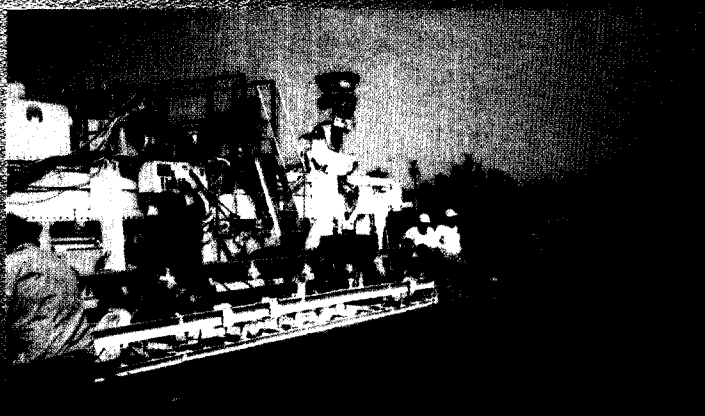




MADHUCON
PROJECTS LIMITED



13th ANNUAL REPORT
2002 - 2003



MADHUCON
PROJECTS LIMITED

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13th Annual Report
2002 - 2003



THIRTEENTH ANNUAL GENERAL MEETING

ON SATURDAY THE 27TH SEPTEMBER, 2003 AT 3.00 P.M.

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

YOUR COMPANY

- 1 Has secured orders for construction of Ahirkheda Tunnel of Indrasagar Project, Madhya Pradesh Valuing Rs.50.00 crores.
- 2 Is carrying out National Highway Projects much ahead of the time schedule.

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
ANDHRA BANK

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 13th Annual General Meeting of Madhucon Projects Limited will be held on Saturday the 27th September 2003 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:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2003 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.P.R. Sinha, who retires by rotation and being eligible offers himself for reappointment.
3. To declare dividends on Equity Shares.
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".

Regd.Office: 1-7-70, Madhu Complex,
Jubilipura, Khammam - 507 003
Date: 25th August, 2003

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



- NOTES: 1. A Member entitled to attend and at the meeting 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 2003 to 27th September 2003 (both days inclusive) for the ensuing AGM.
3. Dividend on Equity Shares when declared will be paid to the Members whose names appear in the Company's Register of Members as on 27th September 2003. In respect of shares held in Electronic Form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
4. In order to provide protection against fraudulent encashment of warrants, shareholders holding shares in physical form are requested to intimate the Company under the Signature of the sole / first joint Holder, the following information on the dividend warrants.
1. Name of Sole / First Joint Holder and Folio No.
 2. Particulars of Bank Account Viz:
 - (a) Name of the Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with Pincode Number,
 - (d) Account Type, whether Saving (SB) or Current Account (CA)
 - (e) Bank Account Number allotted by the Bank
 3. Bank Account details provided by the Depositories Participants (DP), will be used by the company for the printing on the dividend warrants. Shareholders who wish to change such Bank Accounts may advise their DP's about such change with complete details of Bank Account, including MICR code.
5. The Company is transferring all unclaimed dividends for the year-ended 31/03/1996 on or before 5th January 2004 to the **Investor Education and Protection Fund (IEP)** established by the Central Government pursuant to Section 205 C of the Companies Act 1956. Share holders are requested to note that no claims shall lie against the said fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the date that they first became due for payment and no payment shall be made thereafter in respect of any such claims. Therefore, share holders who have not so far encashed the dividend Warrant (s) are requested to seek issue of duplicate warrants by writing to the office of the Registrar and Transfer Agents M/s. Sathguru Management Consultants Pvt.Ltd.



DIRECTORS' REPORT

To

The Members

Your Directors are pleased to present their Thirteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2003.

The impetus given by the Government of India towards 48 New Road Projects costing Rs.40,000 crores planned in Budget 2003-2004 across the Country in addition to the National Highway Authority of India "SWARNA CHATURBUJI" - (Golden Quadrilateral Programme) connecting Delhi, Mumbai, Kolkata and Chennai Metros and development of National Highways and Expressway and Rural Roads the prospects of your Company are expected to be very bright in the coming years.

FINANCIAL HIGHLIGHTS	(Rupees in Lakhs)	
	2002 - 03	2001 - 02
Gross Income	23681.70	20331.11
Profit before Depreciation & Taxation	3546.16	2026.55
Depreciation	1175.95	647.74
Profit before taxation	2370.21	1378.81
Provision for taxation	455.36	270.00
Profit after taxation	1914.85	1108.81
Profit available for appropriation	1914.85	1108.81
Appropriation:		
Proposed Dividend @ 15%	75.55	-
Balance transferred to Balance Sheet	1839.30	1108.81
Earnings per Share (Rs.)	36.25	21.85
Book Value (Rs.)	101.75	70.56
Paid-up Equity Share Capital	503.63	494.57
Reserve excluding Revaluation Reserve	4863.10	2995.53

REVIEW OF OPERATIONS :

During the year under review, your company achieved a Gross Income of Rs.23681.70 lakhs as against Rs.20331.11 lakhs of previous year. This represents a growth of 16.48 % over the previous year. After providing depreciation of Rs.1175.95 lakhs (previous year Rs.647.74 lakhs), your company earned a profit of Rs.1914.85 lakhs as against Rs.1108.81 lakhs of previous year.

MANAGEMENT DISCUSSION AND ANALYSIS:

Your company has successfully completed and handed over bridge works at Vamsadhara, Srikakulam District. The execution of widening of 57.21 Km National Highway Project, NH-5 between Tada-Nellore Section is ahead of time schedule and expected to be completed by September, 2003. The other National Highway Projects of 48.00 Km National Highway Project NH-76 in Rajasthan between Chittorgarh-Mangalwar; 59.20 Km widening and strengthening 4-lane dual carriageway in Tuni-Anakapalli section on NH-5 in Andhra Pradesh, rehabilitation and upgrading 4 laning of Tambaram-Tindivanam Section 52.00 Km. National Highway project NH-45 in Tamil Nadu are progressing as per schedule. Your company has recently secured a construction of Ahirkheda Tunnel of Indira Sagar Project, Madhya Pradesh.

FUTURE OUTLOOK:

Based on the works under execution and orders on hand, delivery schedules committed and tenders being participated, the prospects of the Company are expected to be bright during the Financial Year 2003-2004.

DIVIDEND:

Your Directors are pleased to recommend an Equity dividend of 15 % on paid up Capital for the year ended 31/03/2003 subject to approval of the Members at the Annual General Meeting.



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 2003, 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 2003 on a "going concern" basis.

DIRECTORS:

Sri P.R. Sinha, Director retired 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 and the compliance of Corporate Governance Report duly certified by the Auditors are enclosed as Annexure-II in this Report.

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 employees 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 enclosed as Annexure-I in this report.

AUDITORS:

M/s K.Siva Rama Krishna Prasad & Co., Chartered Accountants, the present auditors of the company have expressed their willingness to accept the reappointment as auditors for the financial year 2003-04 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, Anchored Earth Sdn Bhd, Malaysia, Bankers especially Andhra Bank, Canara Bank, Global Trust Bank Limited, State Bank of Hyderabad, Centurion Bank Limited, ICICI Bank Limited, Bank of Bahrain & Kuwait BSC and Central Government, State Government Authorities including National Highway Authorities of India (NHAI), and other clients, customers, consultants and suppliers for their support and cooperation.

Place: Hyderabad

Date: 25th August, 2003

By Order of the Board

N. NAGESWAR RAO

Chairman & Managing Director



ANNEXURE-I 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	2,48,140 Units
b)	Value	Rs.17,36,983
c)	Rate per unit	Rs. 7.00

II FOREIGN EXCHANGE EARNINGS & OUTGO

a)	Foreign Exchange earned	-Nil-
b)	Foreign Exchange outgo	Rs.216541780/-

ANNEXURE-II TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY

Madhucon Projects Limited aims to give top priority to quality and to completion on time in carrying out its projects. Madhucon has worked on projects in various core sectors of National importance like "SWARNA CHATURBHUJI" (Golden quadrilateral Programme) - Connecting Delhi, Mumbai, Kolkata and Chennai Metros of NHAI, Highways, Irrigation, Production of Construction Materials, Flyovers, Bridges, Power Houses etc., for the all round infrastructural development of the Nation.

The biggest challenge in Project Management and Construction works is to create the team spirit and quality inputs for which Madhucon is playing bigger role in quality management and human resources management. Human resources management will be successful only by knowing their strengths and weaknesses and continuously improve their trade skills and built the team work for successful completion of tasks.

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 and integrity in the functioning of the company and shareholders, collaborators, Joint Venture Partners, Creditors, Bankers, Financial Institutions, Clients and Customers. 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

a) Composition of the Board

The Company aims to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and to separate the functions of Governance and Management through EXCO Board and Management Committees.

As on 31st March 2003, the Board consists of 5 (Five) Directors. There are 2 (Two) Whole Time Directors including Chairman & Managing Director and the remaining 3 (Three) are the Non-Executive Directors of whom 2 (Two) are Independent.



The Composition and Category of the Board of Members and the Number of other Directorships are set out below:

Name of the Director	Position	No. of Directorships held in other companies	Committee Chairmanship, Membership held in other companies
N. Nageswar Rao	Chairman & Managing Director (Promoter)	3	5
N. Seethaiah	Executive Director	6	1
N. Krishnaiah	Director	7	-
T. Venugopal Rao	Director (Independent)	5	-
P R Sinha	Director (Independent)	-	-

b) Number of Board Meetings

During the period ended 31st March 2003, 25 (Twenty Five) Board Meetings were held on the following dates:

8-4-2002	1-7-2002	22-10-2002	31-1-2003
15-4-2002	20-7-2002	31-10-2002	8-2-2003
30-4-2002	29-7-2002	15-11-2002	20-2-2003
7-5-2002	16-8-2002	30-11-2002	15-3-2003
10-5-2002	24-8-2002	27-12-2002	-
29-5-2002	09-09-2002	-	-
01-6-2002	14-9-2002	-	-
13-6-2002	23-9-2002	-	-

c) Attendance Record of the Directors

Director	Board Meetings attended during the year 2002-03	Attended at Last AGM on 28-9-2002
N. Nageswar Rao Chairman & Managing Director	25	Yes
N. Seethaiah Executive Director	25	Yes
N. Krishnaiah Director	20	Yes
T. Vengugopal Rao Independent - Director	8	Yes
P R Sinha Independent - Director	Nil	Nil

None of the Directors is a Member in more than 10 committees and acts as a Chairman in more than 10 committees and acts as Chairman in more than 5 Committees in all the companies in which he is a Director, as stipulated under Clause 49 of the Listing Agreement.



d) Information supplied to the Board

The Company places before the Board/Management Committees the Annual Operation plans, budgets, performance of works and other information including those specified under Annexure-I to Clause 49 of the Listing Agreement as amended from time to time.

e) Audit Committee

Pursuant to the provisions of Section 292 A of the Companies Act 1956, the Audit Committee of Madhucon Projects Limited was set up on 1st April 2001 and the Committee was reconstituted on 15th November 2002 with the following Non-Executive, Executive and Independent Directors. Sri T.Venugopal Rao as Chairman, Sri N.Krishnaiah and Sri N.Seethaiah as per Provisions of Clause 49 of the Listing Agreement. The functions of the Audit Committee as outlined by the Board of Directors of Madhucon Projects Limited to investigate into any matter in relation to the items specified in Section 292 A of the Companies Act as amended on 13th December 2000 and also in terms of Clause 49 of the Listing Agreement with Mumbai and Hyderabad Stock Exchanges to oversight of the Company's Financial Reporting process and the disclosure of its Financial Information to ensure that the financial statement is correct, sufficient and credible.

The Audit Committee met 5 (Five) times during the year. The meetings of the Committee were also attended by the Vice President (Finance & Accounts), Internal Auditors and Statutory Auditors as Invitees

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 28th September 2002.

f) Shareholders/Investors Grievance Committee

The Company has constituted the Shareholders and Investors Grievance Committee with Sri.N.Krishnaiah as Chairman and Sri.T.Venugopal Rao and Sri.N.Seethaiah as Members. There were no complaints from the shareholders and investors pending. Equity Shares of the Company listed in Mumbai and Hyderabad Stock Exchanges. The shares of the Company were dematerialised on 1-1-2002 through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Share Transfers of both Electronic as well as physical are being attended by M/s Sathguru Management Consultants Private Limited (Registrar & Transfer Agents).

g) Remuneration of Directors

The Company has not yet constituted the Remuneration of Directors Committee. Sri N. Nageswar Rao, Chairman & Managing Director was paid during the year 2002-03 @ Rs.60,000/- (Rupees Sixty Thousand Only) per month and Sri N.Seethaiah, Executive Director was paid @ Rs.40,000/- (Rupees Forty Thousand Only) per month.

No other perks. The remuneration of CMD and ED is determined by Members/Directors. No sitting fees is paid to the Directors for attending the Board/Committee meetings. The Company does not have performance-linked incentive for the CMD/ED and Directors.

h) Disclosures

There are no materially significant transactions made by the Company with its Promoters, Directors and their relatives that may have potential conflict with the interests of the Company.

Madhucon Projects Limited has participated in bids offered by Implementation Secretariat (IS) of Govt.of Andhra Pradesh in July 2002 and selected Madhucon Projects Limited as Preferred Bidder for purchase of the Assets of Palair Cooperative Sugars Limited (PCSL) at a price of Rs.9,58,88,888/- and paid the said amount on behalf of Madhucon Sugars Limited - a new company was incorporated on 5th November 2002 by the Promoters of Madhucon Group vide No: 01-39859 with an Authorised Capital of Rs.10.00 Crores. Madhucon Projects Limited invested in Equity of