its inventories:
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The Procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 - (d) The company has a 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.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - (a) The company has granted unsecured loans to companies, firms & other parties covered In the register maintained under Section 301 of the Act. The number of parties are 14 (Fourteen) and the amount involved is Rs. 517069.40 lakhs.
 - (b) 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) The principle and interest are payable on demand and there is no repayment schedule.
 - (d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue does not arise.
 - (e) The Company has taken loans during the year from companies, firms or other parties covered in the register maintained under section 301 of The Companies Act 1956. The same are repayable on demand. The rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company. The number of parties are (1) and the maximum out standing balance during the year is and the year end balance is Rs. 2112 lakhs.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services.



5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
- (a) According to information and explanation given to us, we are of the opinion that the transactions that need to be entered in to the register maintained u/s 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.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act for any of the products of the company.
9. In respect of statutory dues:
- (a) The company has generally deposited with appropriate authorities undisputed Statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.03.2011 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 2011, which have not been deposited on account of dispute except the following:

S. No.	Nature of due	Amount (in lakhs)	Period	From where dispute is pending
1	Income Tax	4279.56	2000-01 to 2008-09	Second appeal to be filed with ITAT, Hyderabad
2.	Sales Tax	974.03	Demand raised in 2004-05	Appeal pending with Hon'ble High Court of AP

10. The company does not have any accumulated losses and has not incurred any cash losses during the current financial year and immediately preceding financial period.
11. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the company has not defaulted in repayment of dues to the banks.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of investments in shares, securities, debentures and others and timely entries have been made therein. All the investments have been held by the company in its own name.
15. According to the information and explanations given to us, the company has given guarantee for loans taken by others from bank or Financial Institutions:



Sl. No.	Name of the Company	Guarantee (Rs. in lakhs)	No. of Shares Pledged
1	Nama Hotels Private Limited	25293	13821000
2	Madurai - Tuticorin Expressways Ltd	-	73454000
3	Madhucon Infra Limited	20000	-

16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
17. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the company has not utilized funds raised on short-term basis for long term investment and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued secured debentures during the year.
20. There are no shares issued during the said period under review.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For KOTA & COMPANY
Chartered Accountants
FRN 011982S

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

Place: Hyderabad
Date: 30.08.2011



BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	SCH No.	AS AT 31st March, 2011		AS AT 31st March, 2010	
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
I. SOURCE OF FUNDS:					
1. SHAREHOLDERS' FUNDS					
a) Capital	:A:	74032190		74032190	
b) Reserves & Surplus	:B:	6012138167	6086170357	5709566309	5783598499
2. LOAN FUNDS					
Secured Loans	:C:	5795084626		2889829286	
Un Secured Loans	:D:	1711186850	7506271476	497976027	3387805313
3. DEFERRED TAX LIABILITY					
T O T A L 1 T O 3			35898410		104491202
			13628340243		9275895014
II. APPLICATION OF FUNDS:					
1. FIXED ASSETS					
a) Gross Block	:E:	5052239997		4910211626	
b) Less: Depreciation		2642393673		2176081773	
c) Net Block			2409846324		2734129853
2. INVESTMENTS					
	:F:		7561363335		6386511118
3. CURRENT ASSETS, LOANS & ADVANCES					
Current Assets	:G:	6213264818		2549031983	
Loans & Advances		7643286796		4977776905	
		13856551614		7526808888	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	:H:	9875436860		7080511902	
Provisions		323984170		291042943	
		10199421030		7371554845	
Net Current Assets			3657130584		155254043
T O T A L 1 T O 3			13628340243		9275895014

NOTES ON ACCOUNTS**:P:**

Note: Schedules A to H and P form an integral part of the Balance Sheet

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.22964
Place: Hyderabad
Date: 30-08-2011

N.Seethaiah
Managing Director

S.Vaikuntanathan
Wholtime Director

E.N.Viswanath
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	SCH No.	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
INCOME:			
Civil Engineering Projects		17128967605	13131550066
Increase in WIP & Stock	:I:	1030972033	234092995
Other Income	:J:	88687501	56002603
TOTAL		18248627139	13421645664
EXPENDITURE:			
Material and Work Expenses	:K:	13969975077	9841210396
Machinery Maintenance	:L:	1204857035	1206524392
Administrative Expenses	:M:	1262581994	963880634
Interest & Finance Charges	:N:	625479959	251290354
Depreciation	:E:	478017154	464270394
TOTAL		17540911219	12727176170
Profit before Extra ordinary Items		707715920	694469494
Extra Ordinary Items	:O:	4026554	-
Profit after Extra Ordinary Items		711742474	694469494
Provision for taxation - Current Tax*		456250569	256622400
- Deferred Tax		(68592792)	(19919069)
(*Includes Rs.15,37,79,238/- of earlier Years)			
Net Profit Available for Appropriations		324084697	457766163
General Reserve		32408470	45776616
Proposed Dividend		18448735	29517976
Provision for Dividend Tax		3064104	4902567
Balance carried to Balance Sheet		270163388	377569004

NOTES ON ACCOUNTS**:P:**

Note: Schedules I to P form an integral part of the Profit & Loss Account

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. PrasadPartner
M.No.22964**N.Seethaiah**
Managing Director**S.Vaikuntanathan**
Wholetime Director**E.N.Viswanath**
Company SecretaryPlace: Hyderabad
Date: 30-08-2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Year Ended 31st March, 2011 (Rupees)	Year Ended 31st March, 2010 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	707,715,920	694,469,494
Adjustments for:		
Add:		
Depreciation	478,017,154	464,270,394
Interest	464,689,659	120,733,093
Less: Income from Investment	61,416,850	12,787,638
Operating profit before working capital changes	1,589,005,883	1,266,685,343
Adjustments for:		
(Increase)/Decrease in stocks	(1,032,964,736)	(234,092,995)
Increase /Decrease in Trade Debtors and other advances	(5,210,914,317)	(435,863,446)
Increase/Decrease in Creditors and other Liabilities	2,827,866,185	555,431,773
Cash generated from operations	(1,827,006,985)	1,152,160,675
Direct taxes	456,250,569	256,622,400
Cash flow before extraordinary items	(2,283,257,553)	895,538,275
Extraordinary items	4,026,554	-
Net Cash from Operating activities	(A) (2,279,230,999)	895,538,275
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets(net)	(153,733,626)	(314,327,080)
Increase in Investments	(1,174,852,217)	(2,658,921,326)
Income from investment (Interest)	61,416,850	12,787,638
Net Cash used in investing activities	(B) (1,267,168,993)	(2,960,460,768)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(464,689,659)	(120,733,093)
Increase in secured loans	2,905,255,340	1,927,061,814
Increase in unsecured loan	1,213,210,823	-
Dividend Paid	(18,448,735)	(29,517,976)
Dividend Tax thereon	(3,064,104)	(4,902,567)
Dividend and Dividend Tax Adjustments of Previous Year		
Net cash from financing activities	(C) 3,632,263,665	1,771,908,178
Net Increase in Cash and Cash equivalents	85,863,673	(293,014,315)
Cash and cash equivalents as at 01/04/2010 (Opening Balances)	554,784,109	847,798,424
Cash and cash equivalents as at 31/3/2011 (Closing Balance)	640,647,782	554,784,109

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.22964

N.Seethaiah
Managing Director

S.Vaikuntanathan
Wholetime Director

E.N.Viswanath
Company Secretary

Place: Hyderabad
Date: 30-08-2011



SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	AS AT 31st March, 2011		AS AT 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital: (30,00,00,000 Equity Shares of Rs.1/- each,	300000000		110000000	
20,00,000 Redeemable Preference Share of Rs.100/- each	200000000	500000000	50000000	160000000
Subscribed and Paid up: (7,37,94,940 Equity shares of Rs.1/- each) Add:Forfeited Shares Amount (Originally paid up)	73794940 237250	74032190	73794940 237250	74032190
T O T A L		74032190		74032190
SCHEDULE - B				
RESERVES & SURPLUS				
A) General Reserve At. Commencement of the Year Add: From Profit and Loss Account	281299901 32408470	313708371	235523285 45776616	281299901
B) Surplus in Profit & loss account at the beginning of the year Add: Balance transferred from Profit and Loss account	2496958996 270163388	2767122384	2119389992 377569004	2496958996
C) Share Premium Account At the beginning of the Year		2931307412		2931307412
T O T A L		6012138167		5709566309
SCHEDULE - C				
SECURED LOANS				
A) H.P. Finance		120110053		384911032
B) ECB Loan		356374875		604973875
C) Secured Loans from Banks		5318599698		1899944379
T O T A L		5795084626		2889829286
SCHEDULE - D				
UNSECURED LOANS				
A) Unsecured loans from Banks		1499986850		497976027
B) Others (Subsidiaries)		211200000		-
T O T A L		1711186850		497976027



SCHEDULE :E: FIXED ASSETS AND DEPRECIATION

(Figures in Rupees)

S.No.	Name of the Asset	Gross Block			Depreciation			Net Block		
		As at 01.04.2010	Additions	Deletions	As at 31.03.2011	During the Year	Deletions	As at 31.03.2011	WDV As at 31.03.2011	WDV As at 31.03.2010
1	Land	96086981	10590802	-	10667783	-	-	-	10667783	96086981
2	Buildings	1110341	-	-	1110341	-	-	19898	1090443	1108542
3	Staff Quarters	1056515	-	-	1056515	-	-	194119	862396	879618
4	Excavators	542857121	4162722	-	547019843	-	-	361397632	185622211	242921123
5	Compressors	27238797	80175	-	27318972	-	-	16623068	10695904	11910094
6	Vibratory Compactors	198546353	-	-	198546353	-	-	64474816	134071537	143502489
7	DGTH Crawler Tractor with Dozer Blades	52664494	-	-	52664494	-	-	34594353	18070141	23073268
8	Miller Batching Plant	262809862	6463852	-	269273714	-	-	189414603	79859111	103749360
9	Industrial Process Chiller	5812390	-	-	5812390	-	-	2507974	3304416	3580504
10	Dozer	37866310	-	-	37866310	-	-	22749606	15116704	18714004
11	Drilling Equipment	56067282	-	-	56067282	-	-	10135228	45932054	48595250
12	Hot Mix Plant	229759535	-	-	229759535	-	-	131094768	98664767	122421903
13	Crushing Plant	696683960	-	-	696683960	-	-	459473558	237210402	309247524
14	Motor Graders	140952172	-	-	140952172	-	-	88068422	52883750	67458204
15	Pavers	259716024	-	1575084	258140940	-	1575084	167498913	90642027	118700508
16	Wet Mix Plant	21555812	-	-	21555812	-	-	15443508	6112304	8341175
17	Loaders	131120873	-	-	131120873	-	-	82953031	48167842	61725741
18	Cranes	10280167	1200000	-	11480167	-	-	3847707	7632460	7498715
19	Kerb Making Machine	34882903	-	-	34882903	-	-	10459929	24422974	26079912
20	Transit Mixtures	106621070	-	-	106621070	-	-	22506963	84114107	89178608
21	Vehicles	124719687	16675445	704124	142691008	-	704124	348754	73224492	67935814
22	Tipper & Trucks	1307896515	1990000	18313141	1291573374	-	18313141	10985261	749126131	878856886
23	Centering Materials	96758102	74611023	-	171369125	-	-	95895196	75473929	37023058
24	Other Machineries	99774453	8188661	-	107963114	-	-	31838189	76124925	72875933
25	Generators	91017638	3128341	-	94145979	-	-	22370433	71775546	73059145
26	Lab Equipment	26548990	489813	-	27038803	-	-	14781926	122566877	14546424
27	Survey Equipment	1225053	455922	-	12720975	-	-	7386429	5334546	6177855
28	Weigh Bridges	16848544	-	-	16848544	-	-	10138326	6710218	8452357
29	Temporary Structures	133279987	16542696	-	149822683	-	-	136233091	13589592	4272436
30	Furniture & Office Equipment	80865213	7432974	-	88298187	-	-	25929032	62369155	60290172
31	Computer & Software	6548482	8608294	-	15156776	-	-	2449198	12707578	5871651
	TOTAL	4910211626	162620720	20592349	5052239997	20592349	11705255	2642393673	2409846324	2734129854



SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	AS AT 31st March, 2011		AS AT 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE - F				
INVESTMENTS				
I - QUOTED				
4100 Equity shares of Rs.10/- each with Premium of Rs.25/- each in Canara Bank.		143500		143500
II UN QUOTED				
(i) M B N Anchored Earth Limited 40000 Equity Shares of Rs.10/- each	400000		400000	
(ii) Madhucon Energy Limited 100090 Equity Shares of Rs.5/- each	500450		500450	
(iii) Madhucon Sugar & Power Industries Limited 4811500 Equity Shares of Rs.10/- each	48115000		48115000	
(iv) Madhucon Properties Limited 20000 Equity Shares of Rs.10- each	200000		200000	
(v) Madhucon Agra Jaipur Expressways Limited 100000 Equity Shares of Rs.10- each	1000000		318440000	
(vi) T N (DK) Expressways Limited 100000 Equity Shares of Rs.10/- each	1000000		381420000	
(vii) Madhucon Natural Resources Limited (Singapore) 750 Ordinary Shares of S \$1 each	21036		21036	
(viii) Trichy Thanjavur Express Ways Ltd 100000 Equity Shares of Rs.10- each	1000000		331000000	
(ix) Madhurai Tuticorin Express Ways Ltd 88561500 Equity Shares of Rs.10- each	885615000		885615000	
(x) P T Madhucon Indonesia 1565000 Ordinary Shares of Indonesia Rph 10,110	72271700		438694347	
(xi) Simhapuri Energy Private Limited 10000 Equity Shares at cost	100000		951306000	
(xii) Madhucon Mega Mall Private Limited. 20000 Equity Shares of Rs.10- each	200000		200000	
(xiii) Madhucon Heights Private Limited 20000 Equity Shares of Rs.10- each	200000		200000	
(xiv) Nama Hotels Private Limited 27121200 Equity Shares of Rs.10- each	271212000		271212000	
(xv) Madhucon Toll Highways Limited 30000 Equity Shares of Rs.10- each	300000		300000	
(xvi) Madhucon Infra Limited 627287045 Equity shares of Rs.10/- each	6272870450		2409395000	
(xvii) Share Application Money Simhapuri Energy Private Limited	-		319000000	
(xviii) Agstyamuni Hyro Power Private Limited 6000Equity shares of Rs.10/- each	60000		-	
(xix) Chhapra Hajipur Expressways Limited 30000Equity shares of Rs.10/- each	300000		-	
Share Application money	200000		-	
(xx) Rudraprayag Hydro Power Limited 6000Equity shares of Rs.10/- each	60000		-	
(xxi) Tilvara Hydro Power Privated Limited 6000Equity shares of Rs.10/- each	60000		-	
(xxii) Ramnagar Power Private Limited 10000 Equity shares of Rs.10/- each	100000		-	
(xxiii) Rajanagaram Gas Power Private Limited 488080quity shares of Rs.10/- each	4880800		-	
(xxiv) Barasat-Krishnagar Expressways Limited 14000 Equity shares of Rs.10/- each	140000		-	
(xxv) Ranchi Expressways Limited 14000 Equity shares of Rs.10/- each	140000		-	
(xxvi) Madhucon Oil & Gas Power Limited, Ghana	273399		-	
(xxvii) Mutual Funds	-	7561219835	30348785	6386367618
TOTAL		7561363335		6386511118



SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	AS AT 31st March, 2011		AS AT 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES				
A) CURRENT ASSETS				
i) Interest Accrued		3314490		6316298
ii) Work in Progress		1440813475		655928347
iii) Closing Stock		343226605		95146997
iv) Sundry Debtors				
a. Outstanding for More than six Months Considered good	360686188		407212211	
b. Others Considered good	3424576278	3785262466	829644021	1236856232
v) Cash and Bank Balances				
Cash on Hand	3428849		6463099	
Balances with Scheduled Banks				
Current Accounts	599742845		478786717	
Fixed Deposits	37476088	640647782	69534293	554784109
T O T A L		6213264818		2549031983
B) LOANS AND ADVANCES				
(Un secured and considered good)				
Advances to Suppliers & Others	5511653777		3745401894	
Deposits with Government & Others	1866725577		971842727	
Tax Deducted at Source	264907442	7643286796	260532284	4977776905
T O T A L (A+B)		13856551614		7526808888
SCHEDULE - H				
CURRENT LIABILITES & PROVISIONS				
A) CURRENT LIABILITIES				
Creditors for Suppliers	910786711		680178032	
Creditors for Services	116746264		185323950	
Other Liabilities	8847903885	9875436860	6215009920	7080511902
B) PROVISIONS				
Taxation	302471331		256622400	
Proposed Dividend	18448735		29517976	
Provision for Dividend Tax	3064104	323984170	4902567	291042943
T O T A L		10199421030		7371554845



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31st March, 2011		Year Ended 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE :I:				
INCREASE IN WIP & STOCK				
Closing work in Progress	1440813475		655928347	
Less: Opening Work in Progress	655928347	784885128	423720700	232207647
Closing Stock	341233902		95146997	
Less: Opening Stock	95146997	246086905	93261649	1885348
TOTAL		1030972033		234092995
SCHEDULE :J:				
OTHER INCOME				
Interest on Bank Deposits		61416850		12787638
Sale of Scrap etc.		6950727		9295863
Others		20319924		33919102
TOTAL		88687501		56002603
SCHEDULE :K:				
MATERIALS AND WORK EXPENSES				
:B1: MATERIALS				
Cement		614824960		571482319
Steel		574090276		788018707
Bitumen		1149437480		1328895858
General Stores		480236006		541293667
Other Materials		5626355240		2043604718
:B2: WORK EXPENSES				
Road Work Expenses		1551341268		1606793383
Civil Works		1759066934		469437043
Earth Work Expenses		1640105395		1406718010
Site Expenses		17319015		21746696
Material Transport Charges		156832925		287328749
Other Works		400365578		775891246
TOTAL		13969975077		9841210396



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
SCHEDULE :L:		
MACHINERY MAINTENANCE		
Fuel Charges	883308000	871519410
Vehicle Maintenance	40382681	41505517
Machinery Maintenance	167839852	201725669
Repairs & Maintenance	5736412	9570715
Machinery Hire Charges	107590090	82203081
TOTAL	1204857035	1206524392
SCHEDULE :M:		
ADMINISTRATIVE EXPENSES		
Electricity & Water Charges	17773453	18256014
Traveling Charges	18631353	16216154
Printing & Stationery	6962802	7513124
Consultancy Charges	59435956	9925750
Postage & Stamps	1554585	909310
Advertisement	2612835	893205
Tender Charges	32723664	12154606
Staff Welfare	52712450	51071730
Telephone Charges	8408384	8083127
Security Services	24344980	15221438
Auditors Fee		
- Audit Fees	1709650	450000
- Tax Audit Fees	165450	50000
Insurance Charges	40233650	43539463
Rent	25849266	19418108
Salaries	523051251	444894942
Legal Expenses	12732637	28066292
Sales Tax	191565745	189497043
Miscellaneous Expenses	8363343	5394517
Office Maintenance	12061444	20504518
Managerial Remuneration	8040000	4740000
Business Promotion Expenses	5482993	3338091
Rates & Taxes	205720353	63743202
Loss on Sale of Vehicles	2445750	-
TOTAL	1262581994	963880634
SCHEDULE :N:		
INTEREST & FINANCE CHARGES		
Finance Charges	102593084	36217538
Bank Guarantee Commission	32728450	34374646
Interest on Mobilisation Advance	22954662	57350790
Bank Charges	2514104	2614287
Interest	464689659	120733093
TOTAL	625479959	251290354
SCHEDULE :O:		
EXTRA ORDINARY ITEMS		
Sundry Balances Written Back	103426554	-
Less: Loss on Sale of Investments	99400000	-
TOTAL	4026554	-



SCHEDULE - P : NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

I SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation:

The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the company are consistent with those used in the previous years.

2. Significant accounting judgments and estimates:

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, equal to the related actual results.

3. Inventories:

- a) The stock of stores and embedded goods and fuel is 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.

4. Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the cost of acquisition and any attributable cost of bringing the asset to its working condition for its intended use.

5. Depreciation:

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.

6. 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.

7. Investments:

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

8. Loan Funds

(i) Working Capital, Short Term Loan Facilities:

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

- (a) Pari passu first charge on Current Assets of the Company.
- (b) Pari passu second charge on unencumbered movable Fixed Assets of the company.

(ii) ECB Loan:

Facility is secured by exclusive charge on equipment purchase.

**9. 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.

10. 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.

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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.



II Notes on Accounts:

1. Contingent Liabilities not provided for:

(Rs. in Lakhs)

Sl.No.	Particulars	2010 - 2011	2009 - 2010
1	Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company.	109096.00	63827.08
2	Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	107849.00	78691.51
3	Disputed Sales Tax (on appeal)	974.03	974.03
4	Disputed Entry Tax	-	36.16
5	Income-tax demand contested in appeal.	7189.30	1784.37

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

Sl.No.	Investee Company	No of Shares pledged	
		2010 - 2011	2009 - 2010
1	Madhucon Agra Jaipur Expressways Ltd	-	31744000
2	TN DK Expressways Ltd.	-	38042000
3	Trichy Tanjavur Expressways Ltd	-	33000000
4	Madurai Tuticorin Expressways Ltd	73454000	73454000
5	Simhapuri Energy Pvt. Ltd.	-	85180600
6	Nama Hotels Pvt. Ltd.	13821000	-

3. Managerial Remuneration under section 198 of the Companies Act, 1956 paid or payable during the financial year, to the directors as under:

(Rs. in Lakhs)

Sl. No.	Particulars	2010 - 2011	2009 - 2010
1	Salary and Allowances	74.06	40.80
2	Contribution to Provident and other funds	1.44	1.20
3	Commission	--	--
4	Directors Sitting Fee	--	--
5	Perks & Benefits including reimbursements	6.34	5.40
	Total	81.84	47.40

4. Auditor's Remuneration:

(Rs. in Lakhs)

Sl. No.	Particulars	2010 - 2011	2009 - 2010
1	Statutory Audit Fee	15.50	4.50
2	Tax Audit Fee	1.50	0.50



5. 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.7189.30 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.

6. 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)

Particulars	2010 - 2011	2009 - 2010
Deferred Tax Liabilities on timing differences due to :		
a) Depreciation	(685.93)	(199.19)
b) Deferred Revenue Expenditure	-	-
Total	(685.93)	(199.19)

7. Turnover (Civil Engineering Projects) include, machinery and equipment supplied to Simhapuri Energy Private Limited (Subsidiary Company) Rs. 632.77 as part of EPC contract.

8. Segmental Reporting:

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

9. 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 Bina Puri JV
- (ii) Madhucon Sino-Hydro JV

10. 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, 2011 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2011 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.

11. In accordance with Accounting Standard 11 (revised) the net exchange gain/(Loss) credited to profit & loss account is Rs. 6.10 Lakhs (previous year net exchange gain credited Rs. 1.48 lakhs) and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. Nil (previous year: Rs.Nil).



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

Particulars	2010 - 2011	2009 - 2010
Foreign Exchange Earnings:		
Interest & others	-	-
Foreign Exchange Out Go:		
i. Towards travelling	38.22	3.79
ii. Towards import of capital goods (CIF)	2981.50	4574.11
iii. On account of others:		
a) Investment	3049.85	3548.14
b) Interest	396.28	579.43
iv. Others	109.31	22.39

13. **Related Party Transactions:**

Following are the list of related parties and relationships

A. Subsidiary Companies

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 Hydri Power Private Limited
10. Madhucon Natural Resources Limited, Singapore
11. Madhucon Oil & Gas Limited, Ghana

B. Step down Subsidiaries

12. TN (DK) Expressways Limited
13. Trichy - Thanjavur Expressways Limited
14. Madhucon Agra-Jaipur Expressways Limited
15. Chapra Hajipur Expressways Limited
16. Barasat-Krishnagar Expressways Limited
17. Ranchi Expressways Limited
18. Simhapuri Energy Private Limited
19. PT Madhucon Indonesia

C. Associates

20. M.B.N.Anchored Earth Limited
21. Madhucon Properties Limited.
22. Madhucon Toll Highways Limited
23. Ramnagar Power Private Limited

D. Enterprises where significant influence exists

24. Nama Investments Limited
25. Madhucon Granites Limited
26. Madhucon Info Tech Limited
27. Madhucon Land Developers Limited
28. Madhucon Sugars and Power Industries Limited
29. Madhucon Estates Limited
30. Nama Properties Limited
31. NNR Infra Investments Private Limited
32. Rajanagaram Gas Power Private Limited

E. Joint Ventures

33. Madhucon Bina Puri JV
34. Madhucon Sino-Hydro JV
35. Madhucon ABCI JV
36. Madhucon Valay JV
37. Madhucon Sree Rama JV
38. Madhucon CGGV JV

F. Key Management Personnel and their relatives:

39. Sri Nama Seethaiah Managing Director
40. Sri S. Vaikuntanathan Whole-time Director

G. Related Party Transactions during the year ended March 31, 2011 are as follows:**(Rs. In Lakhs)**

Particulars of Transactions	Subsidiaries	Associates	Step Down Subsidiaries	Jointly controlled / entities and ventures	Key management personnel and relatives	Enterprises owned or significantly influenced by key management personnel or their relatives
Services	0.00	0.00	0.00	0.00	0.00	10.16
Sales/Contract Receipts	8568.37	0.00	101584.15	3064.72	0.00	0.00
Purchases/Contract Payments	0.00	0.00	0.00	0.00	0.00	0.00
Share Capital/Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00
Rent Paid	0.00	0.00	0.00	0.00	29.40	0.00
Remuneration	0.00	0.00	0.00	0	81.84	0
Investments	0.00	0.00	3260.48	0	0	0.00
Sale of Investments to Subsidiaries	25715.56	0.00	0.00	0	0	0.00
Corporate Guarantees	46589.90	0.00	61258.88	0	0.00	0.00
Bank Guarantees	1887.00	0.00	7151.75	0	0.00	0.00
Loans/Advances paid	435.29	0.71	0.00	2.76	640.16	2469.33
Loans/Advances Received	2112.00	0.00	0.00	1.49	0.00	0.00
Year end balances in Current Assets	13380.30	0.06	21973.62	3973.01	338.57	6087.71
Year end balances in Current Liabilities	0.00	567.30	0.00	555.33	1504.64	1095.52

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 2010-11

(Rs. in Lakhs)

Particulars of Transactions	Amount
Services :	
Madhucon Infotech Ltd	10.16
Sales/Contract Receipts:	
Simhapuri Energy Pvt Ltd	86026.46
Rent Paid:	
Mr.Nama Seethaiah	14.40
Remuneration:	
Mr.Nama Seethaiah	57.00
Mr.S.Vaikuntanathan	24.84
Investments	
Madhucon Infra Ltd	38634.75
Simhapuri Energy Pvt Ltd	3190.00
Corporate Guarantees	
Madhucon Infra Ltd	20000.00
Nama Hotels Private Limited	26589.90
Bank Guarantees	
Madurai Tuticorin Expressways Ltd	1,887.00
Simhapuri Energy Pvt Ltd	2,455.00
TNDK Expressways Limited	981.75
Chapra - Hajipur Expressways Limited	2875.00
Loans/Advances paid	
Madurai Tuticorin Expressways Ltd	435.00
Madhucon Granites Ltd	2450.00

14. 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.

**15. Earnings per share:**

Sl.No.	Particulars	2010 - 2011	2009 - 2010
i	Profit computation for basic earnings Net Profit as per Profit & Loss Account Available for equity shareholders. (Rs. in lakhs)	3240.85	4577.66
ii	Weighted average number of equity shares of Re.1/- each for Basic EPS (Nos)	73794940	73794940
iii	EPS (weighted average) (Rs)	4.39	6.20

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.22964

N.Seethaiah
Managing Director

S.Vaikuntanathan
Wholetime Director

E.N.Viswanath
Company Secretary

Place: Hyderabad
Date: 30-08-2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

(In Rupees)

A. REGISTRATION DETAILS

CIN No	:	L74210AP1990PLC011114
State Code.	:	01
Balance Sheet Date	:	31.03.2011

B. CAPITAL RAISED DURING THE YEAR

Public Issue	:	--
Right Issue	:	--
Bonus Issue	:	--
Private Placement	:	--

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	:	13628340243
Total Assets	:	13628340243

D. SOURCES OF FUNDS

Paid-up Capital	:	74032190
Reserves & Surplus	:	6012138167
Secured Loans	:	5795084626
Unsecured Loans	:	1711186850
Deffered Tax Liability	:	35898410

E. APPLICATION OF FUNDS

Net Fixed Assets	:	2409846324
Investments	:	7561363335
Net Current Assets	:	3657130584
Misc. Expenditure	:	--
Accumulated Losses	:	--

F. PERFORMANCE OF COMPANY

Turnover	:	18248627139
Total Expenditure	:	17540911219
Profit before Tax	:	707715920
Earnings per Share in Rs.	:	4.39
Dividend	:	25%

G. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(As per monetary terms)

Item Code No. (ITC Code)	:	N.A
Product Description	:	N.A
Item Code No. (ITC Code)	:	N.A
Product Description	:	N.A
Item Code No.	:	N.A
Product Description	:	N.A



CONSOLIDATED FINANCIAL STATEMENTS

2010 - 2011



AUDITOR'S 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 March 31, 2011 and the Consolidated Profit and Loss Account of the Group for the year ended on that date both annexed thereto. 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 misstatements. An audit includes examining, on 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.
 - (a) As stated in the Note no. q of significant accounting policies and notes on account to the financial statements of 2 (Two) subsidiaries has not been considered in preparation of Consolidated financial statement, 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 Group's share of total assets of Rs. 315392.24 lakhs as at March 31, 2011, total revenue of Rs. 8893.37 lakhs. including other income), net profit / (loss) of Rs.(4792.73) 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 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. Based on our audit and on consideration of separate audit reports on individual financial statements of the company, its aforesaid subsidiaries and associates and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011.
 - (b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year on that date; and
 - (c) In the case of Consolidated Cash Flow Statement of the cash flows of the Group for the year ended on that date.

For KOTA & COMPANY
CHARTERED ACCOUNTANTS
FRN 011982S

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

Place: Hyderabad
Date: 30.08.2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

Particulars	SCH No.	As at 31st March, 2011		As at 31st March, 2010	
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
I SOURCE OF FUNDS:					
1. SHARE HOLDERS' FUNDS					
a) Capital	:A:	74032190		74032190	
b) Reserves & Surplus	:B:	6666823176	6740855366	8214132868	8288165058
2. MINORITY INTEREST			1775502812		1127594479
3. LOAN FUNDS					
Secured Loans	:C:		29244495648		19429805230
Un Secured Loans	:D:		4717737864		541476028
4. DEFERRED TAX LIABILITY			35936190		104491202
T O T A L 1 T O 4			42514527880		29491531997
II APPLICATION OF FUNDS:					
1. FIXED ASSETS	:E:				
A) Tangible Assets					
a) Gross Block		6047501126		5529878154	
b) Less: Depreciation		2838054446		2293493834	
c) Net Block			3209446680		3236384320
B) Intangible Assets					
a) Gross Block		7022241926		7022241926	
b) Less: Amortisation		592769177		222525108	
c) Net Block			6429472749		6799716818
C) Capital Work in Progress			29037424640		19263574099
D) Pre operative Expenses			1477439796		
2. INVESTMENTS	:F:		57164095		147278514
3. CURRENT ASSETS, LOANS & ADVANCES	:G:				
Current Assets		7670543159		2815109410	
Loans & Advances		6822433158		4694274890	
				7509384300	
Less: CURRENT LIABILITIES & PROVISIONS	:H:				
Current Liabilities		11777604111		7173376283	
Provisions		411792286		291429771	
		12189396397		7464806054	
Net Current Assets			2303579920		44578246
T O T A L 1 T O 3			42514527880		29491531997

NOTES ON ACCOUNTS

:N:

Note: Schedules A to H and N form an integral part of the Balance Sheet

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.22964

Place: Hyderabad

Date: 30.08.2011

N.Seethaiah

Managing Director

S.Vaikuntanathan

Wholetime Director

E.N.Viswanath

Company Secretary



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	SCH No.	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
INCOME:			
Civil Engineering Projects		6100981062	13168057518
Fee Collection from use of facility		570551893	333503065
NHAI -Grant (O&M)		183650000	94350000
Increase(Decrease) in WIP & Stock		1030972033	234092995
Other Income	:I:	140763938	58377296
		8026918926	13888380874
EXPENDITURE:			
Material and Work Expenses	:J:	5320949185	9921052160
Machinery Maintenance	:K:	717795562	1211032055
Administrative Expenses	:L:	1059251645	998677720
Interest & Finance Charges	:M:	1265307277	515815243
Depreciation	:E:	851420858	688172424
Miscellaneous Expenditure Written Off		-	5843449
		9214724527	13340593051
Profit before taxation		(1187805601)	547787823
Extra Ordinary Items		4026554	-
Profit after Extra Ordinary Items		(1183779047)	-
Less: Prior Period Items		24443716	-
		(1208222763)	-
Prior Period Expenditure		-	-
Provision for taxation - Current Tax		456250569	257009228
- Deferred Tax		(68555012)	(19919069)
Profit after tax before Minority Interest		(1595918320)	310697664
Add: Balance Brought forward from Previous Year			
Share of Loss transferred Minority Interest		23935176	12345826
Profit after tax after Minority Interest		-	323043490
Share of (Profit)/Loss transferred from Associates		-	(314313)
Net Profit Available for Appropriations		(1571983144)	322729177
General Reserve		32408470	45776616
Proposed Dividend		18448735	29517976
Provision for Dividend Tax		3064104	4902567
Balance carried to Balance Sheet		(1625904453)	242532018

NOTES ON ACCOUNTS

:N:

Note: Schedules I to N form an integral part of the Profit and Loss Account

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.22964

Place: Hyderabad

Date: 30-08-2011

N.Seethaiah

Managing Director

S.Vaikuntanathan

Wholetime Director

E.N.Viswanath

Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(1187805601)	547787823
Adjustments for:		
Add:		
Depreciation	851420858	688172423
Deferred Revenue Expenditure Written off	-	3717370
Loss on sale of Assets	2445750	-
Profit/Loss on sale of Investments	(122185)	(420498)
Interest	1114451755	207729804
Less: Income from Investment	61416850	12787638
Operating profit before working capital changes	(719218097)	1434199284
Adjustments for:		
(Increase)/Decrease in stocks	(1204272446)	(228167202)
Increase /Decrease in Trade Debtors and other advances	(5191472277)	937775843
Increase/Decrease in Creditors and other Liabilities	4724590343	1564699333
Cash generated from operations	(2390372477)	3708507258
Direct taxes	456250569	257009228
Cash flow before extraordinary items	(2846623046)	3451498030
Extraordinary items	20417162	-
Net Cash from Operating activities (A)	(2846623046)	3451498030
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets(net)	(10279768257)	(10648918200)
Increase/decrease otherassets	887826320	881855367
Decrease in Investments	(90114419)	155525892
Income from investment (Interest)	61416850	12787638
Profit/Loss on Sale of Investments	122185	420498
Net Cash used in investing activities (B)	(9420517321)	(9598328805)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1114451755)	(207729804)
Increase in secured loans	9814690417	5463909134
Unsecured Loans	4176261836	(130760916)
Dividend Paid	(18448735)	(29517976)
Dividend Tax thereon	(3064104)	(4902567)
Net cash from financing activities (C)	12854987659	5090997871
Net Increase in Cash and Cash equivalents	587847292	(1055832904)
Cash and cash equivalents as at 01/04/2010 (Opening Balances)	739245984	1795078888
Cash and cash equivalents as at 31/3/2011 (Closing Balance)	1327093276	739245984

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.22964
Place: Hyderabad
Date: 30-08-2011

N.Seethaiah
Managing Director

S.Vaikuntanathan
Wholetime Director

E.N.Viswanath
Company Secretary



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE - A				
SHARE CAPITAL				
Authorised Capital:	300000000		110000000	
(30,00,00,000 Equity Shares of Rs.1/- each,				
20,00,000 Redeemable Preference	200000000	500000000	50000000	160000000
Share of Rs.100/- each				
Subscribed and Paid up:	73794940		73794940	
(7,37,94,940 Equity shares of Rs.1/- each)				
Add: Forfeited Shares Amount (Originally paid up)	237250	74032190	237250	74032190
TOTAL		74032190		74032190
SCHEDULE - B				
RESERVES & SURPLUS				
A. Capital Reserve		804485303		1311960150
B. General Reserve				
At the Commencement of the Year	281299901		235523285	
Add: From Profit and Loss Account	32408470	313708371	45776616	281299901
C. Post Acquisition Reserves		1806098418		1287169237
D. Currency Translation Reserve		363688		40474158
E. Surplus in Profit & loss account at the beginning of the year	2361922010		2119389992	
Add: Balance transferred from Profit and Loss account	-1625904453		242532018	
Less: Share of loss from Subsidiaries	74842427	810859984		2361922010
F. Share Premium Account At the beginning of the Year		2931307412		2931307412
TOTAL		6666823176		8214132868
SCHEDULE - C				
SECURED LOANS				
A) H.P. Finance		120110053		384911032
B) ECB Loan		356374875		604973875
C) Secured Loans From Banks		28768010720		18439920324
TOTAL		29244495648		19429805231
SCHEDULE - D				
UN SECURED LOANS				
A) Un secured loans from Banks		4499986850		-
B) Others (Subsidiaries)		217751014		541476028
TOTAL		4717737864		541476028



SCHEDULE :E: FIXED ASSETS AND DEPRECIATION

S.No.	Name of the Asset	Gross Block			Depreciation			Net Block			
		As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	During the Year	Deletions	As at 31.03.2011	WDV As at 31.03.2011	WDV As at 31.03.2010
1	Land	247394641	287779484	-	535174105	-	-	-	535174105	245798167	245798167
2	Building	1660285	28166908	-	29827193	27063	18099	45162	29782091	1633222	1633222
3	Staff Quarters	1056515	-	-	1056515	176897	17221	194119	8623396	879618	879618
4	Excavators	542857121	4162722	-	547019843	299935998	61461634	361397632	185622211	242921123	242921123
5	Compressors	27238797	80175	-	27318972	15328703	1294365	16623068	10695904	11910094	11910094
6	Vibratory Compactors	198546353	-	-	198546353	55043864	9430952	64474816	134071537	143502489	143502489
7	DGTH Crawler Tractor with Dozer Blades	52664494	-	-	52664494	29591226	5003127	34594353	18070141	23073268	23073268
8	Miller Batching Plant	262809862	6463852	-	269273714	159065902	30348701	189414603	79859111	103743960	103743960
9	Industrial Process Chiller	5812390	-	-	5812390	2231886	276089	2507974	3304416	3580504	3580504
10	Dozer	37866310	-	-	37866310	19152306	3597299	22749606	15116704	18714004	18714004
11	Drilling Equipment	56067282	-	-	56067282	7472032	2663196	10135228	45932054	48595250	48595250
12	Hot Mix Plant	229759535	-	-	229759535	107337632	23757136	131094768	98664767	122421903	122421903
13	Crushing Plant	696683960	-	-	696683960	387436436	72037122	459473557	237210403	309247524	309247524
14	Motor Graders	140952172	-	-	140952172	73493968	14574455	88068422	52883750	67458204	67458204
15	Pavers	259716024	-	1575084	258140940	141015516	28854637	167498913	90642027	118700508	118700508
16	Wet Mix Plant	21555812	-	-	21555812	13214637	2228871	15443508	6112304	8341175	8341175
17	Loaders	131120873	-	-	131120873	69395132	13557898	82953031	48167842	61725741	61725741
18	Cranes	10280167	1200000	-	11480167	2781452	1066254	3847707	7632460	7498715	7498715
19	Keirb Making Machine	34882903	-	-	34882903	8802991	1656938	10459929	24422974	26079912	26079912
20	Transit Mixtures	106621070	-	-	106621070	17442462	5064501	22506963	84114107	89178608	89178608
21	Vehicles	141979586	20720327	704124	161995789	64235781	17711490	348754	80397272	77530333	77530333
22	Tipppers & Trucks	1307896515	1990000	18313141	1291573374	429039929	124392875	542447243	749126131	878856886	878856886
23	Centering Materials	96758102	74611023	-	171369125	59735044	36160152	95895196	75473929	37023058	37023058
24	Other Machineries	109537663	8188661	-	117726324	30118903	7190572	37309475	80416849	79312944	79312944
25	Generators	91071638	3128341	-	94145979	17958493	4411940	22370433	71775546	73059145	73059145
26	Lab Equipment	26818183	489813	-	27307996	12002566	2779360	14781926	12526070	14815617	14815617
27	Survey Equipment	12652053	455922	-	13107975	6087198	1299231	7386429	5721546	6564855	6564855
28	Weigh Bridges	17858544	-	-	17858544	8396187	1742139	10138326	7720218	9462357	9462357
29	Temporary Structures	133183436	16542696	-	149726132	128982287	8705905	137888192	12037940	4201149	4201149
30	Furniture & Office Equipment	88763986	9498894	-	98282880	22839427	6779619	29619046	68663834	65889054	65889054
31	Computer & Software	7858453	12292081	-	20150534	1405689	2403220	3808909	16341625	6452764	6452764
32	Plant & Machinery	55527996	60750	-	55588746	2057084	3047270	5104354	50484392	53470912	53470912
33	Heavy Equipment	387748821	49094304	-	436843125	104862697	61560344	166423041	270420084	275123558	275123558
	TOTAL	5543167542	524925933	20592349	6047501126	2296667088	553092611	11705255	2638054446	3209446682	3236768320
34	Carriageway	7022241926	-	0	7022241926	222525108	370244069	-	592769177	6429472749	6799716818
35	Capital Work in Progress Less: Depreciation transferred to Pre-operative Expenses	19263190099	11480785197	1706550656	29037424640	-	71915822	-	-	29037424640	19263190099
	TOTAL	31828599567	1200571130	1727143005	42107167692	2519192196	851420858	11705255	3430823623	38676344071	29299675237

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Particulars	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
SCHEDULE - F		
INVESTMENTS		
I - QUOTED		
4100 Equity shares of Rs.10/- each with Premium of Rs.25/- each in Canara Bank.	143500	143500
II - UN QUOTED		
(i) M B N Anchored Earth Limited 40000 Equity Shares of Rs.10/- each	400000	678617
(ii) Madhucon Sugar & Power Industries Limited 4811500 Equity Shares of Rs.10/- each	48115000	48115000
(iii) Madhucon Properties Limited 20000 Equity Shares of Rs.10- each	200000	992175
(iv) Madhucon Natural Resources Limited (Singapore) 750 Ordinary Shares of S \$1 each	21036	21036
(v) Ramnagar Power Private Limited 10000 Equity shares of Rs.10/- each	100000	-
(vi) Rajanagaram Gas Power Private Limited 488080quity shares of Rs.10/- each	4880800	-
(vii) Madhucon Oil & Gas Power Limited, Ghana	273399	-
(viii) Madhucon Toll High ways Limited 30000 Equity Shares of Rs.10- each	300000	234750
(ix) Mutual Funds	2730360	30348785
In Subsidiaries	-	66744651
TOTAL	57164095	147278514



SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES				
A) CURRENT ASSETS				
i) Interest Accrued		3314490		6316298
ii) Work in Progress		2129719957		1172380741
iii) Closing Stock		343226605		96293375
iv) Sundry Debtors				
a. Outstanding for more than six Months				
Considered good	431282747		407212211	
b. Others				
Considered good	3435906084	3867188831	393660801	800873012
v) Cash and Bank Balances				
Cash on Hand	6000358		8281898	
Balances with Scheduled Banks				
Current Accounts	1283616830		661429793	
Fixed Deposits	37476088	1327093276	69534293	739245984
		7670543159		2815109410
B) LOANS AND ADVANCES				
(Un secured and considered good)				
Advances to Suppliers & Others	4567782199		3408223891	
Deposits with Government & Others	1906905479		1024250527	
Tax Deducted at Source	265445480		261800472	
Grant Received from NHAI	82300000	6822433158	-	4694274892
TOTAL		14492976317		7509384300
SCHEDULE - H				
CURRENT LIABILITES & PROVISIONS				
A) CURRENT LIABILITIES				
Creditors for Suppliers	998786948		765692758	
Creditors for Services	116811253		187170531	
Other Liabilities	10662005910	11777604111	6220512994	7173376283
B) PROVISIONS				
Taxation	302471331		257009228	
Proposed Dividend	18448735		29517976	
Provision for Dividend Tax	3064104		4902567	
Gratuity	253120		-	
Leave Encashment	4996		-	
Periodic Major Maintenance	87550000	411792286	-	291429771
TOTAL		2303579920		7464806054



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
SCHEDULE - I		
OTHER INCOME		
Interest on Bank Deposits	61416850	12787638
Sale of Scrap etc.	6950727	9295863
Profit on Sale of Investment	122185	420498
Others	72274176	35873297
TOTAL	140763938	58377296
SCHEDULE :J:		
MATERIALS AND WORK EXPENSES		
:B1: MATERIALS		
Cement	320638397	571482319
Steel	353450354	788018707
Bitumen	302986973	1328895858
General Stores	480236006	541293667
Other Materials	235272663	2043604718
:B2: WORK EXPENSES		
Work Expenses	77798452	34363214
Road Work Expenses	760908927	1606793383
Civil Works	787050037	469437043
Earth Work Expenses	1251288811	1406718010
Site Expenses	17319015	21746696
Highway Maintenance	83091625	42007812
Toll Plaza Expenses	1674659	1744033
Utility Shifting	4484763	1726705
Material Transport Charges	156832925	287328749
Other works	400365578	775891246
Periodic Major Maintenance Expenses	87550000	-
TOTAL	5320949185	9921052160
SCHEDULE :K:		
MACHINERY MAINTENANCE		
Fuel Charges	440480983	871519410
Vehicle Maintenance	40382681	41505517
Machinery Maintenance	123427625	205979162
Repairs & Maintenance	5811241	9643724
Machinery Hire Charges	107693032	82384242
TOTAL	717795562	1211032055



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Particulars	Year Ended 31st March 2011 (Rupees)	Year Ended 31st March 2010 (Rupees)
SCHEDULE :L:		
ADMINISTRATIVE EXPENSES		
Electricity & Water Charges	20707650	18803571
Traveling Charges	18956868	16511661
Printing & Stationery	7426869	7727474
Consultancy Charges	67328195	20612240
Professional Fee	1795840	-
Postage & Stamps	1868592	920614
Advertisement	2685155	986781
Tender Charges	32723664	12154606
Staff Welfare	52945142	51171778
Telephone Charges	8511913	8637727
Security Services	32596751	22100379
Auditors Fee		
- Audit Fees	2204425	719132
- Tax Audit Fees	251484	72060
Insurance Charges	40507461	43956939
Rent	26460790	19850440
Salaries	358204169	455043335
Pooja Expenses	-	13775241
Legal Expenses	12732637	28066292
Sales Tax	191565745	189497043
Miscellaneous Expenses	8611539	5529391
Office Maintenance	12334242	6490700
Managerial Remuneration	9240000	5686667
Business Promotion Expenses	5548755	3365210
Rates & Taxes	138998897	63751018
Software Development Expenses	-	398304
Meeting Expenses	-	47014
Registration Charges	-	2495
Annual Surveillance Fee	46514	7353
Project Over Heads	841391	109583
Other Audit Services	38072	203670
Depository Transfer Service Charges	16943	9542
Filing Fee	4740	2467060
AGM Expenses	2400	2400
Loss on Sale of Vehicles	2445750	-
Toll Monitoring Expenses	1261952	-
Additional Demand - WCT	387100	-
TOTAL	1059251645	998677720
SCHEDULE :M:		
INTEREST & FINANCE CHARGES		
Finance Charges	71693837	36217538
Bank Guarantee Commission	32728450	34374646
Interest on Mobilisation Advance	22954662	57350790
Bank Charges	4586096	2734735
Interest	477376327	121712112
Interest On fixed Loans	637075428	263425424
Agency Fee	1323600	-
Upfront Fee	17568877	-
TOTAL	1265307277	515815245



Schedules forming part of the Consolidated Accounts

SCHEDULE - N ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation:

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

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line –by–line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and unrealized profits or losses on intra group transactions as per Accounting Standard (AS) 21-“Consolidated Financial Statements” notified by the Companies (Accounting Standards) Rules, 2006.
- b) Interest in jointly controlled entities have been consolidated by using the ‘Proportionate Consolidation’ method as per Accounting Standard (AS) 27 –‘Financial Reporting of Interest in Joint Ventures’ notified by the Companies (Accounting Standards) Rules, 2006.
- c) In case of Associates where the Company directly or indirectly through its subsidiaries hold more than 20% equity, Investments in associates are accounted under the equity method as per the Accounting Standard (AS) 23-“Accounting for Investments in Associates in Consolidated Financial Statements” notified by the Companies (Accounting Standards) Rules, 2006.
- d) The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same reporting date as that of the Company i.e., March 31, 2011 except Two Subsidiary Companies.
- e) The excess of cost to the Company, of its investment in subsidiaries and the jointly controlled entities over the Company’s share of equity is recognized in the financial statements as Goodwill and tested for impairment annually.
- f) The excess of the Company’s share of equity of the subsidiaries and jointly controlled entities on the acquisition date, over its cost of investment is treated as Capital Reserve.
- g) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the Company.

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

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



3. Other Significant Accounting Policies

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

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

c) Inventories:

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

d) Fixed Assets:

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

e) Depreciation:

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

f) Impairment of Assets:

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

g) Investments:

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

h) Loan Funds

(i) Working Capital , Short term Loan facilities:

Fund and Non-Fund based facilities from Consortium of banks are secured by

- (a) Pari passu first charge on Current assets of the Company
- (b) Pari passu 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 and Madhucon Oil & Gas Limited, Ghana, there are no significant transactions during the year, hence not considered for consolidation.



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
1	Madhucon Infra Limited	India	90.51%	-
2	Nama Hotels Private Limited	India	99.96%	-
3	Madhucon Mega Mall Private Limited	India	66.67%	-
4	Madhucon Heights Private Limited	India	66.67%	-
5	Madhucon Energy Limited	India	99.99%	-
6	Agastyamuni Hydro Power Private Limited	India	60.00%	-
7	Rudraprayag Hydropower Private Limited	India	60.00%	-
8	Tilwara Hydro power Private Limited	India	60.00%	-
9	Madhurai Tuticorin Expressways Limited	India	54.12%	-
10	Ramnagar Power Private Limited	India	50.00%	-
11	MBN Anchored Earth Limited	India	40.00%	-
12	Madhucon Toll Highways Limited	India	37.50%	-
13	Madhucon Properties Limited	India	33.33%	-
14	Madhucon Natural Resources(Singapore)Limited	Singapore	75.00%	-
15	Madhucon Oil & Gas Limited	Ghana	90.00%	-
16	Ranchi Expressways Limited	India	28.00%	32.00%
17	Barasat Krishnagar Expressways Limited	India	28.00%	32.00%
18	Simpapuri Energy Private Limited	India	0.00%	98.73%
19	Madhucon Agra Jaipur Expressways Limited	India	0.10%	90.79%
20	TN(DK) Expressways Limited	India	0.13%	99.83%
21	Trichy-Thanjavur Expressways Limited	India	0.15%	99.80%
22	Chapra-Hajipur Expressways Limited	India	0.00%	99.912%
23	PT Madhucon Indonesia	Indonesia	10.00%	85.00%

2. Contingent Liabilities not provided for:

(Rs. in Lakhs)

Particulars	2010 - 2011	2009 - 2010
Bank Guarantees/Letters of Credit issued by the banks on behalf of the Company.	109096.00	63827.08
Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	107849.00	78691.51
Disputed Sales Tax (on appeal)	974.03	974.03
Income-tax demand contested in appeal.	7189.30	1784.37
Estimated Amount of contract remaining to be executed on capital account		
Claims raised by EPC contracts on account of /change/variation in scope of work, Escalation and additional works.	15204.00	9045.00
Commitments towards investments in companies	36248.77	-



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

S.No	Investee Company	No of Shares pledged As at 31.03.2011	No of Shares pledged As at 31.03.2010
1	Madhucon Agra Jaipur Expressways Ltd	31770000	31744000
2	TN DK Expressways Ltd.	38055000	38042000
3	Trichy Tanjavur Expressways Ltd	33000000	33000000
4	Madurai Tuticorin Expressways Ltd	73454000	73454000
5	Simhapuri Energy Pvt Ltd.	162020600	85180600
6	Nama Hotels Private Limited	13821000	-
7	Madhucon Infra Limited	25000000	-

4. 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	2010 - 2011	2009 - 2010
Deferred Tax Liabilities on timing differences due to :		
a) Depreciation	(685.93)	(199.19)
b) Deferred Revenue Expenditure	-	-
Total	(685.93)	(199.19)

5. 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.

6. 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
- (vi) Madhucon CGGC JV

Foreign Joint Ventures:

- (i) Madhucon Bina Puri JV
- (ii) Madhucon Sino-Hydro JV

7. 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, 2011 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2011 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.



8. In accordance with Accounting Standard 11 (revised) the net exchange gain / (Loss) credited to profit & loss account is Rs.1.48 Lakhs and foreign exchange difference (net) on capital account included in the cost of respective asset is Rs. Nil.
9. Additional information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956 (wherever applicable).

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Foreign Exchange Earnings:		
Interest & others	-	-
Foreign Exchange Out Go:		
i. Towards travelling	38.22	3.79
ii. Towards import of capital goods (CIF)	2981.50	4574.11
iv. On account of others:		
a) Investment	3049.85	3548.14
b) Interest	396.28	579.43
v. Others	109.31	22.39

10. Related Party Transactions:

Following are the list of related parties and relationships

A. Subsidiary Companies

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 Hydri Power Private Limited
10. Madhucon Natural Resources Limited, Singapore
11. Madhucon Oil & Gas Limited, Ghana

B. Step down Subsidiaries

12. TN (DK) Expressways Limited
13. Trichy - Thanjavur Expressways Limited
14. Madhucon Agra-Jaipur Expressways Limited
15. Chapra Hajipur Expressways Limited
16. Barasat-Krishnagar Expressways Limited
17. Ranchi Expressways Limited
18. Simhapuri Energy Private Limited
19. PT Madhucon Indonesia

**C. Associates**

20. M.B.N.Anchored Earth Limited
21. Madhucon Properties Limited.
22. Madhucon Toll Highways Limited
23. Ramnagar Power Private Limited

D. Enterprises where significant influence exists

24. Nama Investments Limited
25. Madhucon Granites Limited
26. Madhucon Info Tech Limited
27. Madhucon Land Developers Limited
28. Madhucon Sugars and Power Industries Limited
29. Madhucon Estates Limited
30. Nama Properties Limited
31. NNR Infra Investments Private Limited
32. Rajanagaram Gas Power Private Limited

E. Joint Ventures

33. Madhucon Bina Puri JV
34. Madhucon Sino-Hydro JV
35. Madhucon ABCI JV
36. Madhucon Valay JV
37. Madhucon Sree Rama JV
38. Madhucon CGGV JV

F. Key Management Personnel and their relatives:

39. Mr.Nama Seethaiah Managing Director
40. Mr.S.Vaikuntanathan Whole-time Director

G. Related Party Transactions during the year ended March 31, 2011 are as follows:

(Rs. In Lakhs)

Particulars of Transactions	Associates		Jointly controlled / entities and		Key management personnel ventures		Enterprises owned or significantly influenced by key management and relatives personnel or their relatives	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
Services	0.00	1.11	0.00	0.00	0.00	0.00	10.16	8.82
Sales/Contract Receipts	0.00	0.00	3064.72	0.00	0.00	0.00	0.00	0.00
Rent Paid	0.00	0.00	0.00	0.00	29.40	14.40	0.00	0.00
Remuneration	0.00	0.00	0.00	0.00	81.84	47.40	0.00	0.00
Investments	0.00	9.00	0.00	0.00	0.00	0.00	0.00	481.36
Corporate Guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15145.00
Loans/Advances paid	0.71	0.20	2.76	24.95	640.16	0.00	2469.33	21.49
Loans/Advances Received	0.00	0.00	1.49	0.00	0.00	0.00	0.00	4000.81
Year end balances in Current Assets	0.06	0.04	3973.01	5970.35	338.57	7.53	6087.71	3529.75
Year end balances in Current Liabilities	567.30	568.00	555.33	562.21	1504.64	1557.62	1095.52	2053.23



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 2010-11

(Rs. in Lakhs)

Particulars of Transactions	2010 - 2011	2009 - 2010
Services :		
Madhucon Infotech Ltd	10.16	8.82
Rent Paid:		
Mr.Nama Seethaiah	14.40	14.40
Remuneration:		
Mr.Nama Seethaiah	57.00	24.00
Mr.S.Vaikuntanathan	24.84	23.40
Investments		
Madhucon Sugar & Power Industries Ltd	0.00	481.15
Corporate Guarantees		
Madhucon Sugar & Power Industries Ltd	0.00	15145.00
Bank Guarantees:		
Madhurai – Tuticorin Expressways Limited	1887.00	0.00
Loans/Advances paid		
Madhucon Binapuri JV	0.00	24.95
Nama Investments Limited	0.00	3000.42
Madhucon Granites Limited	2450.00	0.00
Loans/Advances Received		
Madhucon Granites Ltd	0.00	1000.00

11. Earnings per share:

Sl.No.	Particulars	2010 - 2011	2009 - 2010
i	Profit computation for basic earnings Net Profit as per Profit & Loss Account Available for equity shareholders. (Rs. in lakhs)	(15719.83)	3227.29
ii	Weighted average number of equity shares of Re.1/- each for Basic EPS (Nos)	73794940	73794940
iii	EPS (weighted average) (Rs)	(21.30)	4.37



12. 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.22964

N.Seethaiah
Managing Director

S.Vaikuntanathan
Wholetime Director

E.N.Viswanath
Company Secretary

Place: Hyderabad
Date: 30-08-2011



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 FIRST ANNUAL GENERAL MEETING of the Company at 1-7-70, Madhu Complex, Jublipura, Khammam – 507 003, at 3.00 PM on Friday the 30th September, 2011.

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 FIRST ANNUAL GENERAL MEETING of the Company to be held on Friday, the 30th September, 2011 at 03.00 PM and at any adjournment(s) thereof.

Signed this.....day of.....2011

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.

