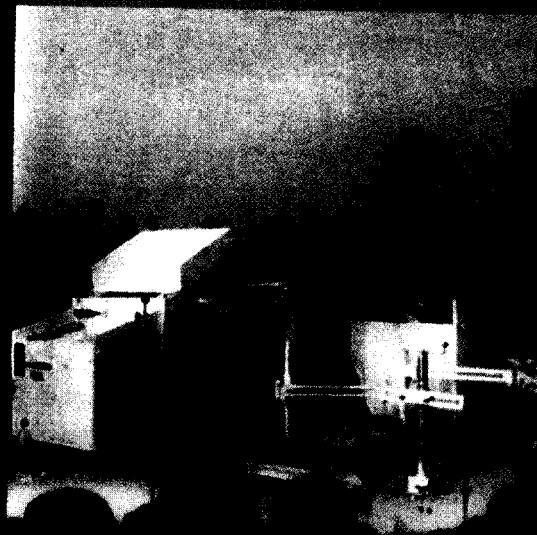


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12TH ANNUAL REPORT

2001 - 2002



TWELFTH ANNUAL GENERAL MEETING

ON SATURDAY THE 28TH SEPTEMBER, 2002 AT 3.00 P.M.

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

YOUR COMPANY

1. In association with joint venture partner, bagged National Highway Projects of Rs.310.00 crores in Andhra Pradesh & Tamil Nadu.
2. Has secured orders for Bridge works at Vamsadhara, Srikakulam Dist, Sabari, Khammam Dist and Amba tunnel, Madhya Pradesh Valuing 65 crores.

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BOARD OF DIRECTORS

N. NAGESWAR RAO
Chairman & Managing Director

N. SEETHAIAH
Wholetime Director

N. KRISHNAIAH
Director

P.R. SINHA
Director

T. VENUGOPAL RAO
Director

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

CORPORATE OFFICE

MADHUCON HOUSE, PLOT NO 1129/A
ROAD NO 36, HITEC CITY ROAD
JUBILEE HILLS, HYDERABAD-500 033

BANKERS

CANARA BANK
GLOBAL TRUST BANK LIMITED
CENTURION BANK LIMITED
ICICI BANK LIMITED
BANK OF BAHRAIN & KUWAIT BSC
STATE BANK OF HYDERABAD

AUDITORS

K. SIVA RAMA KRISHNA PRASAD & CO.
CHARTERED ACCOUNTANTS
H.NO. 331 (PLOT NO.13), ROAD NO.3,
ARORA COLONY-2, BANJARA HILLS,
HYDERABAD-500 034



NOTICE

To
The Members
Madhucon Projects Limited

NOTICE is hereby given that the 12th Annual General Meeting of Madhucon Projects Limited will be held on Saturday the 28th September 2002 at 03.00 PM 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 2002 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.T.Venugopal Rao, who retires by rotation and being eligible offers himself for reappointment.
3. 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".

Regd.Office: 1-7-70, Madhu Complex,
Jubilipura, Khammam - 507 003
Date: 26th August, 2002

By Order of the Board
N. NAGESWAR RAO
Chairman & Managing Director

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 and Share Transfer Books will remain closed from 25th September 2002 to 27th September 2002 (both days inclusive) for the ensuing AGM.

MADHUCON PROJECTS LIMITED



DIRECTORS' REPORT

To

Members

Your Directors are pleased to present their Twelfth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2002.

With the accelerated growth in infrastructural development projects, development of rural roads and plans for north-south, east-west corridors in addition to the National Highway Authority of India's Golden Quadrilateral Programme for development of National Highways and Expressways, the prospects of your company are expected to be very bright in the coming years.

FINANCIAL HIGHLIGHTS	(Rupees in Lakhs)	
	2001-02	2000-01
Gross Income	20331.11	11893.21
Profit before Depreciation & Taxation	2026.55	1056.92
Depreciation	647.74	460.29
Profit before taxation	1378.81	596.63
Provision for taxation	270.00	127.19
Profit after taxation	1108.81	469.44
Profit available for appropriation	1108.81	469.44
Balance transferred to Balance Sheet	1108.81	469.44
Paid-up Equity Share Capital	494.57	492.86
Reserve excluding revaluation reserve	2995.53	2061.44

REVIEW OF OPERATIONS :

During the year under review, your company achieved a turnover of Rs.20331.11 lakhs as against Rs.11893.21 lakhs of previous year. This represents a growth of 70.94 % over the previous year. After providing depreciation of Rs.647.74 lakhs (previous year Rs.460.29 lakhs), your company earned a net profit of Rs.1108.81 lakhs as against Rs.469.44 lakhs of previous year.

Your company executed Vijayawada-Eluru NH-5 project valued Rs.263.14 crores well in time of schedule and handed over on 30-6-2002 to National Highway Authorities of India, Infrastructure works valued Rs.25.00 crores of IOCL's new refinery project at Paradeep, Orissa completed and handed over to IOCL.

Your company in association with the Joint Venture Partner of United Engineers, Malaysia have secured contracts of Road Projects for execution of 52 Km National Highway Project of Tambaram - Tindivanam Section of NH-45 in Tamil Nadu and 59.200 Km of Tuni-Anakapalle Section of NH-5 in Andhra Pradesh with an estimated value of these two projects over Rs.310.00 crores.

The execution of widening of 56 Km National Highway Project NH-5 between Tada - Nellore in AP and 48 Km rehabilitation and upgrading to 4/6 lane divided carriage way of NH-8, NH-79 and NH-76 between Chittoargarh and Mangalwar in Rajasthan are under progress. Your company also secured orders for Bridge Works at Vamsadhara, Srikakulam District, Sabari, Khammam Dist and Amba Tunnel, Madhya Pradesh. In addition your company has secured contract of Delhi-Karnal Road Project Work from NHAI with an estimated value of Rs.50.00 crores. With this, the orders on hand are more than Rs.800 crores.

Your Directors have not recommended payment of dividend during 2001-02 to meet outlay of funds for the new projects.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:



- a) That in the preparation of accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- b) That the Directors have selected the accounting policies and applied them consistently and made judgements 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 year under review and of the Profit of the Company, for the year under review.
- 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 fraud and other irregularities.
- d) That the Directors have prepared the annual accounts for the year ended 31st March 2002 on a "going concern" basis.

DIRECTORS:

Sri.T.Venugopal Rao, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

CORPORATE GOVERNANCE:

Your Company has taken steps for effective implementation of Corporate Governance.

EMPLOYEE RELATIONS:

The relations with the employees continue to be cordial. Your Directors express their appreciation for the dedicated services of the Employees and Officers of the company for fulfilling the objectives and attaining the goals of the company.

None of the employee of the company was in receipt of remuneration, which in the aggregate exceeded the limits fixed under Sub-section (2A) of Section 217 of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with the requirements of Section.217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 particulars with respect to conservation of energy is annexed hereto and form part of this part.

AUDITORS:

M/s K.Siva Rama Krishna Prasad & Co., Chartered Accountants, the present auditors of the company have expressed willingness to accept the reappointment as auditors for the financial year 2002-03 to hold office upto the conclusion of the next Annual General Meeting.

ACKNOWLEDGEMENTS:

Your Directors express their appreciation to the Company's foreign collaborators, Bina Puri Holdings Bhd, Malaysia, United Engineer Malaysia, GMR Infrastructure Limited, WCT-Malaysia, IWM Constructions Private Limited, Anchored Earth Sdn Bhd, Malaysia, Bankers especially Canara Bank, Global Trust Bank Limited, State Bank of Hyderabad, Centurion Bank Limited, ICICI Bank Limited, Bank of Bahrain & Kuwait and Financial Institutions especially IDBI and Central, State Government Authorities including National Highway Authorities of India (NHAI), Indian Oil Corporation Limited (Paradeep Refinery), Maharashtra Krishna Valley Development Corporation and other clients, customers, consultants and suppliers for their support and cooperation.

Place: Hyderabad

Date: 26th August, 2002

By Order of the Board

N. NAGESWAR RAO

Chairman & Managing Director



ANNEXURE TO DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF DIRECTORS REPORT

I ELECTRICITY

a)	Power consumption	1,65,898 Units
b)	Value	Rs.11,61,283
c)	Rate per unit	Rs. 7.00

II FOREIGN EXCHANGE EARNINGS & OUTGO

a)	Foreign Exchange earned	-Nil-
b)	Foreign Exchange outgo	Rs.1504.92 lakhs

AUDITORS' REPORT

To
The Members
Madhucon Projects Limited

We have audited the attached Balance Sheet of M/s Madhucon Projects Limited as at 31st March, 2002 and also the profit and loss account 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 01 As required by the manufacturing and other companies (Auditor's Report) order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 02 Further to our comments in the annexure referred to in paragraph-1 above we state that:
 - a) 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.
 - b) In our opinion, proper books of account as required by law have been kept by the company as far as it appears from our examination of such books.
 - c) The balance sheet and the profit and loss account referred to in this report are in agreement with the books of account.
 - d) In our opinion the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and based on information and explanations given to us none of the directors are disqualified as on 31st March, 2002 from being appointed as directors in terms of Clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.