

MBL Infrastructures Ltd.

ANNUAL REPORT 2014-15



MBL INFRASTRUCTURES LIMITED

Registered Office

Divine Bliss, 1st Floor,
2/3, Judges Court Road,
Kolkata - 700027
Phone: 033-3341 1800, Fax: 033-3341 1801
Email : kolkata@mblinfra.com
Website: www.mblinfra.com

Corporate Office

Baani Corporate One
Suite No. 303&308, 3rd Floor,
Plot No. 5, Commercial Centre
Jasola, New Delhi - 110025.
Phone: 011- 4959 3300, Fax: 011- 4959 3320,
E-mail: delhi@mblinfra.com



FORWARD LOOKING STATEMENT

Statements in the Management Discussion and Analysis Report with regard to projections, estimates and expectations have been made in good faith. The achievement of results is subject to risks, uncertainties and even less than accurate assumptions. Market data and information gathered from various published and unpublished reports, their accuracy, reliability and completeness cannot be assured.

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CORPORATE INFORMATION

DIRECTORS

1. Mr. Anjaneer Kumar Lakhota	Chairman & Managing Director
2. Mr. Ashwini Kumar Singh	Independent Director
3. Mr. Kumar Singh Baghel	Independent Director
4. Mr. Ram Dayal Modi	Independent Director
5. Mr. Bhagwan Singh Duggal	Independent Director
6. Ms. Sunita Palita	Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Vivek Jain

AUDITORS

M/s. Agrawal S. Kumar & Associates
21, Hemanta Basu Sarani,
3rd Floor, Room No. 306,
'CENTRE POINT', Kolkata - 700 001
Phone: 033-30288500-512, Fax: 033-30288499

REGISTERED OFFICE

Divine Bliss, 1st Floor,
2/3, Judges Court Road,
Kolkata - 700027
Phone: 033-3341 1800,
Fax: 033-3341 1801
Email : kolkata@mblinfra.com

REGISTRAR & SHARE TRANSFER AGENT

Kolkata Office:
Link Intime India Pvt. Ltd.
59C, Chowringhee Road,
3rd Floor, Kolkata - 700 020
Phone: 033-22890540, Fax: 033-22890539
Email: kolkata@linkintime.co.in

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Suite No. 303&308, 3rd Floor,
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E-mail: delhi@mblinfra.com

BANKERS & FINANCIAL INSTITUTIONS

Allahabad Bank	Indian Overseas Bank	State Bank of Bikaner & Jaipur
Bank of Baroda	Oriental Bank of Commerce	State Bank of Hyderabad
Bank of India	Punjab National Bank	State Bank of Mysore
Bank of Maharashtra	Punjab National Bank (International) Limited	State Bank of Patiala
Bhartiya Mahila Bank	Ratnakar Bank Limited	Union Bank of India (UK) Ltd.
Corporation Bank	Standard Chartered Bank	Vijaya Bank
IDBI Bank		Yes Bank

VISION

To be a leading infrastructure enterprise committed to quality, customer satisfaction, excellence and enhancement of stakeholders value.

MISSION

- To serve in building the nation.
- To become the customers' most preferred choice.
- To create maximum value for stakeholders.
- To enhance support to our associates.
- To deliver timely output with the highest quality standards
- To encourage innovation, excellence, integrity, professionalism and team work with an optimum mix of latest technologies, human intelligence and enterprise
- To ensure a safe work environment
- To implement environmental and eco-friendly measures towards our commitment to a cleaner and greener world
- To contribute to the society as a part of our corporate social responsibility.



DIRECTORS' REPORT

Dear Members,

The Board of Directors is pleased to present the Twentieth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March 2015.



DIRECTORS OF MBL INFRASTRUCTURES LIMITED

From Left (Standing): Mr. Bhagwan Singh Duggal, Ms. Sunita Palita and Mr. Ram Dayal Modi

From Left (Sitting): Mr. Kumar Singh Baghel, Mr. Anjanee Kumar Lakhotia and Mr. Ashwini Kumar Singh

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)	STANDALONE		CONSOLIDATED	
	2014-15	2013-14	2014-15	2013-14
• Gross Revenue	195128.86	175760.29	196492.76	177047.36
• Earnings Before Interest, Taxes, Depreciation and Amortisation	22470.82	17616.15	23691.53	18815.17
• Less : Interest & Finance Charges	9532.81	6962.23	10113.01	7533.24
• Less : Depreciation	1539.70	974.20	2016.06	1405.13
• Profit Before Tax	11678.78	10066.07	11876.32	10295.33
• Provision for Tax	2448.00	2110.00	2494.69	2153.27
• Income tax for earlier years	546.62	-	553.76	-
• Deferred Tax (Net)	668.40	442.56	668.40	442.56
• Profit After Tax	8015.76	7513.51	8159.47	7699.50
• Balance Brought Forward From Last Year	7614.84	5716.03	8426.50	6341.70
• Amount Available for Appropriation	15630.60	13229.54	16585.97	14041.20
• APPROPRIATIONS:				
• Proposed Dividend	621.82	525.41	621.82	525.41
• Corporate Dividend Tax	126.59	89.29	126.59	89.29
• Transfer to General Reserve	5000.00	5000.00	5000.00	5000.00
• Balance Carried To Balance Sheet	9882.19	7614.84	10837.56	8426.50

REVIEW OF OPERATIONS

The Gross Revenue of the Company for the financial year under review was Rs. 195128.86 Lakhs as against Rs. 175760.29 Lakhs for the previous financial year. The Earnings before Interest, Taxes, Depreciation & Amortisation (EBIDTA) was Rs. 22470.82 Lakhs as against Rs. 17616.15 Lakhs for the previous year. The profit before tax (after interest and depreciation) was Rs. 11678.78 Lakhs and profit after tax was Rs. 8015.76 Lakhs for the financial year as against Rs. 10066.07 Lakhs and Rs. 7513.51 Lakhs respectively for the previous year.

Your Company bagged prestigious orders across various segments of business during the year.

The Orders in hand stood at Rs. 377084.50 Lakhs as at 31st March, 2015.

DIVIDEND

The Board of Directors is pleased to recommend a dividend of Rs. 3.00 (i.e. 30%) per equity share of the face value of Rs. 10/- each, to the shareholders, subject to approval of the members at the forthcoming Annual General Meeting.

BONUS ISSUE

The Board of Directors is pleased to recommend issue of Bonus Shares in ratio of 1:1, subject to approval of the members at the forthcoming Annual General Meeting.

SHARE CAPITAL

During the year, your Company has successfully placed 32,13,585 equity shares of Rs.10 each at a premium of Rs.355.18 to various institutional investors via Qualified Institutional Placement (QIP) route amounting to Rs.117.35 crores. Consequently the paid up equity share capital has increased to Rs.20,72,73,120 divided into 2,07,27,312 equity shares of Rs.10 each.

CAPITAL EXPENDITURE

During the year under review, the Company has made additions of Rs. 2414.97 Lakhs to its fixed assets.

BOT PROJECTS AND SUBSIDIARY COMPANIES

At the beginning of the year, your Company had 7 Subsidiary Companies. During the year under review MBL (MP) Road Nirman Company Limited became direct subsidiary of MBL Projects Limited

and indirect subsidiary of the Company. The company formed MBL-ABCI JV during the year under review.

BOT PROJECTS

A summary of the BOT projects under execution is as under:

PROJECT	SPV	TYPE	CURRENT STATUS
114-kms long Seoni-Balaghat-Gondia Road in the state of Madhya Pradesh.	AAP Infrastructure Limited	Toll	Operational (Toll Collection Rs. 1924 Lakhs in 14-15)
75.60 kms BOT project of Seoni-Katangi - Maharashtra Border Section of State Highway-54 in the state of Madhya Pradesh	MBL Highway Development Company Limited	Toll + Grant / Subsidy of Rs. 5,950 Lakhs	Work is in Progress.
Strengthening, Widening, Maintaining and Operating of 18.303 kms Waraseoni-Lalbarra Road in the state of Madhya Pradesh	MBL (MP) Toll Road Company Limited	Toll + Annuity of Rs. 8,476 Lakhs (Rs. 326 Lakhs Semi-annual)	Work is in Progress.
Developing and Operation of Bikaner - Suratgarh Section of NH - 15 in the State of Rajasthan	Suratgarh Bikaner Toll Road Company Private Limited	Toll	Work is in Progress.
Developing a 46.98 kms road from Garra-Waraseoni upto Maharashtra Border in the State of Madhya Pradesh	MBL (MP) Road Nirman Company Limited	Toll + Annuity of Rs. 21,190 Lakhs (Rs. 815 Lakhs Semi-annual)	Work is in Progress.

Full Value Captured in a

BOT PROJECT



TRAFFIC ESTIMATION
In-depth knowledge, database built over last 12-13 years



DESIGN & ENGINEERING
In-house design team ensures quality



IN-HOUSE CONSTRUCTION
Ensures time and cost control



EQUIPMENT BANK
Includes RMC plants, stone crushers, hot-mix plants among other equipments



TOLL COLLECTION AND O&M
In house O&M

CONSOLIDATED FINANCIAL STATEMENTS AND RESULTS

Your Company has prepared Consolidated Financial Statements in accordance with the applicable Accounting Standards. The Consolidated Financial Statements reflect the results of the Company and that of its subsidiaries. As required by Clause 32 of the Listing Agreement with Stock Exchanges, the Audited Consolidated Financial Statements together with the Auditors' Report thereon are annexed and form part of this Annual Report.

On consolidated basis, the turnover was Rs. 196492.76 Lakhs as against Rs. 177047.36 Lakhs in the previous financial year. The Earnings before Interest, Tax, Depreciation & Amortisation (EBIDTA) was Rs. 23691.53 Lakhs against Rs. 18815.17 Lakhs in the previous financial year. The Profit after Tax (PAT) was Rs. 8159.47 Lakhs as against Rs. 7699.50 Lakhs in the previous year.

As required under the provisions of section 129(3) of the Companies Act, 2013, the statement containing the salient features of the financial statements of Company's subsidiaries, associate companies and Joint ventures are prepared in form AOC-1, which is annexed as **Annexure 1** herewith and forms a part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis as required under Clause 49(VIII)(D) of the Listing Agreement is annexed as **Annexure 2** herewith and forms a part of this Report.

CORPORATE GOVERNANCE

Your Company is committed to high standards of the corporate ethics, professionalism and transparency. More than half of the Board is composed of independent directors and less than one-third of the Directors are Executive/ Wholetime. Your Company is in compliance with the governance requirements provided under the Companies Act, 2013 and amended listing agreement. Your Company has in place all the Committees required under the law.

A separate section titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed as **Annexure 3** herewith and forms a part of this report.

EXTRACT OF ANNUAL RETURN

As per the provisions of section 92(3) of the Companies Act, 2013, an extract of the annual return in Form No MGT 9 of the Companies (Management and Administration) Rules, 2014 is annexed as **Annexure 4** herewith and forms a part of this report.

FINANCE

Huge opportunities are available to the Company in its core competency area. Enabling resolution

is being taken up for meeting the requirement of finance for growth.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Anjanee Kumar Lakhota, liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

The Company has received from the Independent Directors the required declaration that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.



Jorabat Flyover on NH-37 under East-West Corridor. The Gateway of North-East.

APPOINTMENT OF CHIEF FINANCIAL OFFICER

During the year under review, the Company appointed Mr. Girdhar Gopal Kandoi as its Chief Financial Officer.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the

representations received from the management confirms that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- we had 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 of the company for the period under review;

(c) we had taken proper and sufficient care to the best of our knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) we have prepared the annual accounts on a going concern basis; and

(e) we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS REPORT

In the previous Annual General Meeting (19th AGM), the Company appointed M/s. Agrawal S. Kumar & Associates, Chartered Accountants, Statutory Auditors of the Company, to hold office until the conclusion of the 21st Annual General Meeting.



Construction of Police Station & Residences at Hari Nagar, New Delhi

The Company has already received letter from them to the effect that their ratification, if made by the shareholders, would be within the prescribed limits and that they are not disqualified for re-appointment within the meaning of the Companies Act 2013. The Board of Directors recommend their re-appointment ratification for the financial year 2015-16.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial Personnel) Rules 2014, Mr. Sumit Naib, Practicing Company Secretary has conducted Secretarial Audit of the Company for the FY 2014-15. The secretarial Audit Report for the FY 2014-15 is annexed as **Annexure 5** hereto and forms a part of this report. Secretarial Audit Report is self explanatory and does not call for any further comments.

COST AUDITORS

Pursuant to Order from the Ministry of Corporate Affairs, Dipak Lal & Associates, Cost Accountants have been appointed as Cost Auditors for the year 2014-15. They are required to submit the report to the Central Government within 180 days from the end of the accounting year.

REMUNERATION POLICY & EVALUATION CRITERIA

As required under clause 49(V)(B)(4) of the listing agreement and section 134(3)(e) a Policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub section (3) of section 178 is given in Corporate governance report.

IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has developed and adopted a Risk Management Policy. The policy identifies all perceived risks which might impact the operations of the Company. Risks are assessed department wise such as financial risks, accounting risks etc. The Company is taking appropriate measures to achieve prudent balance between risk and reward. During the year under review the

company has not received any order passed by the regulators/ courts/ tribunals which impacted the going concern status and company's operation in future.

VIGIL MECHANISM

As required under clause 49(II)(F)(3) of the listing agreement and section 177(9), the Company has established a vigil mechanism for its directors and employees to report their genuine concerns/ grievances. The mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Audit Committee chairman. The details of the said mechanism are posted on the Company's website ([www.mblinfra.com/investorscorner/corporate governance](http://www.mblinfra.com/investorscorner/corporate%20governance)).

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees or investments made under section 186 of the companies act, 2013 are given in the note to the financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of



Construction of Group Housing Residential Apartments on Delhi Saharanpur Highway, Village Khehra, Distt. Baghpat, UP

business. There were no materially significant related party transactions made by the Company with the promoters, directors, Key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Particulars of contracts/ arrangements with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013 are given in Form AOC 2 and the same is annexed as **Annexure 6** herewith and forms a part of this report.

As required under clause 49(V)(D) of the listing agreement, the company has formulated a policy for determining 'material' subsidiaries, the said policy is disclosed at website of our company. The link of the said policy is www.mblinfra.com/investorcorner/corporategovernance.

As required under clause 49(VIII)(A)(2) of the listing agreement, the company has disclosed the policy on dealing with Related Party Transactions at website of our company. The link of the said policy is www.mblinfra.com/investorcorner/corporategovernance.

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

(i) Conservation of energy is an ongoing process in the Company's activities. As the core activities of the Company are not energy intensive activity, no information is to be furnished regarding Conservation of Energy.

(ii) Your company has not undertaken any research and development activity for any manufacturing activity nor was any specific technology obtained from any external sources which needs to be absorbed or adapted.

(iii) The particulars of expenditure and earnings in foreign currency is furnished in Note No 37 of Notes on Financial Statements.

PUBLIC DEPOSITS

The Company has not accepted Deposits falling within the meaning of Section 73 of

the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At MBL, Corporate Social Responsibility has been our conscience, our way of working. It is our motto to do business at zero social cost. Our focus is always on CSR in whatever we do at MBL. It is our mission to contribute to the society as a part of our corporate social responsibility.

CSR at MBL is not merely a charitable activity oriented towards donations to the poor or NGOs or religious purposes but as a positive contribution to the creation of a healthy, progressive and successful society.

We believe that CSR means much more than merely responding to social responsibility. We understand the mutual interdependence between our business and the economic, social and human environment that surrounds us. We have an inclusive approach taking care of the interests of shareholders, employees & workers (direct or indirect), government, local community, suppliers (direct or indirect), clients and the society at large.

We believe in constant evolution of our CSR practices, which has progressed beyond some ad-hoc or isolated charitable projects to embrace the surrounding community as a whole. In other words, we believe in integration of our



Ambulance on Seoni Balaghat Gondia Road, MP

CSR practices with the totality of the community development process.

An essential component to the Company's Corporate Social Responsibility is to care for the community. The Company endeavours to make a positive contribution towards various social causes by supporting a wide range of socio-economic initiatives, engaging in socially responsible employee relations and making a commitment to the community around it.

We also encourage our employees to participate in the CSR practices in their individual dealings surrounding the business of the Company.

We at MBL believe in dynamic CSR practices to match the country's social requirements. We aim at achieving higher levels of community development and then shifting our focus to higher realms of life.

During the year, the Company has adopted the CSR policy and the budget outlay of Rs. 310 lacs has been approved by the Board of Directors. As per the programme, the Company has started implementation of CSR activities. However,

during the year it was considered pragmatic to spend Rs. 1.50 lacs. The residual amount shall be spent as per the CSR policy.

The Annual Report on CSR activities is annexed herewith as **Annexure 7**. The Company has disclosed its CSR policy at website of our Company. The link of the said policy is www.mblinfra.com/investorcorner/corporategovernance.

GREEN INITIATIVES

Electronic copies of the Annual Report and notice of the 20th AGM are sent to all the members whose email address are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report and the notice of 20th AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in Notice. The instructions for e-voting is provided in the Notice.



Buildings at Rajeev Gandhi Thermal Power Project near Hissar

AWARDS AND RECOGNITION

MBL has been judged the 3rd fastest growing Construction Company in the Medium Category at the 12th Annual Construction World Global Awards 2014.

Our Company's name has been announced as India's top Challenger Companies in the Construction and Engineering value chain FY14; during the 12th Annual Construction World Global Awards.



AK Lakhota, Chairman & Managing Director, MBL Infrastructures Ltd. accepts Top Challengers Award and Third Fastest Growing Construction Company (Medium Category) from Anil Swarup, Secretary, Ministry of Coal, GoI (Right) and Pratap Padode, Editor-in-Chief & Managing Director, ASAPP Media Information Group (Left)

PARTICULARS OF EMPLOYEES

As required under section 197(12) ratio of remuneration of each director to the median employee's remuneration and other details required as per the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure 8** to this report.

ACKNOWLEDGEMENT AND APPRECIATION

The Bankers of the Company have since long shown full confidence in your company and have been partners in its growth. The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Company's Bankers and all Government Departments during the year under review.

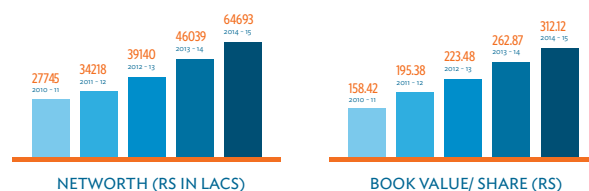
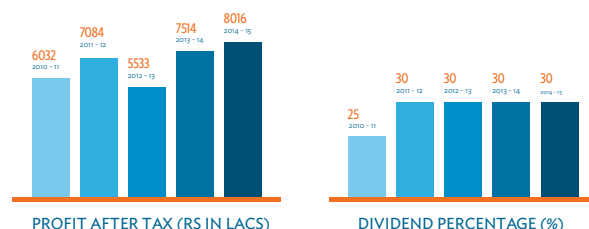
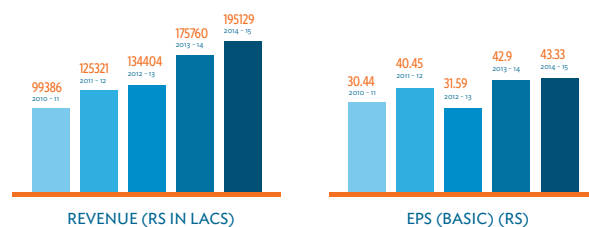
The Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

By Order of the Board

Place: New Delhi
Dated: 22nd May, 2015

Anjanee Kumar Lakhota
Chairman & Managing Director
(DIN-00357695)

FINANCIAL SNAPSHOT



Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (B) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs Lakhs)

1	2	3	4	5	6	7
Sl. No.	1	2	3	4	5	7
2	Name of the subsidiary	AAP Infrastructure Ltd.	Suragran Bhaner Toll Road Company (P) Ltd.	MBL Highway Development Company Ltd.	MBL (MP) Toll Road Company Ltd.	MBL (Hadia) Toll Road Company Ltd.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period of Subsidiary and Holding Company are same	Reporting period of Subsidiary and Holding Company are same	Reporting period of Subsidiary and Holding Company are same	Reporting period of Subsidiary and Holding Company are same	Reporting period of Subsidiary and Holding Company are same
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Indian Domestic Company, Reporting Currency - INR	Indian Domestic Company, Reporting Currency - INR	Indian Domestic Company, Reporting Currency - INR	Indian Domestic Company, Reporting Currency - INR	Indian Domestic Company, Reporting Currency - INR
5	Share capital	1,200.00	9,000.00	5,110.00	1,500.00	3,977.00
6	Reserves & surplus	990.79	-	-	-	7.25
7	Total assets	5,239.11	38,671.84	20,063.02	6,499.39	4,012.34
8	Total Liabilities	5,239.11	38,671.84	20,063.02	6,499.39	4,012.34
9	Investments	-	-	-	-	-
10	Turnover	1,923.20	-	-	-	-
11	Profit before taxation	233.25	-	-	-	-
12	Provision for taxation	53.81	-	-	-	-
13	Profit after taxation	179.44	-	-	-	-
14	Proposed Dividend	-	-	-	-	-
15	% of shareholding*	100.00	99.98	100.00	100.00	100.00
*% of shareholding includes indirect shareholding through subsidiaries.						

Notes: The following information shall be furnished at the end of the statement:

1	Whether the Subsidiary has commenced operations	Yes	No	No	No	No	Yes
2	Whether the Subsidiary has been liquidated or sold during the year	No	No	No	No	No	No

FORM NO. AOC.1

Part 'B': Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. Lakhs)

S. No.	Name of Associates/Joint Ventures	TCL - MBL (JV)	MBL - Atlas Construction (JV)	MBL - Calcatta Industrial Supply Corporation (JV)	MBL - Laksheshwari Builders (P) Ltd. (JV)	MBL - ABCI (JV)
1	Latest audited Balance Sheet Date	31.03.2015	31.03.2015	31.03.2015	31.03.2015	31.03.2015
2	Shares of Associate/Joint Ventures held by the company on the year end 31.03.2015					
No.	Amount of Investment in Associates/Joint Venture	NA	NA	NA	NA	NA
Extend of Holding %	51%	51%	60%	60%	50%	60%
Description of how there is significant influence	Ownership	Ownership	Ownership	Ownership	Ownership	Ownership
Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA
Networth attributable to Shareholding as per latest audited Balance Sheet	-	2.39	-	-	25.87	-
Profit / Loss for the year	Yes, Profit during the year - (0.18)	Yes, Profit during the year - nil	Yes, Profit during the year - nil	Yes, Profit during the year - nil	Yes, Profit during the year - 18.01	Yes, Profit during the year - nil
I. Considered in Consolidation	NA	NA	NA	NA	NA	NA
I. Not Considered in Consolidation	Yes	Yes	Yes	Yes	Yes	No
Whether the Associate or joint venture has commenced operations	No	No	No	No	No	No
Whether the Associate or joint venture has been liquidated or sold during the year	No	No	No	No	No	No

MANAGEMENT DISCUSSION & ANALYSIS

Annexure 2

GLOBAL ECONOMY

According to United Nations World Economic Situation and Prospects 2015 (WESP) report, over the next two years the Global Economic Growth is forecasted to increase by 3.1% in 2015 and 3.3% in 2016 compared to 2.6% in 2014 where it expanded at a moderate and uneven pace. Even as the World Economy has started to wear-off the effects of Global Financial Crisis few years back the newer challenges like the Euro zone crisis and geopolitical conflicts in Ukraine have emerged. The developed economies like US has maintained annual growth rate above 2% in last year, Euro area has not been able to cope up fully with the aftermath of Financial Crisis as few of the Euro Member nations are still on the brink of recession. Growth rates in developing countries and economies in transition diverged more during 2014, as a sharp deceleration occurred in many large emerging economies, particularly in Latin America and the Commonwealth of Independent States (CIS). In contrast, East Asia, including China, experienced only a mild slowdown, while India led South Asia to a moderate uptick.

INDIAN ECONOMY

GDP is an important economic variable that is used to gauge

the health of a country's economy. In its latest World Economic Report, International Monetary Fund (IMF) said that India is set to become the world's fastest growing major economy by 2016 growing at 6.3% in 2015 and 6.5% in 2016. The policy initiatives taken by the new Government to boost up the Indian Economy is visible through the improvement in economic parameters like GDP growth, lower inflation, Current Account Deficit, foreign Exchange Reserve etc.

With all the parameter point towards a better tomorrow, the Foreign Portfolio Investors (FPIs) / Foreign Institutional Investors (FIIs) are not wanting to miss this opportunity which is very visible by the fact that the total FPIs/ FIIs Investments in Indian Stock Market is to the tune of Rs. 1,11,333 crores in Equities.

The macroeconomic situation in India has improved significantly during the current year. The steady acceleration in services and manufacturing growth in the face of subdued global demand conditions point to the strengthening of domestic demand. Most of the buoyancy in domestic demand can be traced to consumption. Investment activity, which is slowly picking up, needs to be grounded on a stronger

footing. On the supply side, there are concerns about tentative growth patterns in construction and mining activities that need to be addressed to. In the light of the Government's commitment to reforms, along with the improvements in the price and external sector, assuming normal monsoons and better prospects in the world economy that could provide impetus to higher exports for Indian products and services, a growth of around 8.5 per cent is in the realm of possibility in 2015-16.

INDUSTRY STRUCTURE & DEVELOPMENT

Infrastructure plays a key role in India's overall development. The sector includes electricity, railways, roads, ports, airports, irrigation, and urban and rural water supply and sanitation. In the past Construction industry has seen good growth which was mainly driven by the overall healthy execution of Infrastructure projects. Being a key driver of economy, the government is focusing on time-bound project implementation and creation of world class infrastructure in the country supported by buoyant Construction sector.

With the economic growth coming in, the need to develop enough physical infrastructure to sustain the growth became

inevitable. To cater to this ever-growing need for new infrastructure the government of India has envisaged a total investment of Rs. 56 trillion over the 12th plan period with Private sector contributing ~50% and balance by Government of India and various State Governments.

Currently the Construction industry is facing multiple headwinds like regulatory uncertainty and lack of clear policies among others which has created a disturbing environment for all the industry participants. This headwind has effects the performance of industry players and delayed the project execution due to land acquisition issues, non-availability of various clearances etc. The industry players are grappling with lower order-book, higher costs and fixed overheads and lower profitability which affect their debt servicing ability affecting the health of various financial institutions.

With Construction Industry being the second largest employer and a one of the key growth driver for economy, the current Government is focusing more to revive the industry. Few of the prominent step taken by the Government are as follows:

- The Reserve Bank of India (RBI) has notified 100% foreign direct investment (FDI) under automatic route in the construction development sector
- Relaxed rules for FDI in the construction sector by reducing minimum built-up area as well as capital requirement and liberalised the exit norms. The Cabinet has also approved the proposal to amend the FDI policy.
- India and the US have signed a memorandum of understanding (MoU) in order to establish Infrastructure Collaboration Platform which intend to facilitate US industry participation in Indian infrastructure projects to improve the bilateral commercial relationship and benefit both the Participants' economies.

The focused approach to revive the Construction Industry is visible in Government's effort to

revive the Roads & Highways segment. Rolling out the Environment and Forest Clearances faster, Environment clearance through e-portal for infrastructure projects, Delegation of more powers to state governments for giving environment clearances, Cleared norms for setting up investment trusts for Real Estate and Infrastructure sectors, Changing or amending the Land Acquisition Act, Concrete roads instead of Bitumen roads, Introduction of Electronic Chip System are few of the steps taken by Government to provide with conducive operating environment to the sector.

HIGHWAY CONSTRUCTION, OPERATION & MAINTENANCE

India has the second largest road network of 3.3 million Kms consisting of (i) national highways (NHs), (ii) state highways (SHs), (iii) major district roads (MDRs) and (iv) rural roads (RRs) that include other district roads and village roads. The NHs with a length of approximately 93,000 km comprises only ~1.9% of the road network but carry ~40% of the road-based traffic. The SHs and the MDRs together constitute the secondary system of road transportation which contribute significantly to the development of the rural economy and industrial growth of the country. At the tertiary level are the Other District Roads (ODRs) and the Rural Roads (RRs). These, once adequately developed and maintained, hold the potential to provide rural connectivity vital for generating higher agricultural incomes and productive employment opportunities besides promoting access to economic and social services. Road activity has gradually increased over the years with the improvement in connectivity between cities, towns and villages in the country.

With automobiles and freight movement also growing at a rapid rate, the necessity for a road network good enough to carry the traffic is paramount. Understanding this need, the Government of India has set aside 20% of the investment of US\$ 1 trillion reserved for infrastructure during the 12th Five-Year Plan (2012-17) to develop the country's roads.

The value of roads and bridges infrastructure