



MADHUCON

PROJECTS LIMITED

AN ISO-9001 : 2008 COMPANY



27th
ANNUAL REPORT
2016-2017



MADHUCON PROJECTS LIMITED

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MADHUCON PROJECTS LIMITED

(CIN: L74210TG1990PLC011114)

Board of Directors:

Sri N. Seethaiah
Managing Director

Sri K. Srinivasa Rao
Whole-time Director

Sri Mohammad Shafi
Whole-time Director

Sri P. Madhava Rao
Independent Director

Smt. Ch. LakshmiKumari
Woman-Independent Director

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
Karvy Selenium Tower B
Plot 31- 32, Gachibowli,
Financial District, Nanakramguda
Hyderabad-500032

Bankers:

Axis Bank Limited
Bank of India
Canara Bank
IDBI Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank
Oriental Bank of Commerce
State Bank of India

Auditors:

P. Murali & Co.,
Chartered Accountants,
(FRN007257S)
6-3-655/2/3,
Somajiguda,
Hyderabad - 500036



NOTICE

To
The Members,
Madhucon Projects Limited

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Madhucon Projects Limited will be held on Saturday the 23rd Sept, 2017 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 Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Financial Statements of the Company in IND AS format for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company in IND AS format for the financial year ended 31st March, 2017 together with the report of the Auditors thereon.
2. To declare dividend @ 10% (Ten Percent) i.e. 10 paise for each share of Rs 1/- each. on equity shares for the financial year 2016-17
3. To appoint Auditors and to fix their remuneration.

To consider and if thought fit to pass with or without modification, the following resolution as 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 that the appointment of P. Murali & Co, Chartered Accountants (FRN 007257S), Hyderabad on 05th July, 2017 as Statutory Auditors of the Company on the recommendations of the Audit Committee of the Company be and hereby ratified and approved for the Financial Year 2017-18 and to hold the office until the conclusion of the 28th Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. Ratification for the Re-appointment of Sri K. Srinivasa Rao as Whole time Director of the Company:

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 Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and such other approvals as may be required if any, consent of the Members be and is hereby accorded for the ratification of the re-appointment of Sri K. Srinivasa Rao as Whole time Director of the Company for a period of five years with retrospective effect from 15.11.2015 on monthly Managerial Remuneration of Rs.2,50,000/- (Rupees two lakh fifty thousand only) (inclusive of all allowances & perquisites) on the recommendations and approval of the Nomination & Remuneration Committee.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. Approval for the remuneration of the Cost Auditor for the financial year ending on March 31st, 2018:

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 148 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or enactment(s) thereof, for the time being in force), the remuneration of Rs.1,50,000 (Rupees One Lakh fifty Thousand only) inclusive of all taxes payable to BVR & Associates, Cost Accountants (Firm Registration No.



000453), the Cost Auditors of the Company to conduct audit of cost records made and maintained by the Company for the financial year ending March 31st, 2018, as recommended by Audit Committee and approved by Board of Directors be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board
For Madhucon Projects Limited

N Seethaiah
Managing Director
DIN:00784491

Place: Hyderabad
Date: 11/08/2017

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and Password along with a copy of this Notice to the members separately.
3. A member entitled to attend and vote at the Annual General Meeting ("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 (Fifty) and holding in the aggregate not more than 10% (Ten percent) of the total share capital of the Company carrying voting rights. A member holding more than 10% (ten percent) 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 as per rule 19 of the Companies (Management and Administration) Rules, 2014.

4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representative to attend and vote at this Annual General Meeting as per Section 113 of the Companies Act, 2013.
5. In case of Joint shareholders attending the Meeting, only such joint holder whose name stands first on the Register in respect of such share will be entitled to vote.
6. 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 72 of the Companies Act, 2013, may submit their request to the Company in Form No. SH.13.
7. Members who are holding shares in physical form are requested to dematerialize their physical shareholdings with Depository Participants (DP) in order to facilitate the benefit of electronic trading.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy Computershare Private Limited (RTA).
9. Members, who have not registered their e-mail addresses so far and holding shares in electronic form are requested to register their e-mail address to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to register their e-mail address to the Company / Karvy Computershare Private Limited (RTA) for receiving all communication including Annual Report, Notices etc.



10. The Register of Members and Share Transfer Books will remain closed from 18th September, 2017 to 23rd September, 2017 (inclusive of both days) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
11. Dividend on Equity Shares, if declared, will be paid to the members whose names appear in the Company's Register of Members on 18th September, 2017; in respect of shares held in electronic mode, the dividend will be paid to the beneficiaries as per the details furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
12. 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 provisions of the Companies Act and thereafter, no claim shall lie against such fund or against the Company.
13. The Shareholders who have not encashed their dividend for the financial year 2009-2010 to 2015-2016 may approach the Secretarial Department of the Company for issue of fresh Demand Drafts against production of such proof of documents as may be required.
14. Members may also note that the copy of notice of this Meeting and the Annual Report for the financial year 2016-17 will also be available on the website of the Company www.madhucon.com

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: Ratification of Re-Appointment of Sri K. Srinivasa Rao as Wholetime Director of the Company:

Sri K. Srinivasa Rao who is a Promoter Director since 21st November, 2005, Re-appointed by the Board of Directors at its Board meeting held on 28.03.2017 on the recommendations of the Remuneration Committee appointed him as Wholetime Director of the Company for a period of 5 years w.e.f. 15.11.2015 on a monthly remuneration of Rs. 2,50,000/- inclusive of all allowances and perquisites, subject to concurrence of Shareholders and compliance of all applicable provisions of the Companies Act, 2013. Sri K. Srinivasa Rao is holding 10,09,000 Equity shares in the Company representing 1.37% of total Paid-Up Equity Capital of the Company.

Your Board of Directors recommend for ratification of the re-appointment of Kamma Srinivasa Rao for your approval in the interest of the Company.

Item No. 5: Approval for the remuneration of the Cost Auditor for the financial year ending on 31st March, 2018:

The Board of Directors of the Company on the recommendation of Audit Committee approved the appointment and remuneration of BVR & Associates, Cost Accountants (Firm Registration No. 000453) as the Cost Auditors of the Company to conduct the audit of the Cost Records of the Company for the financial year ending on 31st March, 2018.

In terms of the provisions of Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as approved by Board of Directors, has to be ratified by the Shareholders of the Company. Accordingly, the Shareholders are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2018, as set out in the Ordinary Resolution in Item No. 5.

None of the Directors and Key Managerial Personnel of the Company is concerned or interested financial or otherwise, in the said Resolution

By Order of the Board
For Madhucon Projects Limited

N Seethaiah

Managing Director

DIN:0078449

Place: Hyderabad

Date: 11/08/2017



DIRECTORS REPORT

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2017.

1) FINANCIAL SUMMARY

Rs. In Lakhs

Sl.No.	Particulars	Standalone Year Ended		Consolidate Year Ended	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
		(Audited)	(Audited)	(Audited)	(Audited)
	PART-I				
1	Income from Operations:				
	(a) Net Sales/ Income from Operations	69,307.24	71,777.56	1,57,641.67	2,59,942.58
	(b) Other income	1,727.99	2,087.80	2,538.89	10,125.56
	Total Income	71,035.23	73,865.36	1,60,180.56	2,70,068.14
2	Expenses:				
	(a) Cost of Materials Consumed	45,926.95	50,166.12	1,09,864.16	1,59,281.63
	(b) Purchase of Stock-in-trade	-	-	-	-
	(c) Changes in Inventory of Finished goods Work-in-Progress and stock-in-trade	579.55	(809.72)	416.64	(1,532.56)
	(d) Employee benefits expense	4,543.41	3,796.07	4,731.90	4,211.27
	(e) Other expenses	4,686.08	3,860.84	6,174.71	3,443.83
	(f) Financial Costs	9,825.63	10,548.51	75,090.49	74,834.52
	(g) Depreciation and amortisation expense	2,513.55	3,227.51	26,924.52	22,216.32
	Total Expenses	68,075.17	70,789.33	2,23,202.42	2,62,455.00
3	Profit Before Tax	2,960.06	3,076.03	(63,021.86)	7,613.14
4	Tax Expense				
	a) Current Tax	1,265.00	687.51	1,265.00	4,988.52
	b) Deferred Tax	129.65	151.78	129.65	156.81
	Total Tax (a+b)	1,394.65	839.29	1,394.65	5,145.33
5	Net Profit After Tax	1,565.42	2,236.75	(64,416.51)	2,467.81
	Less: Share of Minority Interest	-	-	(8,060.92)	(409.60)
	Profit/(Loss) after Tax after Minority Interest	1,565.42	2,236.75	(72,477.43)	2,058.21
	Share of Profit or Loss from Associated Companies	-	-	(0.15)	(3.63)
	Profit/(Loss) after Tax after Share of Minority Interest & Associated Companies	1,565.42	2,236.75	(72,477.58)	2,054.58
6	Other Comprehensive Income	186.30	(293.10)	6.67	(271.45)
7	Total Comprehensive Income (7+8)	1,751.72	1,943.65	(72,470.91)	1,783.12
8	Paid up equity share capital (Face Value of Rs.1/- each)	737.95	737.95	737.95	737.95
9	Other Equity	77,576.10	75,845.11	(82,931.00)	(29,631.09)
10	(i) Earning per share of Re.1/- each (not annualised)				
	(a) Basic	2.37	2.63	(98.21)	2.42
	(b) Diluted	2.37	2.63	(98.21)	2.42



2) EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report is annexed as **ANNEXURE I** to this report.

3) BOARD MEETINGS

The Board met 19 (Nineteen) times during the financial year 2016-2017. The following are the dates of meeting convened in different Quarters of the financial year.

First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Meeting	Date	Meeting	Date	Meeting	Date	Meeting	Date
548	15.04.2016	553	11.07.2016	556	05.10.2016	561	24.01.2017
549	30.04.2016	554	10.08.2016	557	20.10.2016	562	01.02.2017
550	28.05.2016	555	10.09.2016	558	14.11.2016	563	09.02.2017
551	30.05.2016			559	21.12.2016	564	10.02.2017
552	20.06.2016			560	31.12.2016	565	14.02.2017
						566	28.03.2017

4) DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(3) (c) of the Companies Act, 2013, it is hereby confirmed:

- That in the preparation of annual accounts for the financial year ended 31st March, 2017; 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, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- That the Directors have prepared the annual accounts for the year ended 31st March 2017 on a "Going Concern" basis.
- That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

5) ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has structured and implemented framework for Internal Financial Controls ("IFC") in terms of the explanation to Section 134(5) (e) of the Companies Act, 2013. The Board of Directors of the Company is of the opinion that the Company has sound IFC for the year 2016-2017. The Company is continuously monitoring and identified the gaps if any, and implements improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

6) DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received Declarations of independence as stipulated under sec 149(7) of Companies act 2013 and regulation 25 of the listing regulations from Independent directors confirming that he /she is not disqualified from continuing as independent Director, the Same annexed to this report as ANNEXURE-VIII.

7) NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy which lays down a framework in relation to selection, appointment and remuneration to Directors, Key Managerial Personnel and Senior Management and criteria for determining qualifications, positive attributes, and independence of a director of the Company. The Nomination and Remuneration Policy is stated in the Corporate Governance Report.



8) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

9) RELATED PARTY TRANSACTIONS

The transactions entered with the related parties by the Company for the year under review with respect to rendering of services were on arm's length basis and in the ordinary course of business. Hence Section 188(1) is not attracted to the Company. Thus disclosure in Form AOC-2 is not applicable to the Company. There are no material related party transactions during the year under review with the promoters, Directors or Key Managerial Personnel.

10) STATE OF THE COMPANY'S AFFAIRS

The Company is a well-established Construction Company and a leading Contractor in executing projects, in various sectors – Transportation (National & State Highways, Roads, Railways & Ports, Irrigation & Water Resources, Buildings & Property Development, Mining (Coal & other Minerals) Energy (Generation, Transmission & Distribution) and other Infrastructure Projects. Further information on the Company's Business and the developments, opportunities and outlook of the Company and the industry in which it operates are discussed in detail in the Management Discussion & Analysis, which is enclosed in **ANNEXURE II**.

11) DIVIDEND

Your Director's are pleased to recommend an equity Dividend 10% on paid up capital for the year ended 31.03.2017 subject to approval of the members at this Annual General Meeting.

12) CHANGES IN EQUITY

During the year, the Company has adopted IND AS format in terms of the notification of MCA dated 06.04.2016 the reserves and surpluses of the company are being re- allocated as other equity which stood at Rs 775.76 crores as on 31.03.2017 and Rs 758.45 Crores for the year ended 31.03.2016.

Statement of Charges to Equity					
STANDALONE					In Rupees
Particulars	General reserve	Profit & loss A/C	Share Premium A/C	Foreign Currency fluctuataion Reserve	Total
Opening balance as at 01.04.2015	46,32,96,229	3,99,55,42,407	2,93,13,07,412	-	7,39,01,46,048
Profit for the year	-	19,43,65,030	-	-	19,43,65,030
Transfer to Reserves	2,53,39,847	(2,53,39,847)	-	-	-
Closing Balance as on 31st March 2016	48,86,36,076	4,16,45,67,687	2,93,13,07,412	-	7,58,45,11,175
Profit for the year	-	17,51,71,781	-	-	17,51,71,781
Transfer to Reserves	1,75,17,178	(1,75,17,178)	-	-	-
Other Movements	-	(20,72,881)	-	-	(20,72,881)
Closing Balance as on 31st March 2017	50,61,53,254	4,32,01,49,409	2,93,13,07,412	-	7,75,76,10,075



13) MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this report.

14) INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

The information as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in the **ANNEXURE III** and is attached to this report.

15) RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them.

16) CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend;

- a) The policy on Corporate Social Responsibility (CSR) and
- b) Implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy by the Board of Directors.

Annual Report on CSR in the prescribed format is enclosed in **ANNEXURE IV**.

17) FORMAL ANNUAL EVALUATION

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review.

18) REPORT ON THE PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES /ASSOCIATES/JOINT VENTURES COMPANIES

A separate statement containing the salient features of the financial statements of the subsidiary Companies/Associate Companies/Joint Ventures is prepared in Form AOC-1 as per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 as Amended and is attached in **ANNEXURE V**.

19) CONSOLIDATION OF ACCOUNTS

In compliance with Regulation 33 of the SEBI (LODR) Regulations, 2015 and Listing Agreement entered into with the Stock Exchanges and in compliance with the provisions of the Companies Act, 2013 and the Ind AS 28 Investments in Associates & joint ventures and Ind AS 110 Consolidated Financial Statements, Your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31, 2017, duly audited by the Statutory Auditors which forms part of the Annual Report.

The Annual Accounts of the Subsidiary Companies and the related information will be made available to shareholders, who may be interested in obtaining the same at any point of time. The Annual Accounts of Subsidiary Companies will also be kept for inspection by any shareholder at the Registered Office of the Company and also at its Subsidiary Companies.

20) DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED AND RESIGNED DURING THE YEAR

Sri.Kamma Srinivasa Rao, Wholtime Director was reappointed with retrospective effect from 15/11/2015 for a further period of 5 (five) years and Mr. Vijay Raghav Ganga Raju Venkata, CFO & CS was resigned on 19/05/2017

21) VIGIL MECHANISM

The Company has established Vigil Mechanism for Directors / Employees to report their genuine concerns or grievances. The Audit Committee of the Company oversees the vigil Mechanism through the Committee. It