



MADHUCON PROJECTS LIMITED

**24TH ANNUAL REPORT
2013 - 2014**



MADHUCON PROJECTS LIMITED

BOARD OF DIRECTORS:

N. Seethaiah
Managing Director

K. Srinivasa Rao
Wholetime Director

Kandimalla KVN Prasad
Independent Director

Ch.Lakshimi Kumari
Woman-Independent Director

P. Madhava Rao
Independent Director

C.Bharathi
Company Secretary

Auditors:

M/s Kota & Company
Chartered Accountants
(FRN-011982S)
H.No.331, Arora Colony-2
Road No.3, Banjara Hills,
Hyderabad-500034.

Registered Office:

1-7-70, Madhu Complex,
Jublipura, Khammam-507003.

Corporate Office:

Madhucon House, Plot No.1129/A,
Road No.36, Jubilee Hills,
Hyderabad-500033.

Registrar & Share transfer Agents:

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar
Madhapur, Hyderabad-500081

Bankers:

Canara Bank
ICICI Bank Limited
IDBI Bank Limited
IndusInd Bank Limited
State Bank of India
Oriental Bank of Commerce
Yes Bank Limited
AXIS Bank Limited
Standard Chartered Bank
HDFC Bank Limited
United Bank of India
Bank of India
Bank of Bahrain & Kuwait BSC

MADHUCON PROJECTS LIMITED

NOTICE

To
The Members
Madhucon Projects Limited

Notice is hereby given that the 24th Annual General Meeting of Madhucon Projects Limited will be held on Saturday the 27th September 2014 at 3.00 PM at the Registered Office of the Company situated at Madhu Complex 1-7-70, Jublipura, Khammam-507003 to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and Statement of Profit and Loss and Notes thereto of standalone and consolidated for the year ended on that date together with the Report of the Auditors and Directors thereon.
2. To declare Dividend on the Equity Shares of the Company.
3. To appoint Auditors and to fix their remuneration.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Kota & Company, Chartered Accountants, (FRN 011982S) Hyderabad be and are hereby appointed as Statutory 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 (including out of pocket and incidental expenses) as may be determined by the Board of Directors of the Company”.

SPECIAL BUSINESS:

4. **Appointment of Sri Kandimalla KVN Prasad (DIN 00084398) as an Independent Director:**

To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (as amended on 17.04.2014), Sri Kandimalla KVN Prasad (DIN-00084398) who was appointed as an Additional Director pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing his candidature to hold office for a term of 3 (Three) years for the office of Independent Director”.

5. **Appointment of Smt. Ch. Lakshimi Kumari (DIN-06942473) as Woman Director under Independent Category:**

To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (as amended on 17.04.2014), Smt.Ch.Lakshimi Kumari (DIN-06942473) who was appointed as an Additional Director pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing her candidature to hold office for a term of 3 (Three) years for the office of Director under Independent and Woman Category”.

6. **Renewal of Borrowing Limits and creation of Charge/Mortgage as per Section 180(1)(c) & (a) of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modifications the following resolution as **Special Resolution**:

“RESOLVED THAT the earlier resolution passed by the members of the Company at the 20th Annual General Meeting held on 30th September, 2010, be and is hereby renewed and consent of the company accorded to the Board of Directors the borrowing powers up to Rs.5000 Crores (herein after referred to as the ‘Board,’ which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) as required u/s 180(1)(c) of the Companies Act, 2013 and such borrowings from time to time such sum(s) of money in any manner, either in Rupee Currency and / or in Foreign Currency, including Foreign Currency Convertible Bonds or any other financial instruments with or without security and on such terms and conditions as the Board may in its absolute discretion deem fit, notwithstanding the fact that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans from the Company’s Banker’s in the ordinary course of business) may exceed the aggregate for the time being of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of the moneys to be so borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company’s banker’s in the ordinary course of business) and outstanding at any time shall not exceed the sum of **Rs. 5000 Crores** (Rupees Five Thousand Crores only)”.

“RESOLVED FURTHER THAT pursuant to Section 180 (1) (a) of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to mortgage and/or charge all the present and future immovable and movable properties of the Company in favour of the Banks and financial institutions for the purpose of securing such borrowings up to a limit of **Rs. 5000 Crores** (Rupees Five Thousand Crores only) outstanding at any time including the interest thereon”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

By Order of the Board

Place: Hyderabad
Date: 09.08.2014



C. Bharathi
C. Bharathi
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy Form is attached herein.

A person can act as proxy on behalf of the members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at this Annual General Meeting.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to **Special Business** to be transacted at this Annual General Meeting is annexed, which forms part of this notice.
4. Members who hold shares in the physical 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 their request to the Company in Form-2B.
5. The Register of Members and Share Transfer Books will remain closed from 23rd September, 2014 to 27th September, 2014 (inclusive of both days).
6. Dividend on Equity Shares, if declared, will be paid to the members whose names appear in the Company's Register of Members before the date of commencement of Book Closure. In respect of shares held in electronic mode, the dividend will be paid to the beneficiaries as per the details furnished by the Depositories.
7. The Shareholders are requested to inform the change of their address to the Registrars and Share Transfer Agents, M/s Karvy Computershare Private Limited, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 and also register their E-mail

IDs for online dispatch of Annual Reports and other communication as per the provisions of Companies Act, 2013.

8. Members are requested to demat their physical shareholdings with Depository Participants (DP) along with Permanent Account Number (PAN) in order to facilitate the benefit of electronic trading.
9. Members holding their shares in demat form shall correspond with their respective Depository Participants (DP) with regard to any changes.
10. Dividend, if any remained unpaid or unclaimed for a period of 7 years or more, will be transferred to Investor Education and Protection Fund pursuant to the provision of section 125 of the Companies Act, 2013 and thereafter, no claim shall lie against such fund or against the Company.
11. The Shareholders who have not encashed their dividend for the financial year 2006-2007 to 2012-2013 may approach the Secretarial Department of the Company for issue of fresh Dividend Warrants / Demand Drafts against production of such proof of documents as may be required.
12. The Dividend which remained un-encashed for the financial year 2006-2007 is due to be transferred to "Investor Education and Protection Fund "on 8th October, 2014. Therefore, Shareholders may approach Secretarial Department of the Company for claiming their dividend on or before 8th October, 2014.
13. Where members are holding their shares in joint name, the members whose name appears first will be considered for dividend and/or voting purpose.
14. **The business of the Meeting will also be transacted through electronic voting system and your Company is providing the facility for voting by electronic means through the platform of Karvy Computershare Pvt Ltd (RTA) in terms of Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and provisions of the Listing Agreement. The procedure to be followed in the electronic voting is detailed in the identification form (ID form) sent separately to the shareholders along with Notice of AGM through e-mail / physical form.**

ANNEXURE:

Explanatory Statement Pursuant to the provision of Section 102(1) of the Companies Act, 2013:

The following explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice.

Item No. 4: Appointment of Sri Kandimalla KVN Prasad (DIN-00084398) as an Independent Director:

Sri Kandimalla KVN Prasad who was appointed as an Additional Director under Independent Category at the Board meeting held on 9th August, 2014, ceased to office at this Annual General Meeting. The Company received a notice from the member to appoint him as Director under the category of Independent Director.

The Board of Directors commends the proposed resolution for approval of shareholders.

None of the directors of the company are concerned / interested in this proposed resolution.

Item No. 5: Appointment of Smt. Ch. Lakshimi Kumari (DIN -06942473) as Women Director under Independent Category:

Smt. Ch. Lakshimi Kumari who was appointed as an Additional Director under Independent – Women Category at the Board meeting held on 9th August, 2014, ceased to office at this Annual General Meeting. The Company received a notice from the member to appoint her as Director under the category of Independent-Women Director.

The Board of Directors commends the proposed resolution for approval of shareholders.

None of the directors of the company are concerned / interested in this proposed resolution.

Items No.6: Renewal of Borrowing Limits and creation of Charge/Mortgage as per Section 180(1)(c) & (a) of the Companies Act, 2013

The shareholders at its 20th Annual General Meeting held on 30th September, 2010 accorded their approval to the Board of Directors of the company empowering to borrow moneys up to Rs.5000 Crores by creation of charge / mortgage as security against borrowings.

Section 180(1)(c) of the Companies Act, 2013 requires renewal / confirmation by special resolution of the members to borrow moneys up to Rs.5000 Crores by the Board of Directors and committees thereof and creation of charge / mortgage as security to the extent of Rs.5000 Crores as approved by the shareholders at its 20th Annual General Meeting.

The Board of Directors commends the proposed resolution as special resolution for approval of shareholders.

The Directors of the Company may be deemed to be concerned or interested in the resolutions to the extent of securities that may be subscribed or extent of securities held.

Place: Hyderabad
Date: 09.08.2014

By Order of the Board

C.Bharathi



C.Bharathi
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2014.

A. FINANCIAL RESULTS:

	(Rupees in Lakhs)	
	2013-2014	2012-2013
Gross Income	89779.64	106384.24
Profit before Depreciation & Taxation	9673.90	8880.65
Depreciation	4701.86	5459.18
Profit before Taxation	4972.04	3421.47
Provision for Taxation		
i) Current Tax	1042.17	684.56
ii) Deferred Tax	758.19	(639.99)
Profit after Taxation	3171.68	3376.90
Profit available for appropriation	3171.68	3376.90
APPROPRIATION		
General Reserve	317.17	337.69
Proposed Dividend	*73.79	73.79
Corporate Tax on Proposed Dividend	11.97	11.97
Balance transferred to Balance Sheet	2768.75	2953.45
Earnings per Share (Rs.)	4.30	4.58
Book Value (Rs.)	95.71	91.53
Paid-up Equity Share Capital	740.32	740.32
Reserves & Surplus	69888.83	66802.92

*Provision of proposed dividend for the year 2013-14 was made @ 10%

B. DIVIDEND:

Your Directors are pleased to recommend an Equity Dividend of 20% (20 Paise per share) on paid up equity capital for the year ended 31.03.2014, subject to approval of the members at this Annual General Meeting.

C. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31st March, 2014; the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- That the Directors have selected 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 or loss of the Company for that period.
- 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 frauds and other irregularities.

- iv. That the Directors have prepared the annual accounts for the year ended 31st March 2014 on a "Going Concern" basis.

D. MANAGEMENT DISCUSSION AND ANALYSIS:

I. Industry Structure and Developments

Infrastructure is a major sector that propels overall development of the Indian economy. India's focus on infrastructure over the last decade made the country the second fastest growing economy in the world. India's constant growth gives investors a tremendous opportunity in the transportation and power segments. India has second largest Road network in the world with 33 lakh Kms.

Considering the enhanced focus on this sector by the Indian Government, policy makers expect the infrastructure spend on an average to be around 8.18% of the GDP at the end of the twelfth five-year plan, targeting an overall investment of Rs. 55.75 trillion over the duration. Moreover, the role of private sector investments has been further projected to enhance at 48% by the completion of twelfth five-year plan.

II. Opportunities and Strengths:

Madhucon has made a successful transition from being just an EPC Contractor to a fully integrated infrastructure developer. Infrastructure development and service delivery through Public Private Partnerships (PPPs) Policy increases vast investment opportunities in different infrastructure sectors both in rural and urban areas. Your Company is having opportunities and strengths with an order book position of Rs. 9360 Crores and participating in various Tenders and RFPs valued at Rs. 4200 Crores in various projects in India and abroad.

III. Segment Wise Performance:

1. Transportation Division:

a) BOT Toll and Annuity based Projects:

Your company has completed 1459 lane Kms of 4 BOT projects and 2018 lane Kms 5 Toll and Annuity Projects are under progress as detailed below:

Sl. No.	Name of the Project	No. of Lane Kms.	Name of the SPV	Status of the Project
1	Chhapra- Hajipur, NH-19 DBFOT Annuity Basis Project	280	Chhapra-Hajipur Expressways Limited	In Progress
2	Barasat-Krishnagar NH-34 DBFOT Annuity Basis, West Bengal	336	Barasat-Krishnagar Expressways Limited	In progress
3	Ranchi -Jamshedpur, NH-33 DBFOT Annuity Basis, Jharkhand	715	Ranchi Expressways Limited	In Progress
4	Vijayawada-Machilipatnam, NH-9 DBFOT Toll Basis Project, Andhra	258	Vijayawada-Machilipatnam	In Progress*

	Pradesh		Expressways Limited	
5	Rajauli-Bakhtiyarpur, NH-31 of BSRDCL, DBFOT Toll Basis Project, Bihar	429	Rajauli-Bakhtiyarpur Expressways Limited	In Progress*

* Financial closure of Vijayawada-Machilipatnam Project and Rajauli-Bakhtiyarpur Project are under process and expected to be completed by 30.09.2014.

b) Item Rate Projects:

Your Company has been awarded an item rate project of Construction of Concrete Pavement in the Coal Transport Roads in different projects of Talcher Coalfields (except Kanitha OCP) by Mahanadi Coalfields Limited. Total road Length of the Project is 23 Kms and the cost Rs.165.92 Crores. The Agreement has been signed on 23.04.2014.

The Status of ongoing projects is as follows:

Sl. No.	Name of the Project	No. of Lane Kms.	Status of the Project
1	Jhanjapur-Dharbanga Section NH-57, Bihar, NHAI.	168	Completed
2	Nagaon- Dharamtul, NH-37, Assam, NHAI	120	Substantially completed
3	Anik Panjarpole Link Road Project (APLR), MMRDA, Maharashtra	30	Completed

2. Irrigation Projects:

Your Company is now executing 10 projects valued Rs.2172.13 Crores of which Rs.1433.25 Crores related to Irrigation Projects of Andhra Pradesh and Telangana.

3. Energy Projects:

Thermal Power Plant -Tamminapatnam, Chillakur Mandal, SPSR Nellore District.

The EPC Contract of Phase-I (2X150MW) of Simhapuri Energy Limited was completed and generating power with full capacity.

The Phase-II (2X150 MW) Third Unit has already generating power and the fourth unit is expected to start its commercial operation by Oct' 2014.

4. Mining Division:

The work for removal of OB 416.46 Lakhs Cub. Mtrs. and Coal 159.39 Lakhs Metric Tons valued Rs.42,206 Lacs at Phularitand (BCCL) Project within the period of 7 years vide work order dated 07.02.2012 is under progress.

The highest production of coal in a month is 2.31 Lakhs Metric Tons.