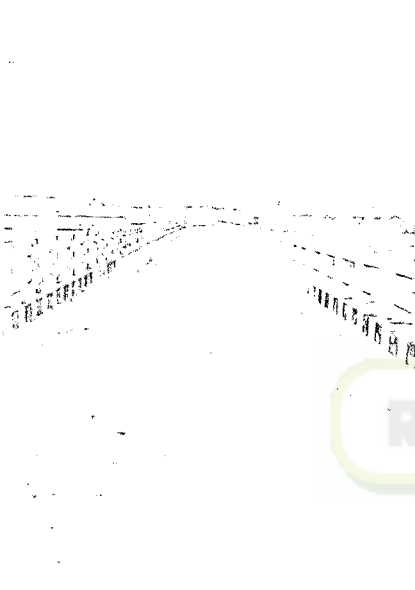
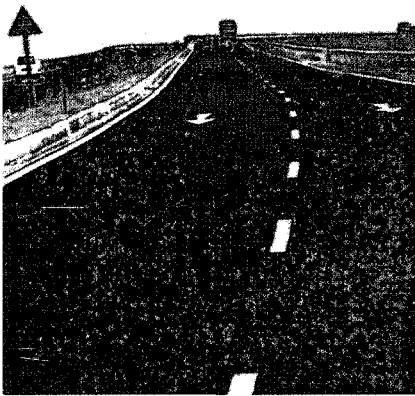


17th Annual Report

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MADHUCON
PROJECTS LIMITED
ISO - 9001 : 2000 COMPANY

MADHUCON PROJECTS LIMITED

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Subsidiary Companies Balance Sheets:

Madhucan Agra Jaipur Expressway Limited

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TN(DK) Expressway Limited

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Trichy-Tanjavur Expressway Limited

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Madurai-Tuticorin Expressway Limited

Director's Report
Auditor's Report
Balance Sheet
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Balance Sheet Abstract



From the Chairman's Desk

Dear Shareholders,

I am happy to present the Annual Report of the Company for the financial year 2006-2007 which has witnessed overall growth in revenue, profit and order book position of the company. With the Indian Economy growing at a faster pace, new opportunities have emerged with increase in investments in infrastructural development by the Central and State Government in the sectors of Power, Ports etc.

During the year, your company focused on potential infrastructural sectors such as Power, Mining and Real-estate in addition to Expressways and Irrigation which, we hope, would trigger major growth for the company resulting in value creation for the shareholders.

Your company is setting up a Power Plant of 540 MW capacity in two stages in the State of Andhra Pradesh. All efforts are made to start the construction of the power plant before the end of this calendar year. Your company's decision to venture into Coal Mining sector in Indonesia will bear fruits in this financial year.

Present Highway and Irrigation projects are proceeding as scheduled and would translate into top line growth for your Company. The 4 BOT projects awarded by National Highway Authority of India are proceeding as scheduled.

I am sure, we will remain steadfast in our commitments and make all round efforts to herald into an era of major achievements. Your company has received ISO certification ISO 9001:2000 during the last year, which would enable us to maintain world class quality standards in execution of various projects.

I once again rededicate our organization for the cause of National Development, which would enable us to attain a notable position in the Infrastructural Development Map of India.

I place on record my appreciation for the continuous commitment and encouragement given by the employees as well as their exemplary contribution in achieving the goals of the Company. I also thank the customers, banks, business associates and above all, our shareholders for their continuous support and faith on the Company.

N Nageswar Rao
Chairman

MADHUCON PROJECTS LIMITED

Board of Directors

N. NAGESWAR RAO

Chairman

N. SEETHAIAH

Managing Director

S. VAIKUNTANATHAN

Director (Finance)

K. SRINIVASA RAO

Director

C. VENKATESWARA RAO

Independent Director

P. MADHAVA RAO

Independent Director

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.

REGISTERED OFFICE:

1-7-70, Madhu Complex,
Jubilipura,
Khammam - 507 003.

ADMINISTRATIVE OFFICE:

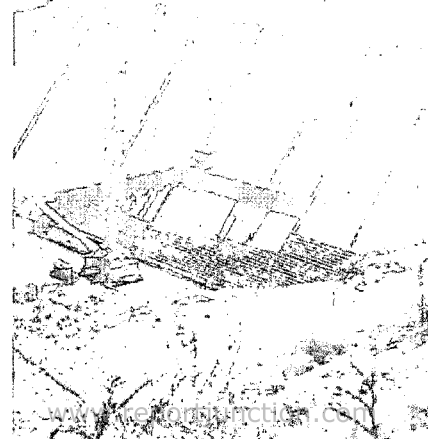
D-27, East of Kailash,
New Delhi - 110 065.

BANKERS

Canara Bank
ICICI Bank Limited
Oriental Bank of Commerce
State Bank of India
Centurion Bank of Panjab Limited
IDBI Bank
United Bank of India
Standard Chartered Bank
State Bank of India, New York
ICICI Bank, Singapore
Bank of Bahrain & Kuwait BSC
State Bank of Bikaner & Jaipur

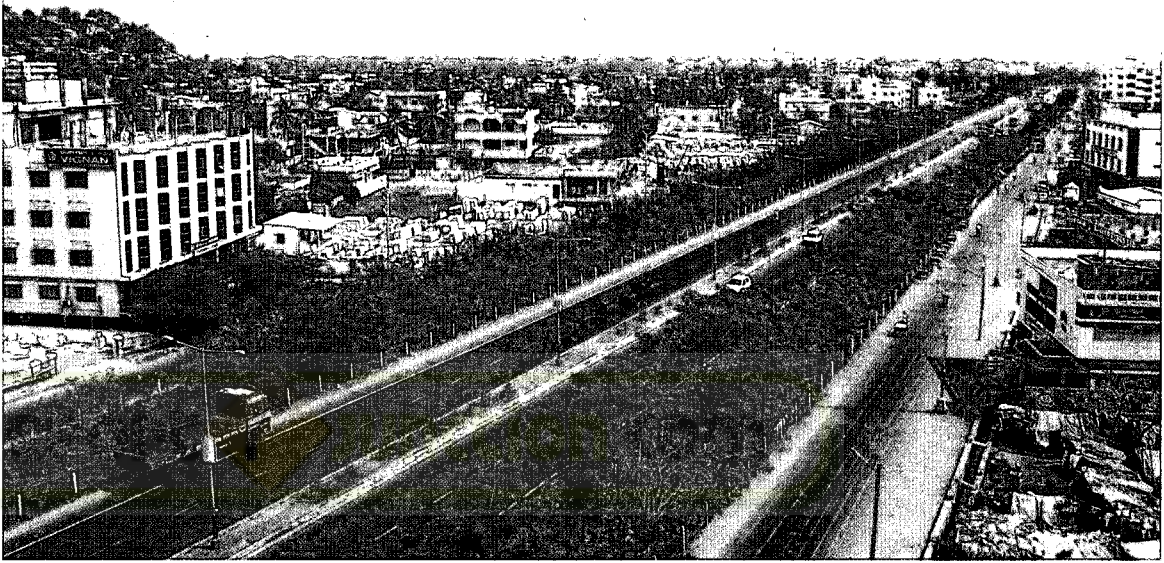
CORPORATE OFFICE

"Madhucon House",
Plot No.1129/A,
Road No. 36,
Jubilee Hills,
Hyderabad - 500 033.

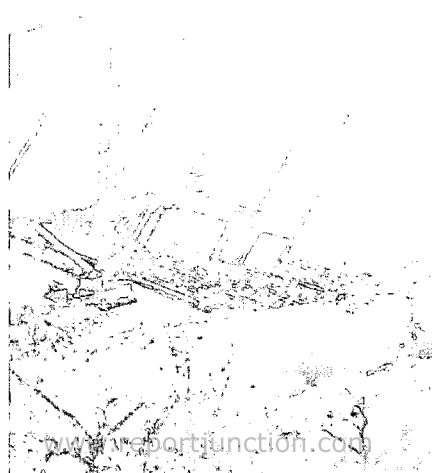
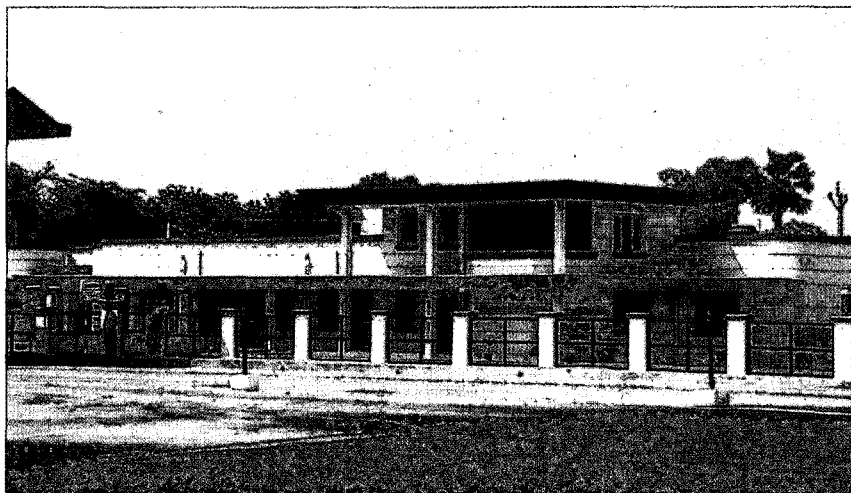
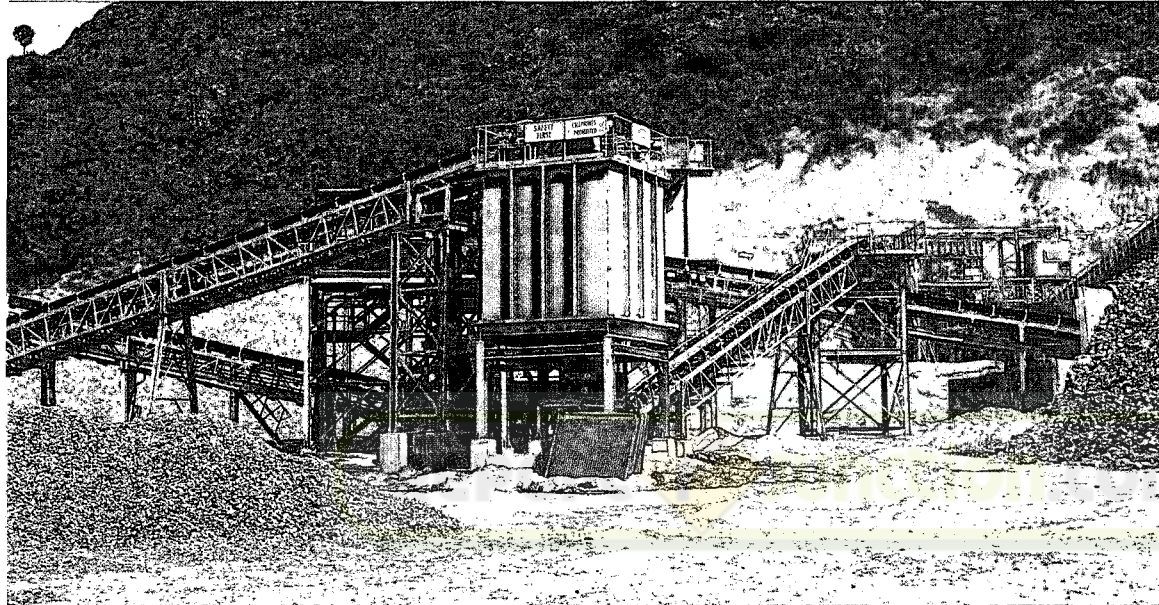
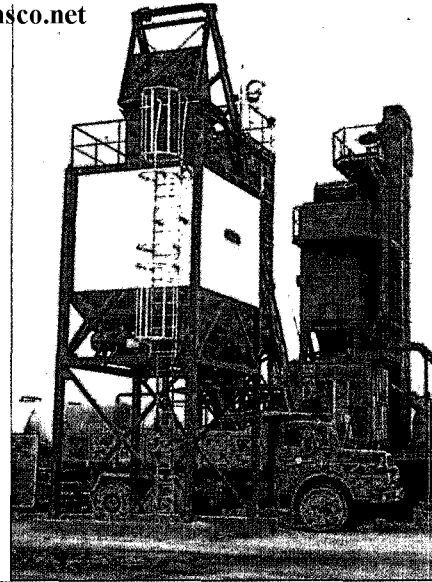




Projects at a Glance



MADHUCON PROJECTS LIMITED





NOTICE

To,
The Members,
Madhucon Projects Limited

Notice is hereby given that the 17th Annual General Meeting of Madhucon Projects Limited will be held on Saturday, the 1st day of September 2007 at 3.00 PM at the Registered Office of the Company situated at "Madhu Complex 1-7-70, Jublipura, 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, 2007 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 Director in the place of Sri.K.Srinivasa Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To declare dividend on the 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."

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Sri.N.Seethaiah, Joint Managing Director as Managing Director of the Company for a period of three years w.e.f. 01st May, 2007 on a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh) (inclusive of perquisites)."

"FURTHER RESOLVED THAT the enhanced monthly remuneration of Sri.N.Seethaiah as Joint Managing Director of the Company for the period from 01st September, 2006 to 30th April, 2007 @Rs.1,00,000/- (Rupees One Lakh) per month (Inclusive of perquisites) be and is hereby approved and ratified."
6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby accorded to the re-appointment of Sri.S.Vaikuntanathan, Director (Finance) of the Company for a period of two years w.e.f. 05th March, 2007 on a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh) (inclusive of perquisites)."

"FURTHER RESOLVED THAT the enhanced monthly remuneration of Sri.S.Vaikuntanathan, Director (Finance) of the Company for the period from 01st January, 2007 to 04th March, 2007 @Rs.1,00,000/- (Rupees One Lakh) per month (Inclusive of perquisites) be and is hereby approved and ratified."
7. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution.

MADHUCON PROJECTS LIMITED

“ RESOLVED THAT the consent of the Company under the provisions of Section 372A and other applicable provisions if any of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company, that the aggregate of loans and investments, guarantee or security to be made from time to time as may deem fit by the Board over and above the prescribed limits but shall not exceed Rs.1800.00 Crores (Rupees One Thousand Eight Hundred Crores only) at any one time and that for the implementation of the resolution, the Board may act through any member thereof or any other person duly authorized by the Board in that behalf.”

Place: Hyderabad

By Order of the Board

Date : 30.07.2007

N. NAGESWAR RAO

Chairman

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. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. Proxy form is enclosed.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Special Business to be transacted at the Annual General Meeting is annexed.
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 the Annual General Meeting.
4. Members who hold shares in the certificate 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 to the Company the prescribed Form 2B. This form can be furnished by the Company on request.
5. The Register of Members and Share Transfer books will remain closed from 30th August 2007 to 1st September 2007 (all days inclusive) for the purpose of ensuing AGM and payment of dividend.
6. In order to provide protection against fraudulent encashment of warrants, shareholders holding shares in physical form are requested to intimate the following information to the company under the signature of the sole/first joint holder.
 - a) Name of the Sole / first joint holder and folio no.
 - b) Particulars of Bank account
 - (i) Name of the Bank & Address of the Branch
 - (ii) Type of Account
 - (iii) Account Number
 - c) The company will use Bank Account details provided by the Depositories Participants (DP) for the printing on the dividend warrants. Shareholder who wish to change such Bank Accounts may advise their DP's about such change with complete details of Bank Account, including MICR code.
7. The Shareholders are requested to inform the change of address to the Registrars and Share Transfer Agents (RTA) M/s Sathguru Management Consultants Pvt Limited, Plot No.15, Hindi Nagar, Panjagutta, Hyderabad-500034.



ANNEXURE:

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 for the Special Business mentioned in the notice.

SI.No.5.

The Board of Directors at their meeting held on 30th April 2007 appointed Sri.N.Seethaiah, Joint Managing Director as the Managing Director of the Company as detailed in the resolution for a period of 3(three) years w.e.f. 1st May 2007 on a monthly remuneration of Rs.1,00,000/- (Rupees One Lakh only) (inclusive of perquisites) consequent to the resignation of Sri S.V. Patwardhan, Managing Director. Sri.N.Seethaiah has been association with the company as a Promoter since inception and has vast experience in the field of construction management. The Board commended the resolution for appointment and payment of remuneration to Sri.N.Seethaiah as Managing Director, for approval of the shareholders.

None of the Directors of the Company except Sri.N.Nageswar Rao and Sri.K.Srinivasa Rao (being relatives) and Sri.N.Seethaiah are deemed to be concerned or interested in the resolution.

SI.No.6.

The Board of Directors at their meeting held on 22nd February 2007 re-appointed Sri.S.Vaikuntanathan as Director (Finance) of the Company.

Further the Board at its meeting held on 27.03.2007 ratified the payment of enhanced monthly remuneration of Rs.1,00,000/- (Rupees One Lakh only) (inclusive perquisites) for the period from 01st January, 2007 to 4th March, 2007.

Sri.S.Vaikuntanathan is a Chartered Accountant having more than 27 years experience. He has been associated with the Company for more than 9 years and has made valuable contributions for the growth of the Company. The Board commends the resolution for appointment and payment of remuneration to the Director (Finance) for approval of the shareholders.

None of the Directors of the Company except Sri.S.Vaikuntanathan is deemed to be concerned or interested in the resolution.

SI.No.7

The Company is expected to reap major benefits out of the present growth and demand on the Countries Infrastructure Projects. At present, the total value of projects on hand including that of the Company's Joint Venture is over Rs.5000 Crores with substantial improvement expected over the next few years. In order to execute various projects, the Company has to enter into joint ventures and promote new companies. Taking into account the further requirement of finance for investment in the new projects the resolution is proposed empowering the Board of Directors to make loans and investments, guarantee or security from time to time as may be deemed fit not exceeding Rs.1800.00 Crores (Rupees One Thousand Eight Hundred Crores Only). The Finance required for this purpose shall be procured by internal generations.

The Board commends the Resolution for acceptance by the Members.

None of the Directors of the Company is concerned or interested in the Resolution.

Place: Hyderabad

Date : 30.07.2007

By Order of the Board

N. NAGESWAR RAO
Chairman

MADHUCON PROJECTS LIMITED

DIRECTORS' REPORT

The Members,
Madhucon Projects Limited

Your Directors are pleased to present the Seventeenth Annual Report together with the Audited Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS:

	Rupees in lakhs	
	2006-07	2005 - 06
Gross Income	51004.78	34953.55
Profit before Depreciation & Taxation	8429.14	5671.20
Depreciation	2530.40	1912.62
Profit before Taxation	5898.74	3758.57
Provision for Taxation		
i) Current Tax	1325.00	421.08
ii) Deferred Tax	403.41	4.36
iii) Fringe Benefit Tax	13.47	6.53
Profit after Taxation	4156.86	3326.60
Profit available for appropriation	4156.86	3326.60
APPROPRIATION		
General Reserve	415.68	997.98
Proposed Dividend	221.38	221.38
Corporate Tax on Proposed Dividend	37.62	31.05
Taxation adjustments of earlier years	59.85	15.25
Balance transferred to Balance Sheet	3422.30	2120.79
Earnings per Share (Rs.)	11.26	11.80
Book Value (Rs.)	177.96	146.61
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	44050.89	40212.90

REVIEW OF OPERATIONS:

During the year under review, your company achieved a Gross Income of Rs.51004.78 lacs as against Rs. 34953.55 lakhs of previous year. After providing depreciation of Rs.2530.40lacs (previous year Rs. 1912.62 lakhs), your company earned a net profit of Rs.4156.86 Lakhs as against Rs. 3326.60 Lakhs of previous year.

Management Discussion and Analysis:

1. Industry Structure & Development:

During the Fiscal Year 2006-2007, the Nation has witnessed an all-round impressive economic growth of over 9% which has triggered remarkable improvement in the performance of all business sectors including infrastructural development. The infrastructure industry which accounts for the largest employment potential witnessed huge investment opportunities with the active support of the Government for Public-Private