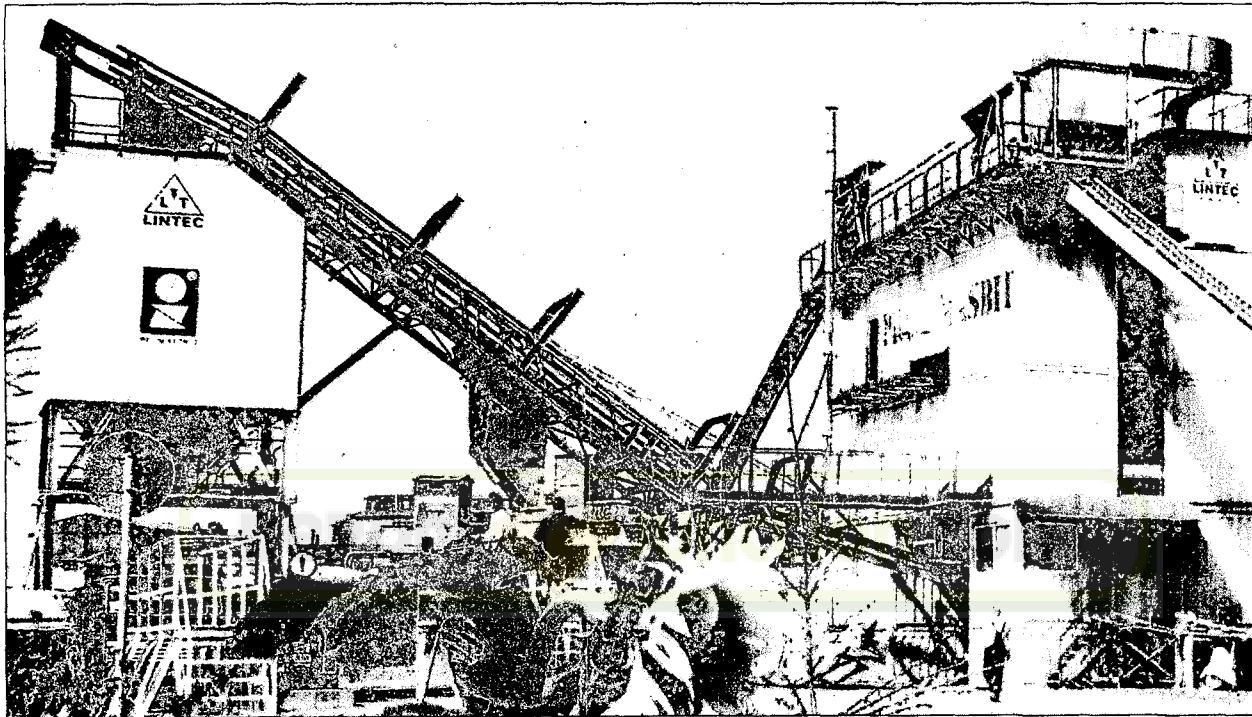




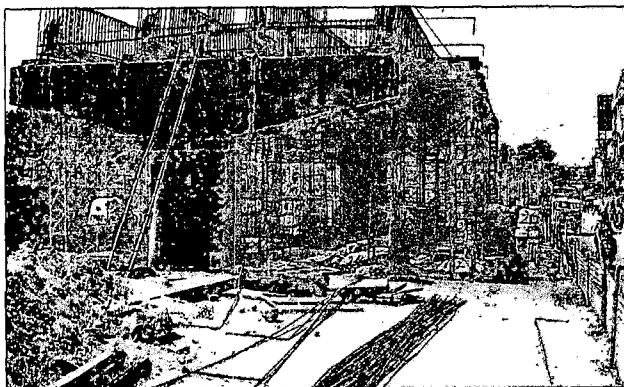
MD	✓		BKC	✓
CS	NA		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM			SH	
VE				

MADHUCON

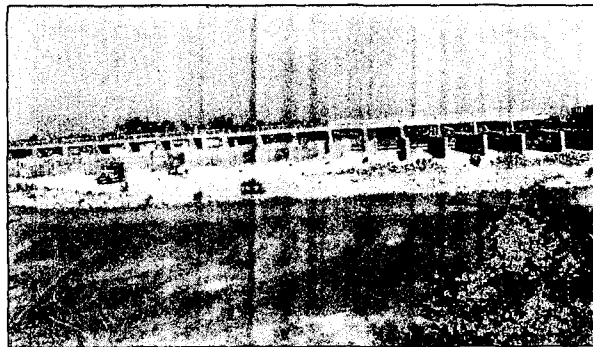
PROJECTS LIMITED



Asphalt Batch Mix Plant from Germany for Vijayawada - Eluru, National Highway (NH5)



HUDA Flyover



Aqueduct

8th
ANNUAL REPORT
 1 9 9 7 - 9 8



MADHUCON PROJECTS LIMITED

EIGHTH ANNUAL GENERAL MEETING

ON TUESDAY THE 29TH SEPTEMBER, 1998 AT 3.00 P.M.

AT 1-7-70, MADHU COMPLEX, JUBILIPURA, KHAMMAM - 507 003.

YOUR COMPANY

1. Has taken up the execution of National Highway between Vijayawada - Eluru in Andhra Pradesh.
2. Has taken up the tunnel work near Sangli under MKVDC in Maharashtra.
3. Has taken up execution of Six flyovers in the twin Cities of Hyderabad and Secunderabad on turnkey basis, awarded by HUDA.
4. Has taken up execution of Hymavathi Hydel dam in Karnataka, Thembu Lift Irrigation under MKVDC in Maharashtra and Earth Dam on Sind river in Madhya Pradesh.

As a measure of economy, copies of the Annual Report will not be distributed at the meeting. Shareholders are requested to kindly bring their copies.

CONTENTS

- BOARD OF DIRECTORS
- NOTICE
- DIRECTORS' REPORT
- AUDITORS' REPORT
- BALANCE SHEET
- PROFIT AND LOSS ACCOUNT
- SCHEDULES
- NOTES ON ACCOUNTS

BOARD OF DIRECTORS

N.NAGESWARA RAO
Chairman & Managing Director

N. SEETHAIAH
Wholetime Director

N. KRISHNAIAH
Wholetime Director

P.R. SINHA
Director

T.VENUGOPALA RAO
Director

REGISTERED OFFICE

1-7-70, MADHU COMPLEX, JUBLIPURA,
KHAMMAM - 507 003

ADMINISTRATIVE OFFICE

D-27, EAST OF KAILASH
NEW DELHI-110 065

CORPORATE OFFICE

MADHUCON HOUSE
6-3-347/12/A/10/1/7
SAI TEMPLE STREET
DWARAKAPURI COLONY
PUNJAGUTTA
HYDERABAD - 500 082

BANKERS

CANARA BANK
STATE BANK OF HYDERABAD
GLOBAL TRUST BANK LTD.

AUDITORS

K.SIVA RAMA KRISHNA PRASAD & CO.
CHARTERED ACCOUNTANTS
6-2-32/2, SRI KRISHNA NAGAR
KHAMMAM - 507 002

MADHUCON PROJECTS LIMITED**NOTICE**

To
The Members
 Madhucon Projects Limited.

NOTICE is hereby given that the 8th Annual General Meeting of Madhucon Projects Limited will be held on Tuesday the 29th September, 1998 at 3.00pm. at the Registered Office of the Company at 1-7-70, Madhu Complex, Jubilipura, Khammam - 507 003 to transact the following :

I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the report of Auditors and Directors thereon.
2. To appoint a Director in the place of Sri. N. Krishnaiah, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Sri. P.R. Sinha, who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution. "Resolved that M/s. K.Siva Rama krishna Prasad & Co., Chartered Accountants, be and are hereby reappointed as 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 as may be determined by the Board of Directors of the Company".

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution : "RESOLVED that the Board of Directors be and are hereby authorised to raise or borrow from time to time at its discretion either from the Company's bankers or from the Directors or from elsewhere on such terms and conditions as to repayment, interest or otherwise, as it thinks fit such sums as may be necessary for the purpose of the Company's bankers in the ordinary course of business.

RESOLVED further that pursuant to Section 293 (1) (a) of the Company's Act, 1956, the Board of Directors of the Company be and are hereby authorised to mortgage and/or charge all the present and future immovable and movable properties of the Company in favour of the Financial Institutions and Banks for the purpose of securing such borrowings upto a limit of Rupees Fifty Crores outstanding at any time and the interest there on.

AND further resolved that the Board of Directors be and are hereby authorised to do and execute all such acts, deeds and things as may be necessary to give effect to the above Resolutions.

6. To consider and if though fit, pass with or without modifications, the following Resolution as an Ordinary Resolution : "RESOLVED that the Authorised Capital of the Company be increased from Rs. 6.00 crores to Rs. 16.00 crores divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 10,00,000 (Ten Lakhs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each."
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution for consequential Amendment of Articles of Association.
 "RESOLVED that the Articles of Association of the Company be altered as follows :

MADHUCON PROJECTS LIMITED

That Article 4 shall be deleted and the following new Article substituted therefor :

That Capital of the Company is Rs. 16,00,00,000/- (Rupees Sixteen Crores) comprises of :
 60,00,000 (Six Lakhs) Rs. Six Crores
 Equity Shares of Rs. 10/- (Rupees Ten) each

10,00,000 (Ten Lakhs) 14% Redeemable Rs. Ten Crores
 Preference Share of Rs. 100/-
 (Rupees one hundred) each repayable at the
 end of 7th (Seventh) year

The holders of the said Redeemable Preference Shares shall be entitled to be paid @ 14% (Fourteen percent) Dividend per annum out of Profits to be distributed by way of Dividend or at such other rate or rates to be determined by the Directors, as and when rate of Dividend in respect of Preference Shares increased by the appropriate authorities. The payment of Preference Dividend will be subject to Deduction of Tax at Source at the prescribed rates.

The preference share capital paid-up will be repaid at the end of 7th year fully out of its profits or from the fresh issue thereof. The said Preference Shareholders will have the right on a winding-up to be repaid the amount of Capital paid-up in respect of such Redeemed preference shares held by them respectively in priority to any payment in respect of the Ordinary Equity Shares but shall not be entitled to any other rights in the Profits of the Company.

8. To consider and thought fit, to pass with or without modifications, the following Resolution as a special resolution: "RESOLVED that pursuant to applicable Provisions of the Companies Act, 1956 and subject to the consent/ approvals of SEBI, the Board of Directors of the Company be and are hereby authorised to raise convertible/ non-convertible Debentures to the extent of Rs. 10.00 crores (Rupees ten crores) of Rs. 100/- (Rupees one hundred) each on such terms and conditions as laid down by Board."
9. To consider and thought fit, to pass with or without modifications, the following Resolution as a special resolution: "RESOLVED that the Article. 144 of the Articles of Association be deleted and the following new article be substituted therefor :

The seal shall not be affixed to any instrument except by Authority of a Resolution of the Board of Directors and in the presence of atleast two persons, one of whom shall be the Managing Director and the other shall be such other person(s) as the Board may appoint for the purpose.

NOTE

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. A proxy form is enclosed.
2. The Register of members shall remain closed from 23rd to 29th Sept. '98.
3. Explanatory Statement As Required Under Section 173 (2) of the Companies Act, 1956 is enclosed as annexure to the Notice.
4. Members are requested to notify any change in their address to the Company, immediately.

By order of the board

Regd. Office :
 1-7-70, Madhu Complex
 Jubilipura , KHAMMAM - 507 003
 Date : 2nd September, 1998

N. NAGESWARA RAO
MANAGING DIRECTOR

MADHUCON PROJECTS LIMITED**ANNEXURE****EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION. 173 (2) OF THE COMPANIES ACT, 1956****Item No.5 - Enhancement of borrowing Powers of the Board :**

The Board of Directors have the powers to borrow upto the limit, which is equivalent to paid-up Capital and free reserves of the Company. The paid-up Capital and free reserves of the Company as on 31st March, 1998 stood at Rs. 13.78 crores as against the Company's borrowings as on date is Rs. 10.18 crores. The company is proposed to raise Rs. 40.00 crores for Infrastructural Projects from Institutional Finances and Banks.

In view of the above, it is proposed to obtain a General Power to borrow upto Rs. 50.00 crores by the Board of Directors as and when necessitates. None of the Directors are interested in the said Resolution.

ITEM NO. 6 INCREASE OF AUTHORISED CAPITAL FOR ISSUING REDEEMABLE PREFERENCE SHARES TO THE EXTENT OF RS.10.00 CRORES :

It is proposed that the Authorised Capital of the Company be increased from Rs. 6.00 crores to Rs. 16.00 crores for the new Infrastructural Development Projects and Coal Washery projects by issuing an additional 10,00,000/- (Ten Lakhs) Redeemable Preference Shares of Rs.100/- (Rupees one hundred) each @ 14% dividend per annum and redeemable paid-up Capital at the end of 7th (Seventh) year out of its profits or from the fresh issue thereof.

None of the Directors are interested.

ITEM NO.7 - TO AMEND THE ARTICLES FOR CONSEQUENTIAL AMENDMENT OF CAPITAL CLAUSE UNDER ARTICLE 4 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY :

The said special resolution is necessitated for consequential amendment of Articles of Association.

None of the Directors are interested.

ITEM NO.8 - TO RAISE CONVERTIBLE / NON-CONVERTIBLE DEBENTURES TO THE EXTENT OF RS. 10.00 CRORES.

It is necessitated to raise Convertible/Non-Convertible Debentures to the extent of Rs. 10.00 crores for the growth of Business and new Projects.

None of the Directors are interested.

ITEM NO. 9 - TO AMEND IN ARTICLE 144 OF THE ARTICLES REGARDING PROVISION FOR AFFIX THE COMMON SEAL OF THE COMPANY :

To rectify the anomaly, it is proposed that the Common Seal be affixed to any instrument by the Authority of Board's Resolution and in the presence of atleast two persons, one of whom shall be the Managing Director and the other shall be such other person(s) as the Board may appoint for the purpose.

None of the Directors are interested.

MADHUCON PROJECTS LIMITED**DIRECTORS' REPORT**

To

The Members

Your directors are pleased to present their Eighth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

The liberalised economic scenario and the policies of the present Government facilitated the growth and future prospects for infrastructural development Projects like construction and maintenance of Roads, Bridges, Railways, Irrigation Works, Tunnels, Pipelines etc., which in turn will have bright outlook for the Company's growth and future prospects.

PERFORMANCE OF THE COMPANY

(Rupees in Lakhs)

	1997-98	1996-97
Gross Income	3211.03	2396.67
Profit before Depreciation & Taxation	384.87	239.74
Depreciation	137.79	120.92
Profit before taxation	247.08	118.82
Provision for taxation	55.58	21.44
Profit after taxation	191.50	97.38
Profit available for Appropriation	191.50	97.38
Balance transferred to Balance Sheet	191.50	97.38
Paid-up Equity Share Capital	446.85	446.85
Reserve excluding revaluation reserve	931.47	739.69

REVIEW OF OPERATIONS

During the year under review, your Company has achieved a turnover of Rs. 3211.03 lakhs, as against the previous year turnover of Rs. 2,396 .67 lakhs which show the growth of 34%. Your Company earned a net profit of Rs. 191.50 lakhs registering an increase of 99% over the previous year's profit of Rs. 97.38 lakhs.

Your Directors have not recommended payment of dividend during 1997-98 in view of the large requirement of funds for new infrastructural developmental projects on hand.

Your Company has got a contract from National Highways Authority of India, Ministry of Surface Transport, Government of India, New Delhi, for strengthening of NH-5 from Vijayawada to Eluru (Km 3.40 to Km 75.00) including four laning from Km 3.40 to Km 13.00 and construction of a bypass for Eluru Town in Andhra Pradesh, which is valued Rs. 147.17 Crores Under ADB Loan No. 1274-IND.

The said work is being executed in association with Binapuri Holdings BHD, Malaysia.

Your Company has also been awarded a Tunnel work by Maharashtra Krishna Valley Development Corporation at a Cost of Rs. 5000 lakhs.

The construction of Flyovers at Begumpet will be completed by the end of October '98 and construction of other flyovers at C T O and Tarnaka are under progress. The construction works at Mahuli and Devikhindi (Maharashtra), SRBC-II (Andhra Pradesh) and Hemavathy Hydel Project, Gorur (Karnataka) are also under progress as per schedule. Based on the orders on hand, delivery schedules committed and tenders being participated, the prospects of the Company are expected to be good during the financial Year 1998-99.

Your Company has already promoted a new Joint Venture Company on 28th April'98 with 40% equity participation in collaboration, by name, MBN Anchored Earth Limited, jointly with Binapuri Holdings BHD, and Anchored Earth SDN BHD both of Malaysia to undertake construction of Bridges, Flyovers, Roads, and other Civil Engineering activities by Anchored Earth Wall Technology, as per collaboration agreement dated 27th October 1997.