MADHUCON

PROJECTS LIMITED

AN ISO-9001 : 2008 COMPANY









28th ANNUAL REPORT 2017-2018



MADHUCON PROJECTS LIMITED

28th ANNUAL REPORT
2017-2018

MADHUCON

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. Lakshmi Kumari
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
Bank of India
Canara Bank
IDBI Bank
ICICI Bank
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 28th Annual General Meeting of the Members of Madhucon Projects Limited will be held on Saturday the 22nd September, 2018 at 3.00pm 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, 2018 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, 2018 together with the report of the Auditors thereon.

2. **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** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby re-appointsP.Murali& Co, Chartered Accountants (FRN 007257S), Hyderabad, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 29th Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

3. **Ratification for the Re-appointment of Smt. Chinthapalli Lakshimikumari (DIN:06942473) as Independent 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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligation And Disclosure Requirements) Regulations, 2015 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 Smt. Chinthapalli Lakshimikumari as Independent Director of the Company for a period of five years with retrospective effect from 26th September, 2017 to hold the office for a term of 5 (Five) years as Director under Independent and Woman Director Category.

   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."

4. **Ratification for the Re-appointment of Sri. Madhava Rao Potla (DIN:00385838) as Independent 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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligation And Disclosure Requirements) Regulations, 2015 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. Madhava Rao Potla as Independent Director of the Company for a period of five years with retrospective effect from 28th September, 2017 to hold the office for a term of 5 (Five) years as Director under Independent Director Category.

   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. **Ratification for the Re-appointment of Sri. Mohammad Shafi (DIN:07178265) 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. Mohommad Shafi as Whole time Director of the Company for a period of three years with effect from May 30th, 2018 on monthly Managerial Remuneration of Rs.3,00,000/- (Rupees three lacs 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."

6. **Ratification for the Appointment of Sri Ramadas Kasaraneni (DIN:02182093) as an Independent Director and Chairman 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 appointment of Sri. Ramadas Kasaraneni as an Independent Director and Chairman of the Company for a period of three years with effect from August 13 2018.

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."

7. **Increase in Remuneration of Sri Srinivasa Rao Kamma, 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 Section 196,197,198,203 read with Schedule V and other applicable provisions of the Companies Act, 2013, upon the recommendation of the Nomination & Remuneration Committee in its meeting held on 28th May, 2018, approval of the Members be and is hereby accorded for Ratification of increase in monthly remuneration of Sri. Srinivasa Rao Kamma, Whole-time Director of the Company to Rs. 3,00,000 (Rupees Three Lacs Only) (inclusive all allowances and perquisites)."

"FURTHER RESOLVED THAT any Director of the Company be and are hereby authorized to take all necessary steps and to do all such acts, deeds and things as may be required for giving effect to the above."

8. **Approval for the remuneration of the Cost Auditor for the financial year ending on March 31st, 2019:**

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, 2019, 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

Place: Hyderabad
Date: 13/08/2018

Nama Seethaiah
Managing Director
DIN:00784491

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 Shareholders who have not encashed their dividend for the financial year 2011-12 to 2017-2018 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.

11. Members may also note that the copy of notice of this Meeting and the Annual Report for the financial year 2017-18 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. 3:

Ratification of Re-Appointment of Smt. Chinthapalli Lakshimikumari (DIN:06942473) as Independent Women Director of the Company:

Smt. Chinthapalli Lakshmikumari (DIN 06942473) who is an Independent Director since 27th September 2014 has been Re-appointed by the Board of Directors at its Board meeting as an Independent Women Director of the Company for a period of 5 years w.e.f. 26.09.2017, subject to concurrence of Shareholders and compliance of all applicable provisions of the Companies Act, 2013. Smt. Chinthapalli Lakshimikumari is not holding any Equity shares in the Company.

Your Board of Directors recommend for ratification of the re-appointment of Smt. Chinthapalli Lakshmikumari for your approval in the interest of the Company. None of the Directors and Key Managerial Personnel of the Company is concerned or interested financially or otherwise, in the said Resolution except Smt. Chinthapalli Lakshimikumari.

Item No. 4:

Ratification of Re-Appointment of Sri.Madhava Rao Potla (DIN:00385838) as Independent Director of the Company:

Sri.Madhava Rao Potla(DIN : 00385838) who is an Independent Director since 29th September 2012 has been Re-appointed by the Board of Directors at its Board meeting as an Independent Director of the Company for a period of 5 years w.e.f. 28.09.2017, subject to concurrence of Shareholders and compliance of all applicable provisions of the Companies Act, 2013. Sri.Madhava Rao Potla is not holding any Equity shares in the Company.

Your Board of Directors recommends for ratification of the re-appointment of Sri. Madhava Rao Potla for your approval in the interest of the Company. None of the Directors and Key Managerial Personnel of the Company is concerned or interested financially or otherwise, in the said Resolution except Sri Madhava Rao Potla.

Item No. 5:

Ratification of Re-Appointment of Sri. Mohammad Shafi (DIN:07178265) as Whole Time Director of the Company:

Sri Mohammad Shafi (DIN : 07178265) who was appointed as a Whole Time Director since May 30, 2015 for a term of 3 years his term has expired on May 30, 2018 and hence he was Re-appointed by the Board of Directors at its Board meeting held on May 28, 2018 on the recommendations of the Remuneration Committee. The Board appointed him as Whole-time Director of the Company for a period of 3(three) years w.e.f. 30.05.2018 on a monthly remuneration of Rs.3,00,000/- inclusive of all allowances and perquisites, subject to concurrence of Shareholders and compliance of all applicable provisions of the Companies Act, 2013. Sri Mohammad Shafi does not hold any Equity shares in the Company.

Your Board of Directors recommend for ratification of the re-appointment of Sri Mohammad Shafi for your approval in the interest of the Company. None of the Directors and Key Managerial Personnel of the Company is concerned or interested financial or otherwise, in the said Resolution except Sri Mohammad Shafi.

Item No. 6:

Ratification for the Appointment of Sri Ramadas Kasaraneni (DIN:02182093) as an Independent Director and Chairman of the Company:

Shri Ramadas kasaraneni (DIN: 02182093) was appointed as an additional director (Under Independent Director Category) by your board in its meeting held on 13.08.2018 to act as Director of the Company. In accordance with the provisions of Section 160 & 161 of the Act, appointment of an Additional Director and Chairman requires approval of members in AGM.Hence, your Directors recommend his Appointment.

Shri Ramadas kasaraneni (DIN: 02182093) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

None of the Directors/Relatives are interested in the resolution except Shri. Ramadas Kasaraneni

Item No.7

Increase in Remuneration of Sri Srinivasa Rao Kamma, Whole Time Director of the Company:

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee approved the ratification of increase in monthly remuneration of Sri Srinivasa Rao Kamma, Whole time Director of the Company to Rs. 3,00,000 (Rupees Three Lacs only).

In terms of the provisions of Section 196,197,198,203 of the Companies Act, 2013, read with Schedule V and other applicable provisions of the Companies Act, 2013 the remuneration payable to Sri Srinivasa Rao Kamma, Whole time Director of the Company, has to be ratified by the Shareholders of the Company. Accordingly, the Shareholders are requested to ratify the remuneration payable to Sri Srinivasa Rao Kamma, Whole time Director of the Company, as set out in the Ordinary Resolution in Item No. 7.

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

Item No.8:

Approval for the remuneration of the Cost Auditor for the financial year ending on 31st March, 2019:

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, 2019.

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, 2019, as set out in the Ordinary Resolution in Item No.8.

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

Place: Hyderabad
Date: 13/08/2018

Nama Seethaiah
Managing Director
DIN:00784491

DIRECTORS REPORT

Your Directors have pleasure in presenting the 28th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2018.

1) FINANCIAL SUMMARY

Rs. In Lakhs

Sl.No.	Particulars	Standalone Year Ended		Consolidated Year Ended	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
		(Audited)	(Audited)	(Audited)	(Audited)
1	**Income from Operations:**				
	(a) Net Sales/ Income from Operations	66,393.34	69,307.24	103,546.55	157,641.67
	(b) Other income	2,211.28	1,932.58	4,820.25	2,538.89
	Total Income	**68,604.62**	**71,239.82**	**108,366.80**	**160,180.56**
2	**Expenses:**				
	(a) Cost of Materials Consumed	47,401.29	45,926.95	71,154.82	109,864.16
	(b) Purchase of Stock-in-trade	-	-	-	-
	(c) Changes in Inventory of Finished goods, Work-in-Progress and stock-in-trade	(337.40)	579.55	(3,753.17)	416.64
	(d) Employee benefits expense	4,457.49	4,543.41	4,505.99	4,731.90
	(e) Other expenses	4,945.57	4,686.08	29,087.26	6,174.71
	(f) Financial Costs	9,313.06	9,825.63	83,477.19	75,090.49
	(g) Depreciation and amortisation expense	1,744.13	2,513.55	24,876.77	26,924.52
	Total Expenses	**67,524.14**	**68,075.17**	**209,348.86**	**223,202.42**
3	**Profit/(Loss) Before Exceptional Items (1-2)**	**1,080.48**	**3,164.65**	**(100,982.06)**	**(63,021.86)**
4	Exceptional Items	-	-	-	-
5	**Profit/(Loss) Before Tax (3-4)**	**1,080.48**	**3,164.65**	**(100,982.06)**	**(63,021.86)**
6	**Tax Expense**				
	a) Current Tax	2,200.55	1,265.00	(1,937.22)	1,265.00
	b) Deferred Tax	(2,431.46)	129.65	(2,431.46)	129.65
	Total Tax (a+b)	**(230.91)**	**1,394.65**	**(4,368.68)**	**1,394.65**
7	**Net Profit/(Loss) After Tax (5-6)**	**1,311.39**	**1,770.01**	**(96,613.38)**	**(64,416.51)**
	Share of Loss transferred to Non Controlling Interest	**-**	**-**	(10,029.72)	8,060.92
	Profit/(Loss) after Tax after Non Controlling Interest	**1,311.39**	**1,770.01**	**(86,583.66)**	**(72,477.43)**
	Share of Profit or Loss from Associated Companies	**-**	**-**	-	(0.15)
	Profit/(Loss) after Tax after Non Controlling Interest Associated Companies	**1,311.39**	**1,770.01**	**(86,583.66)**	**(72,477.58)**
8	**Other Comprehensive Income**	28.19	(18.29)	406.51	6.67
	Share of Other Comprehensive Income transferred to Non Controlling Interest			54.79	-
9	**Total Comprehensive Income (7+8)**	**1,339.58**	**1,751.72**	**(86,231.94)**	**(72,470.92)**
10	Paid up equity share capital (Face Value of Rs.1/- each)	737.95	737.95	737.95	737.95
11	Other Equity	78,826.86	77,576.10	(177,495.81)	(82,931.00)
12	**(i) Earning per share of Re.1/- each (not annualised)**	-	-	-	-
	(a) Basic	1.78	2.40	(117.33)	(98.21)
	(b) Diluted	1.78	2.40	(117.33)	(98.21)

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 13 (thirteen) times (including adjourned meeting) during the financial year 2017-2018. The following are the dates of meeting convened in different Quarters of the financial year.

First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Meeting No.	Date	Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
567	03.05.2017	570	05.07.2017	573	13.11.2017	574	05.01.2018
568	20.05.2017	571	11.08.2017			575	22.01.2018
569	30.05.2017 (adjourned)	572	09.09.2017			576	12.02.2018
569	03.06.2017					577	05.03.2018
						578	12.03.2018

4) DIRECTORS' RESPONSIBILITY STATEMENT

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

i. That in the preparation of annual accounts for the financial year ended 31st March, 2018; the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

ii. 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.

iii. 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.

iv. That the Directors have prepared the annual accounts for the year ended 31st March 2018 on a "Going Concern" basis.

v. 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.

vi. 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 2017-2018.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-XI.

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 attributives, 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) 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.

12) 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.

13) 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.

14) CORPORATE SOCIAL RESPONSIBILTY (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**.

15) 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.

16) 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**.

17) 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, 2018, 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.

18) DETAILS OF DIRECTORS AND KEY MANANGERIAL PERSONNEL APPOINTED AND RESIGNED DURINGTHE YEAR

a) Change in Key Managerial Personnel during the year

Sri G V Vijay Raghav who was appointed as a Chief Financial Officer and Company Secretary resigned w.e.f. 19/05/2017. Sri. BH Sai Viswanath was appointed as the Company Secretary of the company w.e.f. 20/05/2017 and he resigned w.e.f. 11/08/2017. Smt. Niralee Rasesh Kotdawala was appointed as the Company Secretary of the Company w.e.f. 12/03/2018 and she resigned and was relieved of her services w.e.f. 17/05/2018.

b) Change in Directors during the year

The tenure of independent directors Smt. Ch. Lakshmi Kumari and Sri.Madhava Rao Potla expired during the year and hence they were re-appointed by the board w.e.f. 26/09/2017 and 28/09/2017 respectively. The board recommends to ratify their appointment in the ensuring 28th Annual General Meeting.

The tenure of Sri. Mohammad Shafi, Whole Time Director also expired on 30/05/2018 and hence the board in its meeting dated May 28, 2018 re-appointed him as the Whole time Director of the company for a further period of 3 (three) years w.e.f. 30/05/2018. The board recommends to ratify his appointment in the ensuring 28th Annual General Meeting.

The Board in its meeting held on 13/08/2018 appointed Sri Ramadas Kasaraneni as the Independent Director of the Company for a period of 3 (three) years w.e.f . 13/08/2018. The board recommends to ratify his appointment in the ensuring 28th Annual General Meeting.

19) 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 provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. It also provides for direct access to the Chairman of the Audit Committee. In case of repeated frivolous complaints, the suitable action will be initiated by the Chairman of the Audit Committee.

20) DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act 2013 Internal Complaints Committee (ICC) has been set us to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary trainees) are covered under this policy.

During the financial year 2017-18, the Company received no complaints on sexual harassment.

21) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS ORTRIBUNALS

There are no significant and material orders passed by the Regulators/ Courts/Tribunals that would impact the going concern status of the Company and its future operations.

22) DEPOSITS

The Company had not accepted or invited any Deposits and consequently no deposit has matured / become due for re-payment as on 31st March 2017.

23) COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of the following members as on 31st March 2018:

1. Smt. Ch. Lakshmi Kumari, Independent Director as Chairperson
2. Sri N. Seethaiah, Managing Director as Member
3. Sri Madhava Rao Potla, Independent Director as Member

24) COMPOSITION OF STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprises of the following members as on 31st March 2018:

1. Smt. Ch. Lakshmi Kumari, Independent Director as Chairperson
2. Sri P Madhava Rao, Independent Director as Member
3. Sri K Srinivasa Rao, Whole-time Director as Member

25) STATUTORY AUDITORS AND THEIR REPORT

P. Murali& Co., Chartered Accountants (FRN 007257S) were reappointed as Statutory Auditors of the Company for the Financial Year 2017-18 M/s. P. Murali & Co., Chartered Accountants (FRN 007257S) expressed their willingness to be reappointed for the financial year 2018-19 and to hold the office upto the conclusion of the next Annual General meeting, if they are reappointed at this Annual General Meeting. They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance with the limits specified under 141(1)(g) of the Companies Act, 2013.

26) COST AUDITORS

The Board of Directors, on recommendation of Audit Committee re-appointed BVR & Associates, Cost Accountants (Registration No. 000453) as the Cost Auditors of the Company to conduct audit of cost records made and maintained by the Company pertaining to Works Contracts Construction of Roads, etc. for financial year commencing on 1st April, 2018 and ending on 31st March, 2019.

27) SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Sri Suryanarayana Upadhyayula Practicing Company Secretary (FCS 336 and CP No.2768) has been appointed as Secretarial Auditors of the Company for the financial year 2017-18 to carry out the Secretarial Audit and issue report there on. Secretarial Audit report as issued by Sri Suryanarayana Upadhyayula, Practicing Company Secretary is annexed to this Report as **ANNEXURE VI**

28) LISTING WITH STOCK EXCHANGES

The Company's securities have been listed with Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Luxembourg Stock Exchange. Listing fee has been paid to Stock Exchanges within the prescribed time limit as set in Regulation 14 of Listing Regulations for the Financial Year 2017-2018.

29) PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed in **ANNEXURE VII** and forms part of this Report.

30) CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Pursuant to the provisions of schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of the shareholders. Report attached as Annexure-VIII

31) APPRECIATIONS

Your Directors wish to place on record their appreciation for the continuous support received from the members, customers, suppliers, bankers, various statutory bodies of the Government of India and the Company's employees at all levels.

For and on behalf of the Board Of Madhucon Projects Limited,

Place: Hyderabad
Date: 13/08/2018

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-00022855

ANNEXURE –I

Form No. MGT- 9

As on financial year ended on 31.03.2018

(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014)

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L74210TG1990PLC011114
2.	Registration Date	15.03.1990
3.	Name of the Company	Madhucon Projects Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/ Public Company
5.	Address of the Registered office & contact details	H.No.1-7-70, Jublipura, Khammam, Telangana-507003
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda Hyderabad, Telangana-500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Construction and Construction Services	410, 421,422 and 429	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No	Name of the Company and CIN	% of shares held	Applicable Section
1	Madhucon Infra Limited (CIN: U45200TG2006PLC049235)	94.89	2(87)
2	Madurai-Tuticorin Expressways Limited (CIN-U45203TG2006PLC050114)	54.12	2(87)
3	Madhucon Mega Mall Private Limited (CIN-U45400TG2007PTC056734)	66.66	2(87)
4	Nama Hotels Private Limited (CIN-U55101TG2007PTC056818)	99.96	2(87)
5	Madhucon Heights Private Limited (CIN-U45209TG2007PTC056733)	66.66	2(87)
6	Simhapuri Energy Limited (CIN-U40101TG2005PLC048264)	12.15	2(87)
7	TN(DK) Expressways Limited (CIN- U45200TG2006PLC048941)	0.13	2(87)
8	Trichy-Thanjavur Expressways Limited (CIN- U45200TG2006PLC049815)	0.15	2(87)
9	Chhapra-Hajipur Expressways Limited (CIN- U45209TG2010PLC068742)	0.16	2(87)
10	Barasat-Krishnagar Expressways Ltd (CIN- U45203TG2011PLC073469)	0.03	2(87)
11	Ranchi Expressways Limited (CIN- U45209TG2011PLC073568)	0.017	2(87)

12	Vijayawada – Machilipatnam Expressways Limited (CIN- U45209AP2011PLC077676)	1.78	2(87)
13	Rajauli-Bakhtiyarpur Expressways Limited (CIN- U45203TG2012PLC080775)	4.80	2(87)
14	Madhucon Properties Limited (CIN: U45200TG2005PLC045366)	33.33	2(6)
15	Madhucon Toll Highways Limited (CIN- U93000TG2008PLC060479)	0.00	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

A) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	31018595	0	31018595	42.03	31018595	0	31018595	42.03	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	12416943	0	12416943	16.83	12416943	0	12416943	16.83	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	**43435538**	**0**	**43435538**	**58.86**	**43435538**	**0**	**43435538**	**58.86**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1744505	0	1744505	2036	0	0	0	0	-2.36
b) Banks / FI	39151	0	39151	0.05	128966	0	128966	0.17	0.12
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FPI/NBFC/NRI Non Repatriation	141732	0	141732	0.19	410757	0	410757	0.56	0.37
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0

i) Others(foreign bodies - DR)	105336	0	105336	0.14	0	0	0	0	-0.14
Sub-total (B)(1):-	**2030724**	**0**	**2030724**	**2.74**	**539723**	**0**	**539723**	**0.73**	**-2.01**
2. Non-Institutions									
a) Bodies Corp.	4450425	0	4450425	6.03	4848781	0	4848781	6.57	0.54
i) Indian									
ii) Overseas									
b) Individuals									
I) Individual shareholders holding nominal share capital uptoRs. 1 lakh	22876460	256260	23132720	31.35	23911622	254810	24166432	32.755	1.39
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify) Non Resident Indians	515707	0	515707	0.70	448335	0	448335	0.61	-0.09
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	219826	0	219826	0.30	350131	0	350131	0.47	0.17
Trusts	6000	0	6000	0.01	6000	0	6000	0.01	0
Foreign Bodies - D R	0	0	0	0					0
Sub-total (B)(2):-	**28068418**	**256260**	**28324678**	**38.39**	**29564869**	**254810**	**29819679**	**38.39**	**2.01**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	30099142	256260	30355402	41.12	30099142	256260	30355402	41.14	0.00
C. Shares held by Custodian for GDRs & ADRs	4000	0	4000	0.01	0	0	0	0	-0.01
Grand Total (A+B+C)	**73538680**	**256260**	**73794940**	**100**	**73538680**	**256260**	**73794940**	**100**	**0**

B) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total Shares	
1	Nama Nageswar Rao	10732262	14.54	0	10732262	14.54	0	0
2	Nama Chinnamma	6158000	8.34	0	6158000	8.34	0	0
3	Seethaiah Nama	6001800	8.13	0	6001800	8.13	0	0
4	Krishnaiah Nama	2676183	3.63	0	2676183	3.63	0	0
5	Srinivasarao Kamma	1009000	1.37	0	1009000	1.37	0	0
6	Prithviteja Nama	1001500	1.36	0	1001500	1.36	0	0
7	Dhanalakshmi Kamma	669000	0.91	0	669000	0.91	0	0
8	Bhavyateja Nama	667350	0.90	0	667350	0.90	0	0
9	Tulasamma Mallampati	645000	0.87	0	645000	0.87	0	0
10	Varamma Nama	645000	0.87	0	645000	0.87	0	0
11	Ramarao Nama	509000	0.69	0	509000	0.69	0	0
12	Seetharamaiah Mareddi	165000	0.22	0	165000	0.22	0	0
13	Bhuvaneswari Nama	67500	0.09	0	67500	0.09	0	0
14	Madhu Malampati	24000	0.03	0	24000	0.03	0	0
15	Venkata Subbarao Thottempudi	24000	0.03	0	24000	0.03	0	0
16	SucharitaThottempudi	24000	0.03	0	24000	0.03	0	0
17	Madhucon Granites Limited	8044000	10.90	0	8044000	10.90	0	0
18	Nama Investments Limited	3644410	4.94	0	3644410	4.94	0	0
19	NNR Infra Investments Pvt Ltd	728533	0.99	0	728533	0.99	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of shares of the Company
	At the beginning of the year	43435538	58.86	43435538	58.86
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	43435538	58.86	43435538	58.86

D) Shareholding Pattern of top Ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Name of the Shareholders	Shareholding at the beginning of the year (01.04.2017)		Change in Shareholding		Shareholding at the end of the year (31.03.2018)	
		No of Shares	% of total shares of the Company	Increase	Decrease	No of Shares	% of total shares of the Company
1	Nama Nageswar Rao	10732262	14.54	-	-	10732262	14.54
2	Madhucon Granites Limited	8044000	10.90	-	-	8044000	10.90
3	Nama Chinnamma	6158000	8.34	-	-	6158000	8.34
4	Seethaiah Nama	6001800	8.13	-	-	6001800	8.13
5	Nama Investments Limited	3644410	4.94	-	-	3644410	4.94
6	Chandra Singh Lodha	2702048	3.66	0.08	-	2767095	3.74
7	Krishnaiah Nama	2676183	3.63	-	-	2676183	3.63
8	Ashish Dhawan	1794999	2.43	-	-	1794999	2.43
9	Srinivasarao Kamma	1009000	1.37	-	-	1009000	1.37
10	Prithvi Teja Nama	1001500	1.35	-	-	1001500	1.35

E) Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personal	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of shares of the Company
At the beginning of the year	7010800	9.5%	7010800	9.5%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NA	NA	NA	NA
At the end of the year	7010800	9.5%	7010800	9.5%

V) **INDEBTEDNESS -**Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year *				
i) Principal Amount	5,793,425,156	57,62,49,108	-	6,36,96,74,264
ii) Interest due but not paid	136,494,468	4,86,82,590	-	18,51,77,058
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**5,929,919,624**	**62,49,31,698**	-	**655,48,51,322**

Change in Indebtedness during the financial year				
i) Addition	65,71,83,720	5,01,06,253	-	70,72,89,973
ii) Reduction	(20,72,72,887)	(3,52,38,256)	-	(24,25,11,143)
Net Change	**44,99,10,533**	**1,48,67,997**	**-**	**46,47,78,830**
Indebtedness at the end of the financial year				
i) Principal Amount	5,83,10,51,652	60,94,06,721	-	6,44,04,58,373
ii) Interest due but not paid	54,87,78,805	3,03,92,974	-	57,91,71,779
iii) Interest accrued but not due	-	-	-	-
Total (I + ii + iii)	**6,37,98,30,457**	**63,97,99,695**	**-**	**7,01,96,30,152**

***** Indebtedness at the beginning of the financial year revised as per the new Ind-AS reporting in the current FY 2017-18

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Nama Seethaiah, Managing Director	Kamma Srinivasa Rao, Whole-time Director	Mohammad Shafi, Whole-time Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,000	30,00,000	24,00,000	1,14,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	
2	Stock Option	0	0	0	
3	Sweat Equity	0	0	0	
4	Commission- as % of profit- others, specify…	0	0	0	
5	Others, please specify	0	0	0	
	Total (A)	60,00,000	30,00,000	24,00,000	1,14,00,000
	Ceiling as per the Act (11% of Net Profit as calculated as per Section 198 of the Companies Act, 2013)				1,72,19,620

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of the Director		Total Amount Rupees
		P. Madhava Rao, Independent Director	Ch. Lakshmi Kumari, Independent Director	
1	Independent Directors Fee for attending board committee meetings	Nil	Nil	0
	Commission	Nil	Nil	0
	Others, please specify	Nil	Nil	0
	Total (1)	Nil	Nil	0
2	Other Non-Executive Directors Fee for attending board committee meetings	Nil	Nil	0
	Commission	Nil	Nil	0
	Others, please specify	Nil	Nil	0
	Total (2)	Nil	Nil	0
	Total (B)=(1+2)	Nil	Nil	0

C. Remuneration to key Managerial Personnel Other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	64,517	3,42,130	4,06,647
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	0	Nil	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	0	Nil	0
2	Stock Option	Nil	0	Nil	0
3	Sweat Equity	Nil	0	Nil	0
4	Commission	Nil	0	Nil	0
	- as % of profit	Nil	0	Nil	0
	Others specify…	Nil	0	Nil	0
5	Others, please specify	Nil	0	Nil	0
	Total	**Nil**	**64,517**	**3,42,130**	**4,06,647**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

ANNEXURE II

MANAGEMENT DISCUSSION & ANALYSIS

I. Industry Structure and Developments:

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. The Government's target of Rs. 25 trillion (US$ 357.14 billion) investment in infrastructure projects over a period of three years, which will include Rs. 8 trillion (US$ 114.29 billion) for developing 27 industrial clusters and an additional Rs. 5 trillion (US$ 71.43 billion) for road, railway and port connectivity projects.

Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. The Government has made an attempt to revive and give boost to Public Private Partnerships (PPPs) by launch of Toll-Operate-Transfer (TOT) model for existing operating projects by funding from domestic & foreign investors and Hybrid Annuity Model (HAM) to spread the risk between the private players and the government and reduce the dependency on banks during initial stages of development.

The Bharatmala Pariyojana undertaken by the Government of India for providing seamless connectivity of interior and backward areas and borders of the country is the second largest highway development project since the National Highway Development Project (NHDP). It includes and investment of Rs. 5.35 trillion (US$ 76.50 billion) over 5 years and the construction of 34,800 km of roads. Additionally Rs. 1.57 trillion (US$ 22.43 billion) will be spent on existing projects, increasing total expenditure to Rs. 6.92 trillion (US$ 98.93 billion).

GDP growth rate for the year ended 2017-18 was 6.7 % as against the estimation of 6.75% and down from 7.1% achieved in 2016-17 with slow down being attributed to the lingering effect of demonetisation and roll out of the goods & services tax (GST) last year. However, the quarterly increasing trend of GDP in 4 quarters of 2017-18 indicates that the structural measure of reforms undertaken by the government is bringing rich dividends in the form of higher GDP growth rate. The growth is expected to recover in FY 2018-19 to 7.8% and is projected to gradually increase to 7.9% in FY 2019-20.

II. Opportunities and Strengths:

The construction/infrastructure sector is likely to get major boost from the Government's focus on development of infrastructure in India. Many steps have been taken to improve funding avenues to the infrastructure sector. There are huge opportunities for the industry in the future. Your Company is having opportunities and strengths with an order book position of Rs. 5,576 Crores.

Segment–wiseperformance:

1. Transportation Division:

Your Company has completed 10,000 lane kms of road projects across India till date. In addition, 2127 lane Kms of Toll/Annuity/EPC road projects are under progress and at various stages of development.

Your Company has been awarded the new EPC works of Nagaland road project of Rs. 948 Crores during the year 2017-18.

2. Irrigation Projects:

Your Company executed many Irrigation projects such as Canals, Dams, Tunnels, Spillways, Lift Irrigation Projects amounting more than Rs.1,374 Crore PAN India. At present various Irrigation Projects amounting to Rs. 1,160 Croreare under progress in the State of Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh, Uttar Pradesh and Telangana.

III. Outlook:

The outlook for the Infrastructure sector appears positive since the country is looking forward with a strong mandate to stimulate economic growth. The Finance Minister raised the budgetary allocation to infrastructure sector by a whopping 25% in budget 2018. An amount of Rs. 5.97 trillion (US$ 85.29 billion) is required for the transport sector as a whole, including railways, roads and shipping.

For highways, the budget allocation has been stepped up to Rs. 71,000 Crores for FY 2018-19 from Rs. 64,900 Crores in previous year. The higher provision is for expenditure on development of projects relating to 6 laning of crowded stretches of Golden Quadrilateral and 2 laning highway works under NHDP.

Your Company is giving major thrust in various infrastructure projects to reap the benefit of growth in infrastructure sector.

IV. Risks and Concerns:

Construction delays continue to be a concern factor which stems from number off actors outside the control of the project sponsors, which includes land acquisition, regulatory approvals, inflation, and litigation etc., which can delay the timely completion of the project and increase in cost of project. This can, in turn, lead to additional funding, additional cost of fund etc.

V. Internal Control Systems and their adequacy:

Your Company has adequate system of Internal Control developed by our in-house Internal Audit team consisting of qualified and experienced accounting, costing and technical professionals to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets.

VI. Discussion on financial performance with respec tto operational performance:

During the year under review, your Company has achieved a total income (standalone) of Rs. 68,605 lakhs against Rs. 71,240 Lakhs and Earning per Share (EPS) of Rs.1.78 against Rs. 2.40 of the Previous Year.

VII. Human Resources / Industrial Relations:

Your Company has recruited competent Professionals at all levels of management for all verticals of the Company like Roads, Irrigation, Power, Mining, Building & Property Division as a part of corporate restructuring process and strengthening its Business Verticals to meet the pace of growth of your Company. The industrial relation is very cordial.

ANNEXURE III

INFORMATION AS PER SECTION 134 (3) (F) THE COMPANIES ACT, 2013 READWITH RULE 8 (3) OF COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY:

The Company is engaged in Civil Construction Activity which is not a predominantly power intensive. However, energy conservation measures are taken up wherever required.

B. TECHNOLOGY ABSORPTION:

The Company is constantly updating its technology in the areas wherever necessary for improving the productivity, efficiency and quality of its performance.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO:

(Rs. in Lakhs)

PARTICULARS	2017-18	2016-17
Foreign Exchange Earnings:		
Advance received	Nil	Nil
Foreign Exchange Outgo:		
i. Towards traveling	20.19	12.48
ii. Towards import of capital goods (CIF)	Nil	Nil
iii. Towards payment to equipment suppliers	Nil	57.78
iii. On account of others:		
a) Investment	Nil	Nil
b) Interest	Nil	Nil
c) Loan Repayment	Nil	Nil
iv. Others	Nil	Nil

ANNEXURE IV

ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014)

Brief outline of the Company's CSR policy:
CSR Policy of the Company indicates the CSR activities included in the Schedule VII of the Companies Act, 2013

The Composition of the CSR Committee:

CSR Committee of the Board has been constituted which comprising of the following members.

1. Smt. Ch. Lakshmi Kumari, Independent Director as Chairperson
2. Sri N. Seethaiah, Managing Director as Member
3. Sri P Madhava Rao, Independent Director as Member

Average net profit of the Company for last three financial years Rs. 17.72 Crs.

Prescribed CSR Expenditure (two per cent of the amount as above) Rs. 35.45 Lakhs.

The Company is providing Drinking water facilities, giving support to physically handicapped and financially backward class peoples children for studies under the banner of **NAMA MUTHAIAH MEMORIAL TRUST** affiliated to Madhucon group.

Ch. Lakshmi Kumari
Independent Director
Chairperson of CSR Committee
(DIN-06942473)

REPORT ON THE PERFORMANCE/FINACIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JOINT VENTURES COMPANIES:
FORM AOC - 1

PART A: Subsidiaries

(₹ in Lakhs)

S.No.	Name of Subsidiary	Financial Year ended	Reporting Currency	Share Capital	Other Equity	Total Liabilities	Total Equity & Liabilities	Total Assets	Investments	Turnover	Profit Before Tax	Provision for Tax	Profit After Tax	% of Share Holding
1	Madhucon Infra Limited	31.03.2018	INR	128,777.70	(25,285.87)	95,217.55	198,709.38	198,709.38	191,540.48	1,163.77	(57.30)	11.73	(69.03)	98.49
2	Madhucon Toll Highways Limited	31.03.2018	INR	35,888.10	(377.44)	7.39	35,518.05	35,518.05	34,066.81	7.16	(4.19)	-	(4.19)	0.01
3	Simhapuri Energy Limited	31.03.2018	INR	91,975.13	(54,508.47)	343,125.77	380,592.43	380,592.43	5.20	3,390.55	(77,592.35)	(4,137.77)	(73,454.59)	12.15
4	Madurai Tuticorin Expressways Limited	31.03.2018	INR	16,365.00	(23,666.92)	82,069.64	74,767.71	74,767.71	-	10,978.59	(2,791.72)	-	(2,791.72)	54.12
5	Trichy Thanjavur Expressways Limited	31.03.2018	INR	6,465.00	(11,508.96)	38,810.71	33,766.75	33,766.75	-	4,554.74	(1,689.60)	-	(1,689.60)	0.15
6	TN (DK) Expressways Limited	31.03.2018	INR	7,466.00	(4,604.41)	25,621.86	28,483.45	28,483.45	-	5,417.73	388.10	-	388.10	0.13
7	Chhapra Hajipur Expresways Limited	31.03.2018	INR	6,418.38	(17,541.90)	114,147.53	103,024.00	103,024.00	-	17,214.13	(1,448.45)	-	(1,448.45)	0.16
8	Ranchi Expressways Limited	31.03.2018	INR	8,080.00	(20,931.36)	156,747.77	143,896.41	143,896.41	30.62	22,496.47	(14,362.17)	-	(14,362.17)	0.02
9	Barasat-Krishnagar Expressways Limited	31.03.2018	INR	4,340.00	(122.98)	74,974.69	79,191.71	79,191.71	-	-	(6.67)	-	(6.67)	0.03
10	Rajauli-Bakhtiyarpur Expressways Limited	31.03.2018	INR	25.00	(9.81)	801.65	816.84	816.84	-	-	(0.90)	-	(0.90)	4.80
11	Vijayawada Machilipatnam Expressways Limited	31.03.2018	INR	45.00	(274.68)	412.55	182.87	182.87	-	-	(26.30)	-	(26.30)	1.78
12	Nama Hotels Private Limited	31.03.2018	INR	2,713.12	(116.30)	5,510.72	8,107.54	8,107.54	-	-	(0.33)	-	(0.33)	99.96
13	Madhucon Heights Private Limited	31.03.2018	INR	3.00	(1,965.08)	9,465.66	7,503.59	7,503.59	-	-	(1,016.24)	-	(1,016.24)	66.66
14	Madhucon Mega Mall Private Limited	31.03.2018	INR	3.00	(42.49)	3,638.61	3,599.12	3,599.12	21.28	0.89	0.60	-	0.60	66.66
15	PT Madhucon Indonesia	31.03.2018	Indonesian Rupiah	7,227.17	(3,879.93)	4,955.65	8,302.89	8,302.89	-	1,164.57	317.89	-	317.89	4.86

PART B: Associates

(₹ in Lakhs)

S.No.	Name of the Associate	Latest Audited Balance Sheet	Shares of Associate by the company on the year end			Description of significant influence	Reason for non-consolidation	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the Year	
			No.	Amount of Investment	%				Considered in Consolidation	Not considered in Consolidation
1	Madhucon Properties Limited	31.03.2018	20,000	2.00	33.33	Due to % of Shareholding	Share of loss exceeds the investment made	(8.00)	-	(0.36)

ANNEXURE VI

SURYANARAYANA UPADHYAYULA
Practicing Company Secretary

Plot No.836A,
Vivekananda Nagar Colony,
Kukatpally, Hyderabad-500 072
Tel :(040) 23067959
Mobile: 9848688151
E-mail: usn1939@yahoo.co.in

FORM NO MR3
SECRETARIAL AUDIT REPORT
Pursuant to Section 204 (1) of the Companies Act, 2013 and the Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To,
The Members of,
MADHUCON PROJECTS LIMITED,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and Regulations as mentioned below and the adherence to good corporate practices by M/s. Madhucon Projects Limited (CIN: L74210TG1990PLC011114)(herein after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification on the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and other authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Section 203 of the Comapanies Act, 2013 has not been complied with regarding KMP appointment of CFO as on the date of this report as the said post falls vacant since 19th May, 2017.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Madhucon Projects Limited for the financial year ended 31ST March,2018 according to the provisions of:-

i. The Companies Act, 2013 and the rules made thereunder as applicable.
ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
iii. The Depositories Act, 1996 and the Regulations and Bye Laws framed thereunder.
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.
v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, l 992('SEBI Act')
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
   c. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agent) Regulations 1993 regarding the Companies Act and dealing with client;
   d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
vi. I have also examined compliance with the applicable clauses of the following:
   (a) The Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited, National Stock Exchange of India Limited, Luxembourg Stock Exchange and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
   (b) Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board and General Meetings of the Company through Revised SSI and SS2.

I, further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

The Chairman of the Board of the Company is being elected in every board meeting. The Chairman of the Company should be either an Executive/Promoter or Independent Director and optimum combination of Executive, Non-executive Directors including Independent and Women Director should be maintained. In case if a company has either Executive / Promoter Chairman then not less than 50% of the Board of Directors shall comprise of Non-executive Independent Directors as per SEBI (LODR) Regulations, 2015.

(b) Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting. Majority decision are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

The participation of Directors in a meeting of the Board may be through Video Conferencing or other audio visual means under Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014 as permissible under section 173(2) of the Companies Act, 2013. However, the Company has not implemented the procedure as required.

C) It is also noted that the Company has an Internal Audit System to constantly monitor the process for efficient compliances.

(d) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations Guidelines , Standards etc mentioned above subject to the following observations:

I) That the Company has not complied the provisions of section 123 of the Companies Act, 2013 relating to opening of Dividend account and deposit therein the Declared Dividend for the year 2016-17 in the AGM held on 23rd September, 2017 i.e. within 7 days and distribution to the shareholders within 30 days thereto. However, the Company has opened Dividend account on 31st March, 2018 and distributed the Dividend to the shareholders thereafter.

ii) The Company has also not complied the provision of section 124(5) of the Companies Act, 2013 regarding the remittance of unpaid Dividend of FY 2008-09 amounting to Rs. 2,16,049.60 and FY 2009-10 Rs. 2,45,028.80 to Investor Education and Protection Fund (IEPF) within the stipulated period, Failure of which attracts the penalties under section 124(7).

iii) It was noted that following cases have been filed against Company for the recovery of dues in National Company Law Tribunal (NCLT), Hyderabad Bench.

Sr.No	Case Title and Project Name	Details	Amount of Claim (Rs. In Cr)
1	Mumbai Project SRI SRIKRISHNA RAIL ENG.PVT.LTD C.P.(IB)No.305/9/HDB/2017	Anik Panjarpole Link Road, Mumbai (Work:- Slope Protection Work). Under the Prov. Of IBR, Sri Krishna filed this case against the Company for recovery of dues.	4.21
2	NH-28, NH-B, 226 to 266.927 Km. Madurai-Tuticorin road Project CP(IB) No.4458/9/HDB/2017	Kataline filed application U/IBR Code for recovery of dues.	9.7
3	LLOYD Insulations Ltd CPIB No: 90/9/HDB/2018	Painting work balance amount	1.6

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers and agents, I report that Company has complied with the provisions of the Act, the Rules made thereunder and the Memorandum and Articles of Association of the Company with regard to:

a. maintenance of various statutory registers and documents and making necessary entries therein;

b. closure of Register of Members;

c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, National Company Law Tribunal (NCLT) or other Authorities;

d. service of documents by the Company on its Members, Stock Exchanges, Auditors and the Registrar of Companies;
e. notice of Board and various Committee meetings of Directors;
f. meetings of Directors and all the Committees of Directors and passing of circular resolutions;
g. notice and convening of Annual General Meeting held on 23rd September, 2017.
h. minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings;
i. approvals of the Board of Directors, Committee of Directors, Members and Government Authorities, wherever required;
j. payment of remuneration to Directors, Managing Director and Executive Directors;
k. Appointment and Remuneration of Statutory Auditors and Cost Auditors;
l. transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
m. borrowings and registration of charges;
n. report of the Board of Directors;
o. investment of the Company's funds including intercorporate loans and investments;
p. generally, all other applicable provisions of the Act and the Rules thereunder.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the specific industry/sector related laws as applicable specifically:

(a) Customs Act, 1962 and the rules made thereunder as applicable;
(b) Central Excise Act, 1944 and the rules made thereunder as applicable.
(c) Rule 3(4) A.P. Shops and Establishment Rule, 1990.
(d) Labour Act, 1970 or Labour Act, 2015 and rules made thereunder applicable
(e) A.P. Tax on Professional, Trades Calling and Employment, 1987 and the rules made thereunder as applicable.
(f) Employees Provident Fund Scheme, 1952 and the rules made thereunder as applicable.
(g) Employee Pension Scheme, 1995 and the rules made thereunder as applicable.
(h) Employees Deposit Linked Insurance Scheme, 1976 and the rules made thereunder as applicable.
(i) Industrial Dispute Act, 1947 and the rules made thereunder as applicable.
(j) Factories Act, 1948 and its other related acts, and the rules made thereunder as applicable.
(k) Payment of Gratuity Act, 1972 and the rules made thereunder as applicable.
(l) Contract Labour (Regulationsand Abolition) Act,1970 and Rules thereunder; and

I further report that during the audit period there were no embezzlement / frauds and no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

I have relied on the information supplied and representation made by the Company and its officers, agents, for systems and mechanism followed by the Company for compliance under the applicable Acts, Laws and Regulations to the Company and my Annexed even letter dated is to be read along-with with this report.

Date: 28.05.2018
Place: Hyderabad

Suryanarayana Upadhyayula
(FCS 336; CP 2768)

SURYANARAYANA UPADHYAYULA
Practicing Company Secretary

Plot No.836A,
Vivekananda Nagar Colony,
Kukatpally, Hyderabad-500 072
Tel :(040) 23067959
Mobile: 9848688151
E-mail: usn1939@yahoo.co.in

To,

The Members,

MADHUCON PROJECTS LIMITED,

H.No.1-7-70, Jublipura, Khammam, Telangana- 507003.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 28.05.2018
Place: Hyderabad

Suryanarayana Upadhyayula
(FCS 336; CP 2768)

ANNEXURE VII

PARTICULARS OF REMUNERATION:

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 (12) of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;

Name of the Director	Ratio to Median
Sri N. Seethaiah, Managing Director	30:1
Sri K Srinivasa Rao, Whole-time Director	15:1
Sri Mohammed Shafi, Whole-time Director	12:1

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; Nil

(iii) The percentage increase in the median remuneration of employees in the financial year; Nil

(iv) The number of permanent employees on the rolls of Company-

(v) The explanation on the relationship between average increase in remuneration and Company performance;
The number of employees increased to 45.50% during the financial year. Consequently the average remuneration increased to 37.80%.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;

Particulars	Rs in Lakhs
Remuneration of Key Managerial Personnel (KMP) during financial year 2017-18	114.00
Net Profit after tax	1,311.39
Remuneration (as % of Net Profit)	8.69%

(vii) variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	Unit	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	Variation in(%)
Closing Price of share at BSE	Rs.	18.95	42.65	54.40	-44%
EPS	Rs.	1.78	2.40	2.63	-74%
Market Capitalization	Rs/Cr	139.66	314.32	401.45	-44%
Price Earnings ratio	Ratio	10.64	17.77	20.68	-60%

Percentage of increase in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the Initial Public Offer:

The stock price of Madhucon as at March 31, 2018 increased by 632% Rs. 18.95 over the initial public offering i.e. IPO in January, 1996 at the price of Rs. 30/-

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; There is no average percentile increase in salaries of employees other than managerial personnel and managerial remuneration in 2017-18.

Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;

Name of Person (Rs/ Lakhs)	Remuneration (Rs/ Lakhs)	Net Profit	Remuneration as % of Net Profit
Sri N. Seethaiah, Managing Director	60.00	1,311.39	4.58%
Sri K. Srinivasa Rao, Whole-time Director	30.00	1,311.39	2.29%
Sri Mohammed Shafi,Whole Time Director	24.00	1,311.39	1.83%

(ix) The key parameters for any variable component of remuneration availed by the directors; No.

(x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; NIL.

(xi) Affirmation that the remuneration is as per the remuneration policy of the Company. Yes. It is confirmed.

(xii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; 35.38 (Due To Increase Of Gross Salary Of The Employees By 37.8% Compared To Increase In Managerial Remuneration Of 23.61%)

(xiii) Affirmation that the remuneration is as per the remuneration policy of the Company. Yes It is confirmed.

ANNEXURE VIII

REPORT ON CORPORATE GOVERNANCE

In Compliance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company sets forth the report on the Corporate Governance on the matters as mentioned in the said schedule and practices followed by the company.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large it is imperative that our Company's affairs are managed in a fair and transparent manner. We ensure that we evolve and follow not just the stated corporate governance guidelines, but also global best practices. We consider it our inherent responsibility to disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS:

i. Composition and Category of the Directors as on 31st March, 2018

In terms of compliance with the requirement companies act, 2013/and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company endeavor to have an optimum combination of Executive and Non-Executive Director with one woman director to maintain the independence of the Board and separate the functions of Governance and Management through Board and Committees.

As on 31st March 2017, the Board consist of 6 (Six) Directors. There is 1(One) Managing Director, 2(Two) Whole-time Director and 2 (Two) Non-Executive Independent Directors including 1 (One) Woman Director.

ii. Attendance of each Director at the Board Meetings and the last Annual General Meeting.

The particulars of attendance of Board Meetings and Annual General Meeting by Directors for the financial year ended 31.03.2018 has been set out here below:

Sl. No.	Name of the Director	Board Meetings attended during the financial year (2017-2018)	Attendance at previous AGM held on 23.09.2017
1	Sri N. Seethaiah, Managing Director	12	Yes
2	Sri K. Srinivasa Rao, Whole-time Director	12	No
3	Sri. Mohammad Shafi, Whole-time Director	12	No
4	Sri P. Madhava Rao, Independent Director	12	Yes
5	Smt. Ch. Lakshmi Kumari, Independent Director	01	No

iii. Number of other Boards or Board Committees in which he/she is a member or Chairperson.

None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2018 is given below:

Sl. No.	Name of the Director	Position	No. of Directorships in other Companies	Committee Membership in other Companies	Committee in Chairmanship other Companies
1	Sri N. Seethaiah	Managing Director	8	5	1
2	Sri K. Srinivasa Rao	Whole-time Director	13	5	3
3	Sri. Mohammad Shafi	Whole-time Director	0	0	2
4	Sri P. Madhava Rao	Independent Director	3	1	0
5	Smt. Ch. Lakshmi Kumari	Independent Director	4	1	0

iv) Number of Board Meetings held and Dates on which held:

The Board met 13 (Thirteen) times during the financial year 2017-2018. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days.

First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
Meeting No.	**Date**	**Meeting No.**	**Date**	**Meeting No.**	**Date**	**Meeting No.**	**Date**
567	03.05.2017	570	05.07.2017	573	13.11.2017	574	05.01.2018
568	20.05.2017	571	11.08.2017			575	22.01.2018
569	30.05.2017 (adjourned)	572	09.09.2017			576	12.02.2018
569	03.06.2017					577	05.03.2018
						578	12.03.2018

The Company places before the Board all those details as required under Listing Regulations. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. The Company has video conferencing facilities to enable director's participation at board meetings. Detailed agenda notes are sent to the directors. All the information required for decision making are provided in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Chairperson and the Managing Director appraise the Board on the overall performance of the Company at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy the Company should follow and ensures financial stability. The Board takes on record the actions taken by the Company on all its decisions periodically.

The Board also takes on record the declaration made by the Company secretary, Chairman and Managing Director regarding compliances of all laws on a quarterly basis.

3. AUDIT COMMITTEE:

i. Brief description of terms of reference:

In terms of compliance with the requirement of Regulation 18 of the Listing Regulations, the Audit Committee has been constituted consisting of qualified and independent Board members for providing accurate and transparent financial reporting to the Board and shall have the powers and roles to perform the functions as mentioned in Listing Regulations and respectively read with Section 177 of the Companies Act, 2013.

ii. Composition, Name of Members and Chairperson:

The Audit Committee comprises of the following members as on 31st March 2018:

1. Smt. Ch. Lakshmi Kumari, Independent Director as Chairman
2. Sri N. Seethaiah, Managing Director as Member
3. Sri Madhava Rao, Independent Director as Member

iii. Meeting and attendance during the year:

In terms of compliance with the requirement of Regulation 18 (2) of the Listing Regulations, the Audit Committee met 5 (Five) times during the financial year under review, on 03.06.2017, 05.07.2017, 11.08.2017, 13.11.2017 and 12.02.2018 and the attendance of the members of the Audit Committee as recorded is as under:

Sl. No.	Name of the Director	Status	No. of meetings attended
1	Smt. Ch. Lakshmi Kumari	Chairperson	0
2	Sri N. Seethaiah	Member	5
3	Sri P. Madhava Rao	Member	5

Head of Finance & Accounts Division and Internal Auditors attended the meetings of the Audit Committee as Invitees.

In terms of compliance with the requirement of Listing Regulations, the Audit Committee reviews the information from time to time as specified in the said clause.

4. NOMINATION AND REMUNERATION COMMITTEE:

i. Brief description of terms of reference:

The terms of reference of Nomination and Remuneration Committee are as follows:

1. To determine the Company's policy on specific remuneration package for Executive Directors including compensation payment, if any, on behalf of the Board of Directors and Shareholders.

2. To review, assess and recommend the appointment of Executive Director from time to time and also remuneration package including Employees Stock Option Scheme to the Board of Directors.
3. Any other function as may be delegated by Board of Directors.

ii. Composition and Role of Nomination and Remuneration Committee:

Nomination and Remuneration Committee comprises of the following non-executive independent directors as on 31st March 2018:

1) Smt. Ch. Lakshmi Kumari, Woman Independent Director as Chairperson
2) Sri Srinivasa Rao Kamma, Whole-time Director as Member
3) Sri P Madhava Rao, Independent Director as Member

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry.

iii. Attendance during the year:

The Nomination and Remuneration Committee met 1 (One) times, during the financial year under review, on 28.03.2017 approved the Remuneration Policy and ratification for reappointment of Kamma Srinivasa Rao as Whole-time Director on 28.03.2017. The attendance of the meeting by the members of the Committee as recorded is as under:

Sl. No.	Name of the Director	Position	No. of meetings Attended
1	Smt. Ch. Lakshmi Kumari	Chairperson	1
2	Sri Srinivasa Rao Kamma	Member	1
3	Sri P Madhava Rao	Member	1

iv. Remuneration Policy:

The Policy provides for the following:

a) Attract, recruit, and retain good and exceptional talent;
b) List down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
c) Ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognizes their merits and achievements and promotes excellence in their performance;
d) Motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
e) Ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
f) Fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.

Criteria for performance evaluation as laid down by nomination committee

The performance of Directors is evaluated by the Board (excluding the Director being evaluated) on the following criteria, as laid down by the Nomination and Remuneration Committee.

Evaluation Criteria:

- Active Participation in Board discussions and deliberations
- Contribution to development of strategy and risk management
- Guidance on corporate strategy, risk policy, corporate governance practices
- Independence and unbiased decisions/opinions etc.

v. Details of Remuneration to Executive Directors:

Of the total 5 (Five) directors, 3 (Three) are executive directors. The remuneration payable to these directors is determined by the Board on the recommendation of the remuneration committee. This is subject to the approval of the shareholders at the Annual General Meeting. The non-executive directors do not draw any remuneration/ sitting fees from the Company for

attending the meetings of the board and the committees. Details of Remuneration of the executive Directors for the financial year 2017-2018 are as follows:

Sl. No.	Director	Consolidated Salary (Per Month) (Rs)	Perquisites, Allowances and other Benefits	Performance Bonus/ Incentive/ Commission/ Stock Option	Sitting Fees	Total (Per Annum)
1	Sri N. Seethaiah Managing Director	5,00,000/-	-	-	-	60,00,000/-
2	Sri K. Srinivasa Rao Whole-time Director	2,50,000/-	-	-	-	30,00,000/-
3	Sri Mohammad Shafi Whole-time Director	2,00,000/-	-	-	-	24,00,000/-

vi. Details of shareholding of Directors as on 31st March 2018:

As on 31st March 2018, the Company had 3 (Three) executive directors and 2 (Two) non-executive directors, the two executive directors hold equity shares in the Company. The other non-executive directors do not hold any shares in the Company. The details are as follows:

Sl. No.	Name of the Director	Status	No. of Shares held	Percentage (%) of total shares
1	Sri Nama Seethaiah	Managing Director	6001800	8.13
2	Sri Kamma Srinivasa Rao	Whole-time Director	1009000	1.37
3	Sri Mohammad Shafi	Whole-time Director	Nil	Nil
4	Sri P. Madhava Rao	Independent Director	Nil	Nil
5	Smt. Ch. Lakshmi Kumari	Independent Director	Nil	Nil

5. STAKE HOLDERS' RELATIONSHIP COMMITTEE:

The Committee is empowered to oversee the redressal of Shareholders/Investors Complaints/ Grievances pertaining to share transfers/non-receipt of Annual Reports/dividend payments, issue of duplicate share certificates, transmission of shares and other complaints etc.

i. Composition of the Committee:

The Stakeholders' Relationship Committee comprises of the following Members as on 31st March 2018:

1. Smt. Ch. Lakshmi Kumari, Independent Director as Chairperson
2. Sri P Madhava Rao, Independent Director as Member
3. Sri K. Srinivas Rao, Whole -time Director as Member

ii. Name and Designation of Compliance Officer: Company Secretary

iii. Number of Shareholders' Complaint received during the year under report:

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. During the period under review, the Company has received 46 Complaints from Shareholders and disposed of 46 and the balance is Nil.

iv. Number of Complaints not solved to the satisfaction of Shareholders as on the date of approval of Directors Report - Nil

v. Number of Pending Complaints as on the date of approval of Directors Report - Nil

vi. E-mail ID for redressed of Shareholders' Grievances:

The Company has created a separate e-mail ID: cs@madhucon.com for the Grievance Redressal Division / Compliance Officer exclusively for the purpose of registering and redressal of complaints by investors / shareholders.

vii. Attendance during the year:

The Shareholders/Investors Grievances Committee/ Stakeholders' Relationship Committee met 4 (Four) times during the year on 05.04.2017, 13.07.2017, 10.10.2017 and 12.01.2018 and the attendance of the members of the Committee as recorded is as under:

Sl. No.	Name of the Director	Position	No. of meetings attended
1	Smt. Ch. Lakshmi Kumari	Chairperson	1
2	Sri K. Srinivas Rao	Member	4
3	Sri P. Madhava Rao	Member	4

6. GENERAL BODY MEETINGS:

i. Location and Time for the last three Annual General Meetings held and

ii. Special resolutions passed in the last three Annual General Meetings held:

The particulars of previous 3 (Three) Annual General Meetings of the Company held is set out here under:

Particulars	Date & Time	Venue	Special Resolution passed
27th AGM (2016-2017)	23.09.2017 3.00 PM	Regd. Office: Madhu Complex,1-7-70, Jublipura, Khammam	Nil
26th AGM (2015-2016)	24.09.2016 3.00 PM	Regd. Office: Madhu Complex,1-7-70, Jublipura, Khammam	Nil
25th AGM (2014-2015)	30.09.2015 3.00 PM	Regd. Office: Madhu Complex,1-7-70, Jublipura, Khammam	Adoption of new Articles of Association of the Company U/S 14 of the Companies Act, 2013.

iii. **Postal Ballot:**

During the year no resolution was passed through postal ballot.

None of the business which is proposed to be transacted at the ensuing Annual General Meeting requires passing of a resolution through postal Ballot process.

iv. **Meeting of Independent Directors**

Pursuant to the companies Act, 2013 read with rules made there under and Secretarial Standard-I issues by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a meeting of the Independent Directors of the Company for the calendar year 2017 was held on 12th February, 2018 and next meeting of the Independent Directors will be held in calendar year 2018.

7. DISCLOSURES:

i. **Related Party Transaction (RPT):**

There has been no materially significant Related Party Transactions (RPT) with the Company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the Company at large. The necessary disclosures regarding the transactions are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the audit committee and Board of directors will be taken wherever required in accordance with the Policy.

The Company has also formulated a policy for determining the Material RPT and the details of such policy for dealing with RPT are disseminated in the website of the Company under the following link:http://www.madhucon.com/corporate/investors.html

ii. Disqualification of Directors: As on March 31, 2018 none of the Directors of the Company were disqualified under section 164(2) of the Companies Act, 2013.

iii. Details of non-compliance by the Company, penalties, and strictures imposed on the Company byStock Exchanges or SEBI or Statutory Authority on any matters relating to capital markets during the last three years – None

iv. **Whistle Blower Policy:**

The Company has an established mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/employees who avail of the mechanism. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at **e-mail ID.whistleblower@madhucon.com.** The key directions/actions will be informed to the Managing Director of the Company.

v. The Managing Director has issued certificate pursuant to the provisions of Listing Regulations certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

vi. Auditors' Report certifying the compliance of Corporate Governance as required under Schedule V, Part C of Listing Regulations is annexed herein forming a part of Corporate Governance Report.

vii. **Subsidiary Companies:**

The financials of all the subsidiary companies have been duly reviewed by the audit committee. The board minutes of the unlisted subsidiary companies have been placed before the Board of the holding Company. The Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

The Company has also formulated a policy for determining the Material Subsidiary and the details of such policy are disseminated in the website of the Company under the followinglink:

http://www.madhucon.com/corporate/investors.html

viii. **SEBI Prevention of Insider Trading:**

With SEBI imposing the responsibility of "Prohibition of Insider Trading" in the Organizations, Board has designed a Code of Conduct strictly in accordance with the Model Code of Conduct prescribed under SEBI (Prohibition of Insider Regulations) 2015. The Code, besides other relevant matters, prohibits an insider from dealing in the shares of the Company, while in possession of the unpublished price sensitive information in relation to the Company. As on the date, there have been no violations of insider trading regulation.

ix. The Company has adhered to all the mandatory requirements of corporate Governance norms as prescribed in Schedule V, Part C of Listing Regulations.

x. **Code of Conduct for the Board of Directors and the Senior Management:**

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the Company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. The Board of Directors has adopted a code of conduct for all Board members and senior management of the Company and affirmed its compliance on annual basis for the Financial Year ended 31st March 2018. In terms of compliance with the requirement of Regulation 46 of the Listing Regulations are disseminated in the website of the Company under the following link:

http://www.madhucon.com/corporate/investors.html

xi. Discretionary requirements under Listing Regulations: The Company has complied with all the discretionary requirements of Corporate Governance stipulated under Part E of Schedule V of the Listing Regulations. Certificate to this effect has been issued by Sri KSRK Prasad, Statutory Auditor and the same has been incorporated as an Annexure to the Directors Report.

8. SHAREHOLDER'S COMMUNICATION:

i. The quarterly financial provisional un-audited results of the Company published in the leading daily newspaper within 45 days from the end of the respective quarter and fourth quarter duly audited within 60 days as per the Regulation 31 of Listing Regulations.

The financial calendar events of 2017-18 relating to quarterly un-audited financial results are as follows:

Financial Reporting for the :	
1st Quarter ended 30th June 2017	13th August, 2017
2nd Quarter ended 30th September 2017	13th November, 2017
3rd Quarter ended 31st December 2017	12th February, 2017
4th Quarter ended and financial year 31st March 2018	28th May, 2018

ii. The financial provisional un-audited results are published in a leading daily newspaper in English and in Regional language having nationwide circulation viz. Financial Express and Mana Telangana and are disseminated in the website of the Company under the following link:http://www.madhucon.com/corporate/investors.html

iii. These financial provisional results and shareholding pattern are submitted to National Stock Exchange in https://www.connect2nse.com/LISTING/ and to Bombay Stock Exchange in http://listing.bseindia.com/

iv. The performance of the quarterly, half yearly and annual together with financial results of the Company released time to time in media by the press statements and also displays on Company's website.

v. The Company from time to time made the presentations through video conference to institutional investors and/or to the analysts.

9. GENERAL SHAREHOLDER'S INFORMATION:

i. AGM: Date, Time and Venue:

Date	:	22nd September 2018
Day	:	Saturday
Time	:	3.00PM
Venue	:	Regd. Office: Madhu Complex, 1-7-70, Jublipura, Khammam-507 003, Telangana

ii. Financial Year:

The Company follows the financial year commencing from 1st April to 31st March on consistent basis.

iii. Listing on Stock Exchanges:

Bombay Stock Exchange (BSE)
Stock Code No.: BSE – 531497

National Stock Exchange (NSE)
Stock Code No.: NSE – MADHUCON

Luxembourg Stock Exchange
Security Name: Madhucon Projects Ltd.

iv. Stock Code: INE 378D01032

v. Market Price Data:

High and Low during each month in last financial year 2017-2018:

High and Low of Market Price of the Company's Equity Shares Traded on the BSE & NSE Stock Exchanges during the 12 months period ended 31st March 2018 are as under-

A) BSE:

Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2017	65.40	43.10	28,98,301	23,387
May 2017	62.90	49.20	14,37,878	12,302
June 2017	53.35	35.85	16,01,807	12,326
July 2017	38.95	31.75	10,67,432	9,113
August 2017	33.55	27.00	5,79,734	4,117
September 2017	34.00	24.90	14,80,291	10,268
October 2017	35.90	26.20	12,27,229	8,946
November 2017	38.85	29.50	20,18,966	13,905
December 2017	38.50	30.05	19,43,774	9,426
January 2018	40.50	31.40	18,59,196	10,917
February 2018	33.20	25.45	6,90,805	3,707
March 2018	27.70	18.80	12,07,549	2,964

B) NSE:

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares	No. of Trades
April 2017	65.40	43.20	12,576,413	71,123
May 2017	62.95	49.20	6,264,373	41,342
June 2017	53.40	35.90	7,988,989	48,590
July 2017	38.85	31.75	5,692,150	33,388
August 2017	33.45	26.90	2,612,596	15,328
September 2017	32.80	24.70	6,615,153	32,783
October 2017	35.95	26.25	5,733,545	27,779
November 2017	38.90	29.30	10,261,068	55,513
December 2017	38.40	29.80	8,099,354	37,762
January 2018	42.95	31.10	8,734,901	36,995
February 2018	33.00	25.50	3,114,038	14,666
March 2018	27.85	18.75	3,012,906	13,294

vi. Registrar and Transfer Agents:

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31- 32,
Gachibowli, Financial District,
Nanakramguda Hyderabad,
Telangana-500 032 Phone No.040-67161605

vii Share Transfer System:

All the Share Transfers that are received will be processed by the Registrar and Share Transfer Agents (RTA) and approved and registered by the Board of Directors within 15 days from the date of lodgment and de-mat requests are normally confirmed within an average period of 15 days from the date of lodgment for transfer.

viii. Others:

Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the Company.

It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.

Shareholders holding shares in physical form, who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form No. SH.13. the form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.

ix. A) Distribution of Shareholding as on 31st March, 2018

Equity Share holding of nominal Value of Rs. 1/- each	Number of Shares		Amount	
	Numbers	%	In Rs.	%
1 - 5,000	18429	96.29	9647609	13.07
5,001 - 10,000	324	1.69	2436119	3.30
10,001 - 20,000	176	0.92	2610461	3.54
20,001 - 30,000	59	0.31	1470911	1.99
30,001 - 40,000	26	0.14	944498	1.28
40,001 - 50,000	31	0.16	1413465	1.92
50,001 - 1,00,000	45	0.24	3169446	4.29
1,00,001 - Above	49	0.26	52102431	70.60
Total	**19139**	**100.00**	**73794940**	**100.00**

x. Dematerialization of shares and liquidity:

7,35,40,130 Equity Shares equivalent to 99.65 % of the total equity share capital have been de-materialized and 2,54,810 are in physical form equivalent to 0.34% as on 31st March 2018.

Trading of equity shares in Demat Form is made compulsory with effect from 1st January 2002 as per the Notification issued by Securities and Exchange Board of India (SEBI). Therefore, shareholders are advised to use the Demat facilities for trading in shares.

Electronic/Physical	No of Shares held	% of Capital
NSDL	49195855	66.67
CDSL	24344275	32.99
Physical	254810	0.34
Total	73794940	100.00

Shareholders are requested to convert their physical holding to demat /electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

xi. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity - No outstanding instruments.

xii. Plant Locations – Not applicable since the Company is not engaged in manufacturing activities.

xiii. Address for Investors Correspondence:

For any assistance in respect of status on Dematerialization of Shares, Transfer, Transmission, Transposition, Issue of Duplicate Certificates, Change of Address etc., members are requested to contact the following Registrar and Transfer Agent of the Company.

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31- 32,
Gachibowli, Financial District, Nanakramguda
Hyderabad, Telangana-500 032
Phone No.040-67161605

For any queries regarding shares held in Demat Form, members are requested to contact their respective Depository Participants.

For any other information about the Company, members are requested to contact the following officer of the Company.

Company Secretary & Compliance Officer:
Corp. Off: "Madhucon House", Plot No.1129/A,
Road No.36, Jubilee Hills, Hyderabad – 500 033 India
Telephone: (040) 23556001 / 2 / 3 / 4
Fax No: (040) 23556005
E-Mail: cs@madhucon.com

10. LISTING FEES:

Listing fee has been paid to Stock Exchanges within the prescribed time limit as set in the Listing Regulations for the Financial Year 2018-2019.

11. RECONCILIATION OF SHARE CAPITAL AUDIT:

The Quarterly Audit on Share Capital will be conducted by Practicing Company Secretary in accordance with circular of SEBI No. D&CC /FITTC/CIR-16/2002 dated 31st December 2002 and Certificates will be issued accordingly.

12. RECORD OF DIVIDEND FOR THE PAST THREE YEARS:

Year	Type of Payment	Rate in %	Amount per Share(Rs.)	Total Amount(Rs.)
2016-2017	Final	10	0.10	73,79,494
2015-2016	Final	10	0.10	73,79,494
2014-2015	Final	10	0.10	73,79,494

13. DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT:

I hereby confirm that the company has obtained from all the members of the Board and Senior Management personnel, affirmations that they have complied with code of conduct for Board Members and senior Management personnel in respect of the financial year ended March 31, 2018.

For and on behalf of the Board

Place: Hyderabad
Date: 13/08/2018

Nama Seethaiah
Managing Director
DIN-00784491

ANNEXURE-IX

CEO/CGM (Finance & Accounts) Certification

In relation to the Audited Financial Statements of the Company as at March 31, 2018, Nama Seethaiah, Managing Director and Prasanna Pai CGM (Finance & Accounts) of the Company certify that:

A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

1. That the Financial statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions entered in to by the Company during the year which is fraudulent, illegal or violates of the Company's code of conduct.

C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal control if any of which we are aware and steps that we have taken or proposed to take to rectify these deficiencies.

D. Further, we have indicated to the Auditors and the Audit Committee

1. Significant changes in internal control over financial reporting during the year, wherever applicable;
2. Significant changes in accounting policies during the year and correct information has been disclosed in the notes to the financial statements in IND AS format, wherever applicable and
3. In stances of significant fraud of which we have become aware and involvement there in, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting, wherever applicable.

Place: Hyderabad
Date: 13/08/2018

Prasanna Pai
Chief General Manager
(Finance & Accounts)

N Seethaiah
Managing Director & CEO
DIN 00784491

ANNEXURE-X

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
Madhucon Projects Limited

We have examined the compliance of conditions of Corporate Governance by Madhucon Projects Limited (the Company) ,for the year ended March31, 2018, as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 28.05.2018

Suryanarayana Upadhyayula
(FCS 336; CP 2768)

ANNEXURE-XI

DECLARATION OF INDEPENDENCE BY SRI MADHAVA RAO POTLA, INDEPENDENT DIRECTOR UNDER SECTION 149 (7), SCHEDULE IV OF THE COMPANIES ACT, 2013.

To
The Board of Directors,
Madhucon Projects Limited
Madhucon House, 1129/A,
Hitech City Road, Jubilee Hills
Hyderabad-500033

Dear Sir(s),

I, Madhava Rao Potla (DIN: 00385838) hereby certify that I am a Non-Executive Independent Director of the Madhucon Projects Limited and comply with all the criteria of independent director as envisaged in Section 149(6) of the Companies Act, 2013. And I certify that:

a) I am the person of integrity and possess relevant expertise and experience under the opinion of the Board

b) I am not the promoter of the Company or its holding, subsidiary or associate company.

c) I am not related to promoters or directors in the Company, its holding, subsidiary or associate Company.

d) I do not have nor had any pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters or directors, during the two immediately preceding financial years or during the current financial year.

e) None of my relatives has or had pecuniary relationship or transaction(s) with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such other higher amount as prescribed/may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.

f) Neither me nor my relatives:

   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year.

   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of:

      a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

      b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.

   iii. holds together with my relatives two percent or more of the total voting power of the company; or

   iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company;

g) I possess appropriate skills, experience and knowledge in one or more fields as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

h) I am not a material supplier, service provider or customer or a lessor or lessee of the company, which affects the Independence of Directors.

i) I am not less than 21 years of age.

DECLARATION:

I do hereby declare and confirm that the above said information is true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

(Sd/)
Madhava Rao Potla
9-2-115/2, Srikrishna Nilayam,
Old Club Road, Khammam-507 001

Place: Khammam
Date: 04/04/2018

ANNEXURE-XI

DECLARATION OF INDEPENDENCE BY SMT CHINTHAPALLI LAKSHMI KUMARI, INDEPENDENT WOMEN DIRECTOR UNDER SECTION 149 (7), SCHEDULE IV OF THE COMPANIES ACT, 2013.

To
The Board of Directors,
Madhucon Projects Limited
Madhucon House, 1129/A,
Hitech City Road, Jubilee Hills
Hyderabad-500033

Dear Sir(s),

I, CHINTAPALLI LAKSHMI KUMARI (DIN: 06942473) hereby certify that I am a Non-Executive Independent Women Director of the Madhucon Projects Limited and comply with all the criteria of independent director as envisaged in Section 149(6) of the Companies Act, 2013. And I certify that:

a) I am the person of integrity and possess relevant expertise and experience under the opinion of the Board

b) I am not the promoter of the Company or its holding, subsidiary or associate company.

c) I am not related to promoters or directors in the Company, its holding, subsidiary or associate Company.

d) I do not have nor had any pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters or directors, during the two immediately preceding financial years or during the current financial year.

e) None of my relatives has or had pecuniary relationship or transaction(s) with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such other higher amount as prescribed/may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.

f) Neither me nor my relatives:

   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year.

   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of:

      a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

      b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.

   iii. holds together with my relatives two percent or more of the total voting power of the company; or

   iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company;

g) I possess appropriate skills, experience and knowledge in one or more fields as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

h) I am not a material supplier, service provider or customer or a lessor or lessee of the company, which affects the Independence of Directors.

i) I am not less than 21 years of age.

DECLARATION:

I do hereby declare and confirm that the above said information is true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

(Sd/)
Chinthapalli Lakshmi Kumari
6-3-259/1, Plot No. 402
Srujana Apartments, Bank Colony
Khammam-507 002

Place: Khammam
Date: 04/04/2018

ANNEXURE-XI

DECLARATION OF INDEPENDENCE BY SRI RAMADAS KASARANENI INDEPENDENT DIRECTOR UNDER SECTION 149 (7), SCHEDULE IV OF THE COMPANIES ACT, 2013.

To
The Board of Directors,
Madhucon Projects Limited
Madhucon House, 1129/A,
Hitech City Road, Jubilee Hills
Hyderabad-500033

Dear Sir(s),

I, RAMADAS KASARANENI, (DIN: 02182093) hereby certify that I am a Non-Executive Independent Director of the Madhucon Projects Limited and comply with all the criteria of independent director as envisaged in Section 149(6) of the Companies Act, 2013. And I certify that:

a) I am the person of integrity and possess relevant expertise and experience under the opinion of the Board

b) I am not the promoter of the Company or its holding, subsidiary or associate company.

c) I am not related to promoters or directors in the Company, its holding, subsidiary or associate Company.

d) I do not have nor had any pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters or directors, during the two immediately preceding financial years or during the current financial year.

e) None of my relatives has or had pecuniary relationship or transaction(s) with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such other higher amount as prescribed/may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.

f) Neither me nor my relatives:

   i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year.

   ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of:

      a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

      b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm.

   iii. holds together with my relatives two percent or more of the total voting power of the company; or

   iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty five percent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company;

g) I possess appropriate skills, experience and knowledge in one or more fields as mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

h) I am not a material supplier, service provider or customer or a lessor or lessee of the company, which affects the Independence of Directors.

I) I am not less than 21 years of age.

DECLARATION:

I do hereby declare and confirm that the above said information is true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

(Sd/)
Ramadas Kasaraneni
60-22-4/3, SBI COLONY-1,

Place: Hyderabad

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/s.Madhucon Projects Limited
Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **M/s. Madhucon Projects Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other the accounting principles generally accepted in India.

This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit. In conducting our Audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate audit evidence to provide a basis for our Audit opinion on the Standalone Ind AS Financial Statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Emphasis of Matter Paragraph:

a. Note No.2.2 (i), to the financial statements, in relation to carrying value of investments held in and unsecured loans and advances given by the company to its subsidiaries listed in that note, which have been incurring losses and in some of these companies, net worth was fully or substantially eroded. Taking into account the management internal assessment and initiatives to be implemented to improve the profitability in the medium to long term, the management of the company is of the view that carrying value of investments and loans and advances are realizable at the value stated in the books.

b. Note No. 2.2 (ii), to the financial statements, in relation to the Madhucon Mega Mall Private Limited (MMMPL) a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land taken from Andhra Pradesh housing Board (Now known as Telangana housing Board) ("The Board") at Kukatpally in Hyderabad. The board issued letter for revoking the power of attorney and resumption of land. The company got a Status Quo order from Court and the case is pending in the Court. Taking into account the Constitution of and visit made by Cabinet Sub Committee of Telangana Government, Management internal assessment and legal opinion obtained, Management of the Company is confident in succeeding the case and carrying values of investments in and loans sanctioned to MMMPL and realizable at the values stated in the books of accounts.

According to the books of accounts and information and explanations given to us, the investment and balance of loan as at March 31st, 2018 was Rs. 3,500 Lakhs and Rs. 134.44 Lakhs.

c. Note No. 2.4 to the Financial statements indicate that the outstanding Loans and Advances which were granted to Nama Investments Limited and NNR Infra Investments Private Limited in which the Company's Directors have Interest are realizable at the carrying values in the books of accounts though both these companies have been incurring losses and accumulated losses exceeded the net worth of these companies for the reasons stated in that note.

According to the Books of Accounts and Information and Explanations given to us, the Closing Balances as at March 31st, 2018 with respect to Nama Investments Limited and NNR Investments Limited are Rs. 4189.76 Lakhs and Rs. 511.98 Lakhs respectively. The company has not recognized interest income for the same during current financial year.

d. During the FY 2017-18 the management of the company has made provision for Corporate Social Responsibility (CSR) expenditure which is pertaining to previous financial year (i.e., 2016-17).

e. The Company has defaulted in repayment of dues to Banks and Financial Institutions. Loans outstanding were classified as NPAs by the Banks and Financial Institutions.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we further report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid Ind AS Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

   e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

   g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the pending litigations which would impact its financial position, in its notes to financial statements.

      ii) The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contracts.

      iii) The company has not complied with the provisions of section 124(5) of the Companies Act, 2013 regarding the remittance of unpaid dividend of FY 2008-09 amounting to Rs. 2,16,049.60 and FY 2009-10 Rs. 2,45,028.80 to Investor Education and Protection Fund (IEPF) within the stipulated period.

For P. Murali& Co,
Chartered Accountants,
FRN No: 007257S

A Krishna Rao
Partner
M.No:020085

Place: Hyderabad
Date: 28.05.2018

Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of M/s. Madhucon Projects Limited on the Ind AS Financial Statements for the year ended 31st March 2018, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company as at the Balance Sheet date.

ii. (a) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of the physical verification of inventory followed by the Management are adequate in relation to the size of the Company and the nature of its business.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans and having regard to the rollover stipulations for loans to certain parties:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has not been stipulated and hence we are unable to comment as to whether repayment/receipts of the principal amount and the interest are regular.

(c) In the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of principal amount and interest.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of sections 185 and 186 of the Act to the extent applicable, in respect of loans, investments, guarantees and security.

v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013 and rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us and based on the records of the company examined by us, in respect of the Statutory dues,:

a) There are some delays in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax (VAT), Cess and other statutory dues applicable to it. Undisputed amounts payable in respect thereof, which were outstanding for more than six months from the date they became payable are as follows:

S.No.	Name of the Status	Nature of Due	Period	Rs. in Lacs
1	The Income Tax Act, 1961	Dividend Distribution Tax & Interest on it	2011-12 to 2017-18	78.79
2	Professional Tax	P T PAYABLE	2011-12 to 2017-18	57.95
3	The Employees Provident Funds and Miscellaneous provision Act 1952	Provident Fund	2012-13 to 2017-18	190.62
4	Sales Tax	Sale Tax payable	2013-14 to 2017-18	447.84
5	Works Contract Tax	Works Contract Tax	2014-15 to 2017-18	554.49
6	The Finance Act 1994	Service Tax	2014-15 to 2017-18	339.91
7	The Income Tax Act, 1961	Tax Deducted at Source & Interest on it	2013-14 to 2017-18	192.54
8	Goods and Service Tax	Goods and Service Tax	2017-18	416.57

b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and CESS which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.in lakhs)
The Income Tax Act, 1961	CIT (Appeals), Hyderabad	2009-10 to 2012-13	7,138.61
Sales Tax	Hon'ble High Court	2001 to 2005 & 2009-10	12,471.29

viii. Based on the examination of books of accounts and related records and according to the information and explanations given by the management, the company has defaulted in repayment of dues to financial institutions and banks during the year, as follows:
Delay in Interest payments:

Name of the Bank	Rs. in Lakhs
AXIS BANK	194.39
BANK OF INDIA	164.71
ICICI BANK	463.63
IDBI BANK	597.54
KOTAK MAHINDRA BANK LIMITED	484.03
STATE BANK OF INDIA	471.09
ORIENTAL BANK OF COMMERCE	370.89
Name of the Financial Institution	
SREI Equipment Finance Ltd.	130.34

Delay in Principal re-payments:

Name of the Bank	As on 31st March 2018
Bank of India	1,767.95
Name of the Financial Institution	
SREI Equipment Finance Ltd.	1,849.00

ix. The Company has not raised any moneys by way of initial public officer, further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.

x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our Audit.

xi. As per the information and explanations given to us, managerial remuneration provided are in accordance with approvals mandated by the provisions of section 197 of the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the Provisions of clause 3(xii) of the order are not applicable to the company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

xiv. The Company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of The Reserve Bank of India Act 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the Company.

For P. Murali& Co,
Chartered Accountants,
FRN No: 007257S

A Krishna Rao
Partner
M.No:020085

Place: Hyderabad
Date: 28.05.2018

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls over Financial Reporting under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of **M/s. Madhucon Projects Limited** ('the company') as of 31st March 2018 in conjunction with our audit of Ind AS Financial Statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an Audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. These standards and guidance note require that we comply with ethical requirements and plan and performed the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risk of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, Projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. Murali& Co,
Chartered Accountants,
FRN No: 007257S

A Krishna Rao
Partner
M.No:020085

Place: Hyderabad
Date: 28.05.2018

Madhucon Projects Limited

Balance Sheet as at March 31, 2018

(₹ in Lakhs)

	Note No.	As at March 31, 2018		As at March 31, 2017	
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	2.1	5,147.73		5,478.85	
Financial Assets					
Investments	2.2	177,181.38		177,181.38	
Trade Receivables	2.3	525.46		3,050.52	
Loans	2.4	5,131.79		3,519.56	
Others Financial Assets	2.5	16,407.97		12,835.54	
Deferred tax Asset (Net)	2.6	2,301.81		-	
Other Non-Current Assets	2.7	20,443.57		22,602.96	
Total Non-Current Assets			**227,139.71**		**224,668.81**
Current Assets					
Inventories	2.8	4,493.41		3,938.39	
Financial Assets					
Trade Receivables	2.9	19,618.07		13,592.38	
Cash and Cash equivalents	2.10	1,799.32		1,746.59	
Bank Balances other than above	2.11	258.13		518.53	
Loans	2.12	7,189.77		10,241.10	
Others Financial Assets	2.13	7,121.77		4,404.07	
Current Tax Asset (Net)		5,922.18		1,619.35	
Other Current Assets	2.14	17,483.32		15,454.14	
Total Current Assets			**63,885.97**		**51,514.55**
Total Assets			**291,025.68**		**276,183.36**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	2.15	740.32		740.32	
Other Equity	2.16	78,826.87		77,576.10	
Total Equity			**79,567.19**		**78,316.42**
LIABILITIES					
Non-Current Liabilities					
Financial Liabilities					
Borrowings	2.17	4,558.60		2,465.23	
Trade Payables	2.18	8,250.99		8,788.20	
Other Financial Liabilities	2.19	8,044.18		7,894.13	
Provisions	2.20	175.56		146.26	
Deferred Tax Liabilities (Net)	2.6	-		129.65	
Other Non-Current Liabilities	2.21	21,946.87		14,907.29	
Total Non-Current Liabilities			**42,976.20**		**34,330.76**
Current Liabilities					
Financial Liabilities					
Borrowings	2.22	57,893.74		53,789.41	
Trade Payables	2.23	40,026.97		40,847.29	
Other Financial Liabilities	2.24	11,084.31		16,603.40	
Other Current Liabilities	2.25	48,711.57		48,439.03	
Provisions	2.26	4,758.21		2,553.62	
Current Tax Liabilities (Net)		6,007.48		1,303.43	
Total Current Liabilities			**168,482.28**		**163,536.18**
Total Equity and Liabilities			**291,025.68**		**276,183.36**

The accompanying notes are an integral part of the standalone Financial Statements.
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Madhucon Projects Limited

Statement of Profit and Loss for the Year ended March 31, 2018

(₹ in Lakhs)

	Note No.	Year ended March 31, 2018		Year ended March 31, 2017	
Income					
Revenue from Operations	2.27	66,393.35		69,307.24	
Other Income	2.28	2,211.28		1,932.58	
Total Income			**68,604.63**		**71,239.82**
Expenses					
Cost of Materials Consumed and Work Expenses	2.29	47,401.29		45,926.94	
Changes in work in progress		(337.40)		579.55	
Employee Benefits Expense	2.30	4,457.50		4,543.41	
Finance Costs	2.31	9,313.06		9,825.63	
Depreciation and amortization expense	2.1	1,744.13		2,513.55	
Other Expenses	2.32	4,945.57		4,686.08	
Total Expenses			**67,524.15**		**68,075.16**
Profit Before Tax			**1,080.48**		**3,164.66**
Tax Expense					
Current Tax		-		1,265.00	
Earlier Year Tax (pertaining to F.Y 2016-17)		2,200.55		-	
Deferred Tax		(2,431.46)		129.65	
			(230.91)		**1,394.65**
Profit for the Year			**1,311.39**		**1,770.01**
Other Comprehensive Income / (Loss)					
Remeasurement of the Defined Benefit Plans		28.19		(5.12)	
Increase/(Decrease) in borrowing cost pursuant to application of effective interest rate method		-		(13.17)	
Other Comprehensive Income / (Loss) for the year (net of taxes)			**28.19**		**(18.29)**
Total Comprehensive Income for the Year			**1,339.58**		**1,751.72**
Earnings per share of face value of ₹ 1 each					
Basic and Diluted			**1.78**		**2.40**

The accompanying notes are an integral part of the standalone Financial Statements.
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Statement of Changes in Equity for the Year ended March 31, 2018

a) Equity Share Capital

(₹ in Lakhs)

	Number of Shares	Amount
Balance as at April 01, 2016		
Equity Share Capital	73,794,940	737.95
Forfeited Shares Amount originally paid up	-	2.37
	73,794,940	**740.32**
Add : Issue of Share Capital	-	-
Balance as at March 31, 2017	**73,794,940**	**740.32**
Add : Issue of Share Capital	-	-
As at March 31, 2018	**73,794,940**	**740.32**

b) Other Equity

	Reserves and Surplus			Items of other comprehensive income / (loss)		Total
	Securities Premium	General Reserve	Retained Earnings	Net gain / (loss) on fair value of defined benefit plans	Other items of other compreh-ensive income	
Opening Balance as at April 01, 2016	**29,313.07**	**4,886.36**	**42,093.81**	**(9.60)**	**(451.72)**	**75,831.93**
Profit for the year			1,770.01			1,770.01
Transfer to General Reserve		175.17	(175.17)			-
Dividend (Inclusive of Tax on Dividend)			(88.81)			(88.81)
Other comprehensive income / (loss) for the year, net of tax				(5.12)		(5.12)
Other Movement			68.09			68.09
Closing Balance as at March 31, 2017	**29,313.07**	**5,061.53**	**43,667.93**	**(14.72)**	**(451.72)**	**77,576.10**
Profit for the year			1,311.39			1,311.39
Dividend (Inclusive of Tax on Dividend)			(88.81)			(88.81)
Transfer to Reserves						-
Other comprehensive income / (loss) for the year, net of tax				28.19		28.19
Closing Balance as at March 31, 2018	**29,313.07**	**5,061.53**	**44,890.51**	**13.47**	**(451.72)**	**78,826.87**

The accompanying notes are an integral part of the standalone Financial Statements.
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Madhucon Projects Limited

Cash Flow Statement for the Year ended March 31, 2018

(₹ in Lakhs)

		Year ended March 31 , 2018	Year ended March 31, 2017
A	**Cash flow from operating activities**		
	Profit before tax	**1,080.48**	**3,164.66**
	Adjustments for:		
	Depreciation and amortisation expense	1,744.13	2,513.55
	Dividend Income	(0.04)	(0.04)
	Interest Income	(179.43)	(464.44)
	(Profit) / Loss on sale of Assets	(113.06)	(721.32)
	Finance costs	9,313.06	9,825.63
		10,764.66	**11,153.38**
	Operating Profit Before Working Capital Changes	**11,845.14**	**14,318.04**
	Change in Working Capital		
	(Increase)/decrease in Trade Receivables	(3,500.62)	14,554.32
	(Increase) decrease in Inventories	(555.02)	(330.64)
	(Increase)/decrease in Other Financial Assets	(6,277.89)	(2,516.53)
	(Increase)/decrease in Other Current and Non-Current Assets	(4,172.63)	(6,704.33)
	Increase/(decrease) in Loans	1,439.10	51,220.37
	Increase/(decrease) in Trade Payables	(1,357.53)	(38,394.98)
	Increase/(decrease) in Other Financial Liabilities	(3,804.99)	(11,785.96)
	Increase/(decrease) in Other Current and Non-Current Liabilities	12,077.70	(8,185.25)
	Cash generated from operations	**5,693.26**	**12,175.05**
	Income taxes paid	-	(687.51)
	Net cash from operating activities	**5,693.26**	**11,487.54**
B	**Cash flows from investing activities**		
	Purchase of Property, Plant and Equipment including CWIP	(2,080.52)	(2,637.24)
	Proceeds from Sale of Property, Plant and Equipment	780.57	869.09
	Purchase of Investments	-	(4,751.00)
	(Increase) /decrease in other bank balances	248.18	(58.15)
	Dividend Received	0.04	0.04
	Interest Received	179.43	464.44
	Net cash used in investing activities	**(872.30)**	**(6,112.82)**
C	**Cash flows from financing activities**		
	Proceeds/(Repayment) of long term borrowings	440.50	384.17
	Proceeds from short term borrowings (net)	4,104.33	3,697.95
	Interest paid	(9,313.06)	(9,825.63)
	Net cash used in financing activities	**(4,768.23)**	**(5,743.51)**
	Net increase/(decrease) in cash and cash equivalents	**52.73**	**(368.80)**
	Cash and cash equivalents at the beginning of the financial year	1,746.59	2,115.39
	Cash and cash equivalents at end of the year	**1,799.32**	**1,746.59**
	Reconciliation of cash and cash equivalents as per the Balance Sheet		
	Cash and cash equivalents	1,799.32	1,746.59
	Cash and cash equivalents at end of the year	**1,799.32**	**1,746.59**

The accompanying notes are an integral part of the standalone Financial Statements.
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Notes forming part of Financial Statements

Company Overview:

Madhucon Projects Limited (MPL) or "the Company" is an integrated construction, Infrastructure development and management Company. The Corporate Office of the Company is located at 'Madhucon House' Road No.36, Jubilee Hills, Hyderabad, India.

The Company is engaged in the business of developmentand execution of Engineering, Procurement and Construction (EPC) and Turnkey Projects in multiple sectors such as Transportation, Irrigation, Water Resource Infrastructures, Railways, development of smart cities and properties in India. Completing the projects with high quality workmanship and commitment to excellence made the Company a leader in the industry. The Company is best in innovation, creativity and technological mastery, delivering top-quality work, ahead of schedule, in all sectors. A majority of the development projects of the Company are based on Public-Private Partnerships (PPP) and operated by separate Special Purpose Vehicles (SPV).

Significant accounting policies:

1.1 Statement of compliance

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

1.2 Basis of preparation

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of fair values:

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

1.4 Cash flow statement:

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

i. Changes during the year in inventories and operating receivables and payables and transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and

iii. All other items for which the cash effects are investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company is segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

Notes forming part of Financial Statements

1.5 Use of Accounting Estimates:

The preparation of the financial statements requires that the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

1.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use, attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at April 01, 2015 of its Property, Plant and Equipment and use the carrying value as deemed cost of the Property, Plant and Equipment on the date of transition i.e April 01, 2015.

1.7 Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at April 01, 2015 of its intangible assets and use the carrying value as deemed cost of the intangible assets on the date of transition i.e April 01, 2015.

1.8 Depreciation/ Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on Property, Plant and Equipment have been provided on Straight-Line method in accordance with the Schedule II of the Companies Act, 2013, based on the useful life estimated on the technical assessment as in force and proportionate depreciation are charged for additions/disposals during the year. In respect of additions / disposal to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of disposal. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

1.9 Impairment of Assets:

At the end of each accounting year, the Company reviews the carrying amounts of Intangible assets and property, plant and equipment whether there is any indication that those assets have suffered an impairment loss.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use in case of an individual asset and at higher of the cash generating unit's (CGU) net selling price and the value in use.

Impairment loss is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset or CGU is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

1.10 Financial Instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes forming part of Financial Statements

A. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in following categories:

(a) Financial Assets at Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial Assets Measured at Fair Value

A financial asset is subsequently measured at fair value through other comprehensive income if it is held withina business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in case where the company has made an irrevocable selection based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. In any other case, financial asset is fair valued through profit and loss.

(c) Impairment of Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assetswhich are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

(d) De-recognition of Financial Assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

B. Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(a) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

(b) Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(c) Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

(d) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Notes forming part of Financial Statements

C. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

1.11 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal.

Any gain or loss arising on de-recognition of the property is included in profit or loss in the period in which the property is derecognised.

1.12 Inventories:

Raw Materials:

Raw Materials, construction materials and stores & spares are valued at weighted average cost or net realizable value, whichever is lower. Cost includes all charges in bringing the materials to the place of usage, excluding refundable duties and taxes.

Work in Progress:

Work-in-Progress is valued at the contracted rates less profit margin / estimates.

1.13 Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

1.14 Provisions, Contingent Liabilities and Contingent Assets:

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources.

Contingent assets are disclosed in the financial statements when flow of economic benefit is probable.

1.15 Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a company undertakes its activities under joint operations, the company as a joint operator recognises inrelation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly,
2. its liabilities, including its share of any liabilities incurred jointly,
3 its revenue from the sale of its share arising from the joint operation,
4. its share of the revenue from the joint operations, and
5. its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues, and expenses.

1.16 Revenue Recognition

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

Notes forming part of Financial Statements

1. Cost plus contracts: Revenue from cost plus contracts is determined with reference to the recoverable costs incurred during the period and the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable that such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

i. the amount of revenue can be measured reliably;

ii. it is probable that the economic benefits associated with the contract will flow to the company;

iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and

iv. the costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

1.17 Other Income:

a) Dividend Income:

Dividend income from Investments is recognised when the shareholder's right to receivepayment has been established.

b) Interest Income:

Interest income from a financial asset is recognised when it is probable that the economicbenefits will flow to the company and the amount of income can be measured reliably Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.18 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

1.19 Claims

Claims against the company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

1.20 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Uncalled liability on shares and other investments partly paid

c) Funding related commitment to subsidiary, associate and joint venture companies and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.21 Foreign exchange translation and foreign currency transactions:

The functional currency and presentation currency of the Company is the Indian rupee.

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

The exchange difference on restatement of long term receivables / payables from / to foreign operations that are considered as net investments in such operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate.

Notes forming part of Financial Statements

1.22 Employee Benefits:

Provident fund is defined Contribution scheme and contributions are charged to profit and loss account of the year when the contributions to the respective funds are due. Other retirement benefits such as Gratuity, leave encashment etc., are recognized on basis of the independent actuarial valuation.

1.23 Borrowing Costs:

Borrowing costs include interest expense calculated using the effective interest method and finance charges in respect of assets acquired on finance lease.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are included in the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.24 Taxes on Income

Income tax expense represents sum of the tax currently payable and deferred tax

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.25 Leases

The Company's leasing arrangements are mainly in respect of operating leases for premises and construction equipment.

These leasing arrangements range from 11 months to 10 years generally and are usually cancellable / renewable by mutual consent on agreed terms. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

1.26 Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. In the principal market for the asset or liability, or

b. cIn the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.27 Earnings per Share:

Basic earnings per equity share are computed by dividing the net profit or loss for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

Notes forming part of Financial Statements

2.1 Property, Plant and Equipment

(₹ in Lakhs)

	Land	Building	Plant & Equipment	Tippers & Trucks	Furniture & Fixtures	Vehicles	Centring Material	Temporary Structures	Computers	Capital Work-in-Progress	Total
Cost											
As at April 01, 2016	**1,336.12**	**21.67**	**31,328.47**	**11,285.97**	**1,196.21**	**1,883.68**	**1,999.09**	**3,135.82**	**383.51**	**9.97**	**52,580.51**
Additions	7.00	-	109.97	2,114.39	59.50	11.72	116.79	41.45	19.26	157.15	2,637.23
Disposals	(111.60)	-	(709.93)	(438.34)	-	(10.69)	-	-	-	-	(1,270.56)
As at March 31, 2017	**1,231.52**	**21.67**	**30,728.51**	**12,962.02**	**1,255.71**	**1,884.71**	**2,115.88**	**3,177.27**	**402.77**	**167.12**	**53,947.18**
Additions	-	-	436.71	935.57	32.43	234.95	80.78	248.78	23.60	87.70	2,080.52
Disposals / Adjustments	(11.04)	-	(3,683.45)	(809.88)	(9.80)	(69.15)	-	-	-	(214.81)	(4,798.13)
As at March 31, 2018	**1,220.48**	**21.67**	**27,481.77**	**13,087.71**	**1,278.34**	**2,050.51**	**2,196.66**	**3,426.05**	**426.37**	**40.01**	**51,229.57**
Depreciation											
As at April 01, 2016	**-**	**4.83**	**29,969.48**	**10,276.29**	**749.68**	**1,365.53**	**1,974.97**	**2,417.81**	**319.00**	**-**	**47,077.59**
Depreciation	-	1.08	1,335.20	861.52	103.02	125.48	33.32	42.21	11.72	-	2,513.55
Disposals / Adjustments	-	-	(688.59)	(407.44)	-	(26.77)	-	-	-	-	(1,122.80)
As at March 31, 2017	**-**	**5.90**	**30,616.09**	**10,730.36**	**852.70**	**1,464.24**	**2,008.29**	**2,460.03**	**330.72**	**-**	**48,468.33**
Depreciation	-	3.54	-	567.12	136.71	261.45	-	711.78	63.53	-	1,744.13
Disposals / Adjustments	-	-	(3,433.93)	(688.08)	(0.07)	(8.54)	-	-	-	-	(4,130.62)
As at March 31, 2018	**-**	**9.44**	**27,182.16**	**10,609.40**	**989.34**	**1,717.15**	**2,008.29**	**3,171.81**	**394.25**	**-**	**46,081.84**
Net Block											
As at March 31, 2017	1,231.52	15.77	112.42	2,231.66	403.01	420.47	107.59	717.24	72.05	167.12	5,478.85
As at March 31, 2018	**1,220.48**	**12.23**	**299.61**	**2,478.31**	**289.00**	**333.36**	**188.37**	**254.24**	**32.12**	**40.01**	**5,147.73**

Notes forming part of Financial Statements

2.2 Investments

(₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
1) Investment in Equity Instruments				
(i) Subsidiaries				
In Shares of ₹ 10 each, fully paid up (otherwise specified)				
Madhucon Infra Limited	1,222,027,045	122,202.70	1,222,027,045	122,202.70
Madurai Tuticorin Expressways Limited	88,561,500	8,856.15	88,561,500	8,856.15
Simhapuri Energy Limited	111,780,714	22,727.00	111,780,714	22,727.00
Nama Hotels Private Limited	27,121,200	2,712.12	27,121,200	2,712.12
TN (DK) Expressways Limited	100,000	10.00	100,000	10.00
Trichy Thanjavur Expressways Limited	100,000	10.00	100,000	10.00
Chhapra Hajipur Expressways Limited	100,000	10.00	100,000	10.00
Madhucon Toll Highways Limited	30,000	3.00	30,000	3.00
Madhucon Mega Mall Private Limited	20,000	2.00	20,000	2.00
Madhucon Heights Private Limited	20,000	2.00	20,000	2.00
Barasat-Krishnagar Expressways Limited	14,000	1.40	14,000	1.40
Ranchi Expressways Limited	14,000	1.40	14,000	1.40
PT Madhucon Indonesia	760,000	350.97	760,000	350.97
7,60,000 Ordinary Shares of Indonesia Rph 10,110				
Madhucon Natural Resources Limited (Singapore)				
(Face Value of SGD 1)	750	0.21	750	0.21
(ii) Associates:				
In Shares of ₹ 10 each, fully paid up (otherwise specified)				
Madhucon Properties Limited	20,000	2.00	20,000	2.00
(iii) Others:				
In Shares of ₹ 10 each, fully paid up (otherwise specified)				
Rajanagaram Gas Power Private Limited	488,080	48.81	488,080	48.81
Canara Bank Limited	4,100	1.44	4,100	1.44
2) Other Investments				
Nama Hotels Private Limited		5,500.00		5,500.00
Madhucon Megamall Private Limited		3,500.00		3,500.00
Ranchi Expressways Limited		5,616.00		5,616.00
PT Madhucon Indonesia		3,573.18		3,573.18
Madurai Tuiticorin Expressways Limited		435.00		435.00
Chhapra Hajipur Expressways Limited		1,616.00		1,616.00
Total		**177,181.38**		**177,181.38**

(₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Cost	Market Value	Cost	Market Value
Aggregate market value of Quoted Investments	1.44	10.82	1.44	12.42
Aggregate amount of Unquoted Investments	177,179.94	-	177,179.94	-
Total	**177,181.38**	**10.82**	**177,181.38**	**12.42**

Notes forming part of Financial Statements

(i) The carrying value of investments held includes unsecured loans and advances given by the company to its subsidiaries. Certain subsidiaries have been incurring losses, net worth was fully or substantially eroded. Taking into account the management's internal assessment and initiatives implemented to improve the profitability in the medium to long run, the management of the company is of the view that carrying value of the investments and loans and advances are realizable at the value stated in the books.

(ii) Madhucon Mega Mall Private Limited (MMMPL) is a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land allotted by Andhra Pradesh Housing Board (now known as Telangana Housing Board) ("the Board") at Kukatpally in Hyderabad. The Board issued letter for revoking the power of attorney and resumption of land. The Company got a status quo order from court and the case is pending in the court. Taking in to account the recent developments on the visit and representation made by cabinet subcommittee of Telangana Government to their higher authorities, management internal assessment and legal opinion obtained, the management of the Company is awaiting the final approval from the Government for going ahead with the said project and financials are prepared on going concern basis.

iii) The long term unquoted investments in equity shares of subsidiary companies as given here under are pledged with Banks and Financial Institutions which have extended loan facilitates to the respective investee companies.

S.No	Name of the Subsidiary	No of Shares pledged	
		2017-18	2016-17
1	Madurai Tuticorin Expressways Limited	8,85,61,500	8,85,61,500
2	Madhucon Infra Limited	56,44,77,705	56,44,77,705
3	Nama Hotels Private Limited	1,38,41,000	1,38,41,000
4	Simhapuri Energy Limited	3,27,21,965	3,27,21,965

2.3 Trade Receivables (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Un Secured, Considered good				
- From Related Parties	525.46	16,601.15	615.55	10,094.16
- From Others	-	3,016.92	2,434.97	3,498.22
Total	**525.46**	**19,618.07**	**3,050.52**	**13,592.38**

2.4 Loans (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Un Secured, Considered good				
Security Deposit	430.05	163.58	434.63	144.85
Loans to Related Parties	4,701.74	7,026.19	3,084.93	10,096.25
Total	**5,131.79**	**7,189.77**	**3,519.56**	**10,241.10**

The outstanding loans and advances which were granted to Nama Investments Limited and NNR Infra Investments Private Limited in which the company's directors have interest are realizable at the carrying values in the books of accounts though both these companies have been incurring losses and accumulated losses exceeded the net worth of these companies. The closing balance as at March 31, 2018 with respect to Nama Investments Limited and NNR Investments Limited are ₹ 4,189.76 Lakhs and ₹ 511.98 Lakhs respectively.

2.5 Other Financial Assets (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Un Secured, Considered good				
Bank Deposits with more than 12 months maturity	890.71	-	878.48	-
Earnest Money Deposits	500.36	-	841.56	-
Retention Money Deposit	1,397.44	1,840.53	898.20	1,823.47
Other receivables from Related Parties	11,035.80	4,582.06	9,217.85	1,845.47
Advances Recoverable	2,583.66	699.21	999.45	735.13
Total	**16,407.97**	**7,121.77**	**12,835.54**	**4,404.07**

Notes forming part of Financial Statements

2.6 Deferred Tax Asset / (Liability) (net) (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liabilities		
Timing difference on account of Depreciation and amortisation	(226.35)	(129.65)
Deferred Tax Asset		
Business loss/Unabsorbed depreciation	2,528.16	-
Total	**2,301.81**	**(129.65)**

2.7 Other Non-Current Assets (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Capital Advances	3,442.62	-	3,442.62	-
Advance to suppliers and sub-contractors	5,743.12	14,049.27	8,139.11	13,406.78
Others	11,257.83	-	11,021.23	-
Other Deposits	-	2.69	-	0.46
Interest Accrued on Deposits	-	8.62	-	9.22
Advance to Related Parties	-	3,422.74	-	2,037.68
Total	**20,443.57**	**17,483.32**	**22,602.96**	**15,454.14**

2.8 Inventories (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Raw Materials	3,685.88	3,427.21
Work-in-Progress	807.53	511.18
Total	**4,493.41**	**3,938.39**

2.9 Trade Receivables (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Un Secured, Considered good		
Trade Receivables		
From Related Parties	16,601.15	10,094.16
From Others	3,016.92	3,498.22
Total	**19,618.07**	**13,592.38**

2.10 Cash and Cash Equivalents (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Cash on hand	14.70	17.50
Balances with Banks		
In Current Accounts	1,674.04	1,698.44
In Deposit Accounts with Maturity less than 3 months	13.75	7.61
Unpaid Dividend Accounts	96.83	23.04
Total	**1,799.32**	**1,746.59**

2.11 Bank Balances Other than above (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Margin Money and other deposits with banks	258.13	518.53
Total	**258.13**	**518.53**

Notes forming part of Financial Statements

2.12 Loans (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Security Deposit	163.58	144.85
Loans to Related Parties	7,026.19	10,096.25
Total	**7,189.77**	**10,241.10**

2.13 Other Financial Assets (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Retention Money Deposit	1,840.53	1,823.47
Other receivables from Related Parties	4,582.03	1,845.47
Advances Recoverable	699.21	735.13
Total	**7,121.77**	**4,404.07**

2.14 Other Current Assets (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Other Deposits	2.69	0.46
Advance to suppliers, sub-contractors and others	14,049.27	13,406.78
Interest Accrued on Deposits	8.62	9.22
Advance to Related Parties	3,422.74	2,037.68
Total	**17,483.32**	**15,454.14**

2.15 Equity Share Capital (₹ in Lakhs)

	Number of Shares	As at March 31, 2018	Number of Shares	As at March 31, 2017
Authorised				
Equity Shares of ₹ 1 each	300,000,000	3,000.00	300,000,000	3,000.00
Redeemable Preference Shares of ₹100 each	2,000,000	2,000.00	2,000,000	2,000.00
Total		**5,000.00**		**5,000.00**
Issued, Subscribed and Called up Capital				
Equity Shares of ₹ 1 each	74,268,940	742.69	74,268,940	742.69
Fully paid up Capital				
Equity Shares of ₹ 1 each	73,794,940	737.95	73,794,940	737.95
Add : Forfeited Shares Amount originally paid up		2.37		2.37
Total		**740.32**		**740.32**

a) Reconciliation of the Number of Equity Shares Outstanding at beginning and at end of the year

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	73,794,940	737.95	73,794,940	737.95
Add. Equity shares allotted during the year	-	-	-	-
Balance at the end of the year	**73,794,940**	**737.95**	**73,794,940**	**737.95**

Notes forming part of Financial Statements

b) Terms/ Rights attached to Shares:

The Company has only one class of paid-up equity shares having par value of ` 1 per share. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees only. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by shareholder holding more than 5%

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of share holding	Number of shares held	% of share holding
1) Sri Nama Nageswara Rao	10,732,262	14.54	10,732,262	14.54
2) M/s Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) Smt. Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
4) Sri Nama Seethaiah	6,001,800	8.13	6,001,800	8.13

d) Bonus Shares/ Buy back shares for consideration other than cash issued during the past five years:

(1) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in Cash - **Nil**

(2) Aggregate number and class of shares allotted as fully paid up by way of Bonus shares - **Nil**

(3) Aggregate number and class of Shares bought back - **Nil**

2.16 Other Equity (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
(a) Securities Premium		**29,313.07**		**29,313.07**
(b) General Reserve				
Opening Balance	5,061.53		4,886.36	
Add: Transfer from Surplus in Statement of Profit and Loss	-		175.17	
Closing Balance		**5,061.53**		**5,061.53**
(c) Surplus in Statement of Profit and Loss				
Opening Balance	43,667.93		42,093.81	
Add : Profit for the Year	1,311.39		1,770.01	
Translation Movement	-		68.09	
Less : Appropriations				
Proposed Dividend	(73.79)		(73.79)	
Dividend Distribution Tax	(15.02)		(15.02)	
Transfer to General Reserve	-		(175.17)	
Closing Balance		**44,890.51**		**43,667.93**
(d) Other Components of Equity				
Remeasurements of the Employee Defined Benefit Plans	13.47		(14.72)	
Expected credit loss on fair valuation of financial assets	(311.70)		(311.70)	
Increase/(Decrease) in borrowing cost pursuant to application of effective interest rate method	(140.02)		(140.02)	
		(438.24)		**(466.44)**
Total (a)+(b)+(c)+(d)		**78,826.87**		**77,576.10**

Notes forming part of Financial Statements

2.17 Borrowings (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current Maturities	Non-Current	Current Maturities
Term Loans				
Secured:				
From Other Parties	4,558.60	1,440.93	2,465.23	3,093.80
Total	**4,558.60**	**1,440.93**	**2,465.23**	**3,093.80**

Notes for Long Term Borrowings From Banks and Financial Institutions
Term Loans from Financial Institutions:

(I) SREI Equipment Finance Limited: Secured by hypothecation of various equipments financed through the loan arrangements.

(ii) Mahindra & Mahindra Financial Services Limited : Secured by hypothecation of various movable assets financed through the loan arrangements.

Name of the Bank / Financial Institution	No. of Instalments Outstanding	Rate of Interest	Outstanding (₹ in Lakhs)	Repayment Terms/Period of Maturity
SREI Equipment Finance Limited	47	10.00%	4,100.84	Monthly May 22
Mahindra & Mahindra Financial Services Limited	27	11.26%	1,898.69	Monthly June 20

2.18 Trade Payables (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
For Supplies and Services	2,029.34	30,602.52	2,029.34	30,881.47
Retention Money Deposits	4,632.82	5,850.49	5,378.36	6,447.55
Others	1,588.83	3,573.96	1,380.50	3,518.27
Total	**8,250.99**	**40,026.97**	**8,788.20**	**40,847.29**

2.19 Other Financial Liabilitiess (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Borrowings	-	1,440.93	-	3,093.80
Interest Accrued and due on Borrowings	-	2,138.46	-	2,059.33
Unpaid Dividend Accounts	-	96.60	-	22.83
Payable to Related Parties	2.50	-	-	-
Other Payables	8,041.68	7,408.32	7,894.13	11,427.44
Total	**8,044.18**	**11,084.31**	**7,894.13**	**16,603.40**

2.20 Provisions (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits		
Gratuity	115.53	117.49
Compensated absences	60.03	28.77
Total	**175.56**	**146.26**

Notes forming part of Financial Statements

2.21 Other Non-Current Liabilities. (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	**Current**	**Non-Current**	**Current**
Mobilization Advance	21,938.15	5,982.14	14,837.93	11,079.27
Machinery Advance	-	316.26	-	412.49
Material Advance	8.72	2,118.92	69.36	3,162.35
Revenue Received in advance	-	12,798.35	-	12,709.27
Other Advances from Related Parties	-	27,495.90	-	21,075.65
Total	**21,946.87**	**48,711.57**	**14,907.29**	**48,439.03**

2.22 Borrowings. (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Loans repayable on demand		
Secured:		
From Banks	57,893.74	53,789.41
Total	**57,893.74**	**53,789.41**

Cash Credit/Overdraft facilities availed from banks are secured by:

a) First pari-passu hypothecation charge to all working capital banks in Multiple Banking Arrangement on all existing and future current assets

b) Second pari-passu on all the fixed assets of the Company both present and future.
These facilities carry an interest rate of 10% to 14% per annum

c) Outstanding balances as on March 31, 2018

(₹ in Lakhs)

Name of the Bank	As at March 31, 2018	As at March 31, 2017
ICICI Bank	25,213.44	20,578.47
United Bank of India	81.44	111.00
State Bank of India	4,848.95	5,179.20
Oriental Bank of Commerce	5,249.40	5,084.75
Kotak Mahindra Bank	5,044.43	5,123.16
IDBI Bank	7,848.19	7,577.70
Bank of India	4,414.63	4,432.66
AXIS Bank	5,193.26	5,702.47
	57,893.74	**53,789.41**

d) Details of delay in repayment of principal and interest to Banks and Financial Institutions as on March 31, 2018

Name of the Bank / Financial Institution	Principal (₹ in Lakhs)	Period of delay	Interest (₹ in Lakhs)	Period of delay
Bank of India	1,767.95	625 - 628 days	146.67	550 - 612 days
IDBI Bank	-	-	348.19	30 - 120 days
Oriental Bank of Commerce	-	-	249.40	31 - 121 days
ICICI Bank	-	-	3,652.51	547 - 608 days

2.23 Trade Payables (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
For Supplies and Services	30,602.52	30,881.47
Retention Money Deposits	5,850.49	6,447.55
Others	3,573.96	3,518.27
Total	**40,026.97**	**40,847.29**

Notes forming part of Financial Statements

2.24 Other Financial Liabilities (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long Term Borrowings	1,440.93	3,093.80
Interest Accrued and due on Borrowings	2,138.46	2,059.33
Unpaid Dividend Accounts	96.60	22.83
Other Payables	7,408.32	11,427.44
Total	**11,084.31**	**16,603.40**

2.25 Other Current Liabilities (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Revenue Received in advance	12,798.35	12,709.27
Mobilization Advance	5,982.14	11,079.27
Machinery Advance	316.26	412.49
Material Advance	2,118.92	3,162.35
Other Advances from Related Parties	27,495.90	21,075.65
Total	**48,711.57**	**48,439.03**

2.26 Provisions (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits		
Gratuity	9.81	8.95
Compensated absences	5.37	2.19
Other Provisions		
Provision for Taxation	3,465.55	1,265.00
Provision for Expenses	406.85	406.85
Provision for Others	870.63	870.63
Total	**4,758.21**	**2,553.62**

2.27 Revenue from Operations (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Income from Contracts and Services	65,156.99	67,496.17
Other Operating Income	1,236.36	1,811.07
Total	**66,393.35**	**69,307.24**

2.28 Other Income (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	179.43	464.44
Miscellaneous Income	2,031.85	1,263.55
Foreign Exchange Gain	-	204.59
Total	**2,211.28**	**1,932.58**

2.29 Cost of Materials Consumed and Work Expenses (₹ in Lakhs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Construction Materials, Stores and spares				
Opening Stock	3,427.21		2,517.02	
Add: Purchases	14,250.67		22,965.40	
Less : Closing Stock	3,685.88		3,427.21	
Total Consumption		**13,992.00**		**22,055.22**
Work Expenses		33,409.29		23,871.73
Total		**47,401.29**		**45,926.95**

Notes forming part of Financial Statements

2.30 Employee Benefits Expense (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries & Wages and Bonus	4,081.54	4,084.79
Contribution to provident and other funds	5.50	8.77
Staff Welfare Expenses	370.46	449.84
Total	**4,457.50**	**4,543.41**

2.31 Finance Cost (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense	8,450.99	8,509.71
Bank Guarantee Commission	862.07	1,315.92
Total	**9,313.06**	**9,825.63**

2.32 Other Expenses (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Rent	415.33	348.17
Rates & Taxes	114.03	266.52
Travelling Expenses	176.76	147.83
Security Expenses	230.53	271.35
Insurance Charges	93.58	350.54
Consultancy charges	231.14	286.64
Trade Receivables written off	2,434.97	-
Advances written off	734.66	1,604.04
Other Administrative Expenses	486.24	1,410.99
Foreign Exchange Loss	28.33	-
Total	**4,945.57**	**4,686.08**

Notes forming part of Financial Statements

2.33 Contingent Liabilities not provided for:

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Bank Guarantees**	21,015.85	18,740.00
2	Corporate Guarantees issued by the Company on behalf of its subsidiaries and others	26,000.00	36,000.00
3	Disputed Sales Tax (on appeal)	12,471.29	7,225.12
4	Income Tax demand contested in appeal	7,138.61	9,531.77
5	The Company is a party to legal suits on construction contract terms related disputes, pending before various courts in India as well as arbitration proceedings. It is not possible to make a fair assessment of the likely financial impact of these pending disputes / litigations until the cases are decided by the appropriate authorities	Amount not ascertainable	Amount not ascertainable

**on behalf of Subsidiaries and Joint Ventures

2.34 Remuneration to auditors:

(₹ in Lakhs)

S.No	Particulars	2017-18	2016-17
1	Statutory Audit Fee	8.00	22.00
2	Tax Audit Fee	2.00	3.00

2.35 Segmental Reporting:

The Company's operations predominantly consist of construction/project activities. Hence there are no reportable segments under Ind AS 108.

2.36 Disclosure in accordance with Ind AS 11 Construction contracts

(₹ in Lakhs)

	2017-18	2016-17
Contract revenue recognised	65,156,99	67,496.17
Aggregate of contract costs incurred and recognised profits (less recognised losses) up to the reporting date for Contracts in progress	413,116.57	350,208.91
Amount of advances received for contracts in progress	26,796.40	39,355.85
Amount of retention money for contracts in progress	11,695.00	2,363.96
Gross amount due from customers for contracts in progress	8,245.49	4,366.66

2.37 Micro & Small Enterprises: The Management has taken steps to identify the enterprises which have provided goods and services to the company and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31st March, 2018 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2018 to Micro and Small Enterprises is NIL. Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

2.38 Earnings per Share:

	Year ended March 31,2018	Year ended March 31, 2017
Net Profit after tax available for equity shareholders(₹ in Lakhs)	1,311.39	1,770.01
Weighted Average number of equity shares for Basic EPS (Nos)	7,37,94,940	7,37,94,940
Weighted Average number of equity shares for Basic EPS (Nos)	7,37,94,940	7,37,94,940
Face Value per Share (₹)	1.00	1.00
Basic and Diluted EPS * (₹)	1.78	2.40

*The Company has no dilutive instruments. As such Diluted Earnings per share equals to Basic Earnings per share.

Notes forming part of Financial Statements

2.39 List of Related Parties and Transactions:

I. Following are the list of related parties

S.No.	Particulars	
A.	**Subsidiaries**	
1	Madhucon Infra Limited	
2	Madurai – Tuticorin Expressways Limited	
3	Madhucon Mega Mall Private Limited	
4	Nama Hotels Private Limited	
5	Madhucon Heights Private Limited	
B.	**Step-down Subsidiaries**	
6	TN (DK) Expressways Limited	
7	Trichy - Thanjavur Expressways Limited	
8	ChhapraHajipur Expressways Limited	
9	Barasat-Krishnagar Expressways Limited	
10	Ranchi Expressways Limited	
11	Simhapuri Energy Limited	
12	Madhucon Toll Highways Limited	
13	Vijayawada-Machilipatnam Expressways Limited	
14	RajauliBakthiyapur Expressways Limited	
15	PT Madhucon Indonesia	
C.	**Associates**	
16	Madhucon Properties Limited.	
D.	**Enterprises where significant influence exists**	
17	Nama Investments Limited	
18	Madhucon Info Tech Limited	
19	Madhucon Land Developers Limited	
20	Madhucon Estates Limited	
21	Nama Properties Limited	
22	NNR Infra Investments Private Limited	
23	Rajanagaram Gas Power Private Limited	
24	Madhucon Stone Crushers Private Limited	
25	Madhucon Mineral Resources Limited	
26	Nama Energy Private Limited	
E.	**Joint Ventures**	
27	Madhucon Sino-Hydro JV	
28	MadhuconShreehariHule JV	
29	MPL SCCPL SSBBC JV	
F.	**Key Management Personnel:**	
30	Sri Nama Seethaiah	Managing Director
31	Sri K. Srinivasa Rao	Whole Time Director
32	Sri Md. Shafi	Director
G.	**Relatives of Key Management Personnel**	
33	Sri Nama Krishnaiah	
34	Sri Nama Nageswara Rao	
35	Sri Nama Rama Rao	

Notes forming part of Financial Statements

(II) Related party transactions during the year

(₹in Lakhs)

	2017-18	2016-17
Revenue from Contracts and Services		
Step-down subsidiaries	25,496.73	27,198.89
Jointly Controlled/entities and ventures	9,686.51	3,519.90
Rent Paid		
Key Management Personnel	-	58.37
Remuneration		
Key Management Personnel	114.00	110.00
Loans/Advances Given		
Subsidiaries	1,858.52	69.66
Step-down subsidiaries	20.87	27.56
Associates	0.46	0.44
Enterprises owned or significantly influenced by key management personnel or their relatives	3.65	341.72
Loans/Advances Received		
Subsidiaries	-	51,583.39
Step-down subsidiaries	621.79	2,800.00
Jointly Controlled/entities and ventures	646.41	25.83
Retention Money		
Step-down subsidiaries	1,509.89	1,725.94
Jointly Controlled/entities and ventures	503.11	156.02
Mobilisation Advance Recovered		
Step-down subsidiaries	5,052.81	14,572.95

(III) Related Party balances outstanding at the end of the year

(₹in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Trade Receivables		
Subsidiaries	525.46	615.55
Step-down subsidiaries	16,539.44	9,190.76
Jointly Controlled/entities and ventures	57.46	34.95
Outstanding Receivables		
Subsidiaries	7,565.89	19,634.80
Step-down subsidiaries	10,353.69	6,580.90
Jointly Controlled/entities and ventures	3,565.10	1,682.20
Key Management Personnel	25.89	23.06
Enterprises owned or significantly influenced by key management personnel or their relatives	9,287.22	4,863.25
Outstanding Payables		
Associates	401.37	401.83
Step-down subsidiaries	53,415.63	25,073.44
Jointly Controlled/entities and ventures	2,026.20	1,379.79
Key Management Personnel	187.81	262.89
Enterprises owned or significantly influenced by key management personnel or their relatives	483.07	1,908.36

Notes forming part of Financial Statements

(₹in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Corporate Guarantees		
Subsidiaries	26,000.00	31,000.00
Step-down subsidiaries	-	5,000.00
Bank Guarantees		
Step-down subsidiaries	11,730.00	11,730.00
Jointly Controlled/entities and ventures	9,285.85	7,010.00

2.40 Figures for the previous year have been regrouped/re-classified to conform to the figures of the current year.

In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts



CONSOLIDATED FINANCIAL STATEMENTS

2017-2018

INDEPENDENT AUDITOR'S REPORT

To the Members of

MADHUCON PROJECTS LIMITED

Report on the Consolidated Ind AS financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **MADHUCON PROJECTS LIMITED** (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') which comprise the Consolidated Balance Sheet as at March 31,2018,the Consolidated Statement of Profit and Loss (including the statement of other comprehensive income), the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Ind AS financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated Ind AS financial position, consolidated Ind AS financial performance (including other comprehensive income), consolidated statement of Cash Flows and consolidated Statement of Changes in Equity of the Group including its subsidiaries in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

The independent auditors of certain subsidiaries have qualified their audit report on the financial statement for the year ended March 31, 2018 reproduced by us here under:

I) Due to termination of the Project allotted by National Highway Authority of India NHAI to Barasat-Krishnanagar Expressways Limited ('BKEL'), which is a Subsidiary to the Company, Going Concern Assumption is not appropriate and Financial Statements have been drawn accordingly. Cost incurred on the Project up to March 31, 2018 Rs. 57,362.99 Lakhs instead of writing off, has been accounted as NHAI claims receivable under the head “other current assets” which is in contravention of the provisions of Ind AS 37 (Provisions ,Contingent Liability and Contingent Assets) claims being contingent asset in nature. This has resulted in overstatement of Current Assets Rs. 57,362.99 lakhs and understatement of loss for the year by Rs. 370.19 lakhs and cumulative loss by Rs. 57,362.99 lakhs.

ii) As the project of the Rajauli-Bakhtiyarpur Expressways Limited ('RBEL'), which is a subsidiary to the company has been foreclosed with mutual consent, cost incurred on the project up to March 31, 2018 Rs. 815.39 lakhs instead of writing-off, has been accounted as claims receivables under the head "Other Current Assets" which is contravention of the provisions of Indian Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in overstatement of Current Assets Rs. 815. 39 lakhs and understatement of cumulative loss by the same amount.

iii) The termination of the concession agreement and pending settlement of the claim by NHAI till date indicate the existence of a material uncertainty that cast significant doubt about the ability of Vijayawada-Machilipatnam Expressways Limited ('VMEL'), which is a subsidiary to the company to continue as going concern.

iv) a) The management of Simhapuri Energy Limited, which is a subsidiary to the company has reversed an amount of Rs. 15,188.17/- Lakhs viz Rs. 4,754.91/- Lakhs in respect of PTC India Limited, Rs. 4,257.75/- Lakhs in respect of Telangana State Power Corporation Committee (TSPCC), Rs. 5,616.15/- Lakhs in respect of Sree Nagendra Constructions and Rs. 559.34/- Lakhs in respect of M/s. Meenakshi Energy Limited which pertains to FY 2015-16 and earlier years, being the amounts remaining unrealized, in case of Trade Receivables and advances given, written off as Bad debts. No sufficient and appropriate audit evidence was obtained regarding such write off.

b) Simhapuri Energy Limited, which is a subsidiary to the company has defaulted in repayment of dues to Banks/Financial Institutions. Borrowings from banks and financial institutions have been classified as Non Performing Assets by the lenders.

v) a) Madhucon Infra Limited, which is a subsidiary to the company has defaulted in repayment of dues to Banks/Financial Institutions. Borrowings from banks and financial institutions have been classified as Non Performing Assets by the lenders. During the year under review, no provision have been made for unapplied interest on account of NPA which is not in accordance with the generally accepted accounting principles.

b) Madhucon Infra Limited has defaulted in repayment of 12% Non-Convertible Debentures and also not provided any provision for interest which is not in accordance with the generally accepted accounting principles.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures referred to below in Other Matters paragraph, except for the possible effects of the matters described in the above five paragraphs, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31 March 2018, and their consolidated loss, consolidated total comprehensive income, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter Paragraph:

i) The carrying value of investments held in and unsecured loans and advances given by the company to its subsidiaries, which have been incurring losses and in some of these companies, net worth was fully or substantially eroded. Taking into account the management's internal assessment and initiatives to be implemented to improve the profitability in the medium to long run, the management of the company is of the view that carrying value of the investments and loans and advances are realizable at the value stated in the books.

ii) **Note No. 2.41 (i)** to the financial Statements,in relation to Madhucon Mega Mall Private Limited (MMMPL) a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land taken from Telangana Housing Board (Formerly known as Andhra Pradesh Housing Board) ("the Board") at Kukatpally in Hyderabad. The Board issued Letter of revoking the Power of Attorney and resumption of Land. The Company got a Status Quo Order from Court and the case is pending in the Court. Taking in to Account the Constitution of and visit made by cabinet subcommittee of Telangana Government, Management Internal Assessment and Legal Opinion Obtained, management of the Company is confident in succeeding the case and Financials are prepared on going concern basis.

iii) **Note No. 2.41(ii)** to the financial Statements, the outstanding loans and advances which were granted to Nama Investments Limited and NNR Investments Private Limited in which the company's directors have interest are realizable at the carrying values in the books of accounts though both these companies have been incurring losses and accumulated losses exceeded the net worth of these companies for the reasons stated. Accordig to the books of accounts and explanations given to us, the closing balance as at 31st March, 2018 with respect to Nama Investments Limited and NNR Investments Limited are Rs.4189.75/- Lakhs and Rs.511.98/- Lakhs respectively. Hence no interest has been considered for current Financial year.

iv) During the FY 2017-18 the management of the company has made provision for Corporate Social Responsibility (CSR) expenditure which is pertaining to the previous financial year i,e., 2016-17)

v) **Note No. 2.41(iii)** to the financial Statements, "Barasat - Krishnagar Expressways Limited"(BKEL), a Subsidiary Company entered into an Agreement with NHAI, for developing road project in West Bengal State. The Construction Work is delayed due to pending approvals and rights of way to be provided by NHAI. BKEL had issued notice for termination of the Projects to NHAI on 31st December 2015. BKEL and NHAI entered into a Supplementary Agreement to the 'Concession Agreement dated 20th June,2011' on 2nd May,2016 for inclusion of the clause of 'Society for Affordable Redressal of Disputes' (SAROD) Committee

for Arbitration. NHAI had also issued notice for the termination of the Project vides its Letter dated 3rd May 2016 and BKEL had replied that the Notice is not valid. Both BKEL and NHAI appointed Arbitrators. The Arbitration proceedings commenced on 21st July, 2016. However, the period of 18 months from the date of reference (08th June, 2016) has elapsed on 07th December 2017. But the matter has still not been adjudicated upon. In terms of section 20-A of the Act, mandate of the present Arbitral Tribunal stands expired due to efflux of time on 07th December 2017. We have requested NHAI to take appropriate steps for continuation of Arbitration proceedings. Since there is no response from NHAI, BKEL has approached the Honorable High Court. "

As the Borrowings from Secured lenders have been declared as Non-Performing Asset by the Lender, interest on related borrowings have not been accounted for.

vi) **Note No 2.41 (iv)** to the Financial Statements, that the Project of Rajauli-Bakthiyarpur Expressways Limited ('RBEL'), a subsidiary company has been foreclosed with mutual consent, therefore, going concern assumption is not appropriate and Financial Statements of RBEL have been drawn accordingly.

vii) **Note No.2.41 (v)** to the Financial Statements, "Vijayawada-Machilipatnam Expressways Limited (VMEL), which is a subsidiary to the Company, was incorporated under the Companies Act, 1956, on the 28th Day of November, 2011 as a Special Purpose Vehicle for undertaking the work of Four Laning of Vijayawada-Machilipatnam Section of NH-9 from Km.0.000 to Km.63.800 in the State of Andhra Pradesh on Design, Build, Finance, Operate, Maintain and Transfer –DBFOT(Toll) Basis, under NHDP Phase III . This project was awarded by National Highway Authority of India (NHAI). The Company was to hand over the Project Highway to NHAI on the expiry of the Concession Period of 20 years. NHAI has not provided 80% of the Land. Later the agreement for the said project was terminated by NHAI.

In view of the above circumstances, the Project was terminated; Expenses incurred on the Project have been Charged-off to the Statement of Profit and Loss. The Company is not confident of discharging it's liabilities in the normal course of business from the available funds.

viii) "Chhapra- Hajipur Expressways Limited (CHEL), which is a subsidiary to the Company, was incorporated under the Companies Act, 1956, on the 02nd Day of June, 2010 as a Special Purpose Vehicle for design, build, operate, finance and transfer of 4 laning of Chhapra- Hajipur section of NH-19 from Kilometres 143.200 to kilometres 207.200 in the state of Bihar on annuity basis for a Concession Period of 15 years (2.5 years of construction period and 12.5 years of operating period).

The contract was awarded by NHAI. The company shall hand over project to the NHAI on expiry of concession period. The concession agreement, on execution, will entitle the company to take a fixed sum of annuity for every 6 months, in arrears, starting from the date of commencement of commercial operations (COD) from NHAI. The construction work is in Progress.

Our Opinion is not modified in respect of these matters.

Other Matter Paragraph:

We did not audit the financial statement and other financial information of nine subsidiaries included in the statement, whose financial statements together comprise total assets of Rs. 4,94,729 Lakhs as at March 31, 2018, total revenue of Rs. 68,363 Lakhs, total loss of Rs.10,282 Lakhs and the total comprehensive income of Rs. 10,299 Lakhs for the year then ended. The financial statements and other financial information including comparative figures of the earlier years of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the Management, and our audit opinion in the consolidated financial results, to the extent they have been derived from such financial statement is solely based on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

   b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

   c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Statement of Cash Flow and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

   d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the relevant rules issued there under.

   e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

g. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations if any on its consolidated financial position in its consolidated financial statements.

ii. The Group has made provision, as required under applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. The Holding Company has not complied with the provisions of section 124(5) of the Companies Act, 2013 regarding the remittance of unpaid dividend of FY 2008-09 amounting to Rs. 2,16,049.60 and FY 2009-10 Rs. 2,45,028.80 to Investor Education and Protection Fund (IEPF) within the stipulated period.

For P. Murali& Co,
Chartered Accountants,
FRN No: 007257S

A Krishna Rao
Partner
M.No:02008

Place: Hyderabad
Date: 28.05.2018

ANNEXURE 'A'TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF MADHUCON PROJECTS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated Ind AS financial statements of **MADHUCON PROJECTS LIMITED** as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of MADHUCON PROJECTS LIMITED (hereinafter referred to as the 'Holding Company'), and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Covered entities are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Covered entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Covered entities, which are companies incorporated in India and outside India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Covered entities considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For P. Murali& Co,
Chartered Accountants,
FRN No: 007257S

A Krishna Rao
Partner
M.No:02008

Place: Hyderabad
Date: 28.05.2018

Madhucon Projects Limited

Consolidated Balance Sheet as at March 31, 2018

(₹ in Lakhs)

	Note No.	As at March 31, 2018		As at March 31, 2017	
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	2.1	327,998.91		342,771.11	
Capital Work-in-Progress	2.1	15,041.41		136,332.91	
Investment Properties		81.56		38.77	
Financial Assets					
Investments	2.2	53.58		45.70	
Trade Receivables	2.3	-		2,434.98	
Loans	2.4	596.09		748.74	
Others Financial Assets	2.5	220,752.47		200,596.57	
Deferred Tax Assets (Net)	2.36	2,301.81		-	
Other Non-Current Assets	2.6	23,590.51		38,054.45	
Total Non-Current Assets			**717,511.35**		**736,060.00**
Current Assets					
Inventories	2.7	10,002.53		6,530.40	
Financial Assets					
Investments	2.8	57.11		57.51	
Trade Receivables	2.9	3,115.38		21,028.25	
Cash and Cash Equivalents	2.10	4,398.66		6,348.35	
Bank Balances other than above	2.11	1,064.12		1,435.22	
Loans	2.12	4,866.30		3,229.79	
Others Financial Assets	2.13	25,190.71		27,271.75	
Current Tax Asset (Net)		6,469.53		1,975.32	
Other Current Assets	2.14	16,521.65		18,999.86	
Total Current Assets			**71,685.99**		**86,876.45**
Total Assets			**789,197.34**		**822,936.45**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	2.15	740.32		740.32	
Other Equity	2.16	(177,495.81)		(82,921.26)	
Less : Profit / (Loss) from Associates		-		(9.73)	
Equity Attributable to Shareholders of the Company			**(176,755.49)**		**(82,190.67)**
Non-Controlling Interests			(806.13)		11,148.34
Total Equity			**(177,561.62)**		**(71,042.33)**
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
Borrowings	2.17	451,636.11		476,402.99	
Trade Payables	2.18	8,318.19		10,903.15	
Other Financial Liabilities	2.19	1,643.69		1,214.22	
Provisions	2.20	9,350.54		7,729.57	
Deferred Tax Liabilities (Net)	2.36	5.03		134.68	
Other Non-Current Liabilities	2.21	9,545.05		4,856.89	
Total Non-Current Liabilities			**480,498.61**		**501,241.50**
Current Liabilities					
Financial Liabilities					
Borrowings	2.22	153,350.39		139,538.59	
Trade Payables	2.23	56,897.02		57,323.00	
Other Financial Liabilities	2.24	171,974.59		111,348.29	
Other Current Liabilities	2.25	74,096.86		57,724.94	
Provisions	2.26	23,929.96		21,485.66	
Current Tax Liabilities (Net)		6,011.53		5,316.80	
Total Current Liabilities			**486,260.35**		**392,737.28**
Total Equity and Liabilities			**789,197.34**		**822,936.45**

The accompanying notes are an integral part of the consolidated financial statements
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Madhucon Projects Limited

Consolidated Statement of Profit and Loss for the Year ended March 31, 2018

(₹ in Lakhs)

	Note No.	Year ended March 31, 2018		Year ended March 31, 2017	
Revenue					
Revenue from Operations	2.27	103,546.55		157,641.67	
Other Income	2.28	4,820.25		2,538.89	
Total Revenue			**108,366.80**		**160,180.56**
Expenses					
Cost of Materials and Work Expenses	2.29	71,154.83		109,864.16	
Changes in inventory and work-in-progress		(3,753.17)		416.64	
Employee Benefits Expense	2.30	4,505.99		4,731.90	
Finance Costs	2.31	83,477.19		75,090.49	
Depreciation and amortization expense	2.1	24,876.77		26,924.52	
Other Expenses	2.32	29,087.26		6,174.71	
Total Expenses			**209,348.87**		**223,202.42**
Profit before Exceptional and Extraordinary Items and Tax			**(100,982.07)**		**(63,021.86)**
Exceptional Items			-		-
Share of Loss from Associate Company			-		(0.15)
Profit Before Tax			**(100,982.07)**		**(63,022.01)**
Tax Expense					
(I) Current Tax		-		1,265.00	
(ii) Adjustment of Tax relating to earlier periods		(1,937.22)		-	
(ii) Deferred Tax		(2,431.46)		129.65	
			(4,368.68)		**1,394.65**
(Loss) / Profit for the Year			**(96,613.39)**		**(64,416.66)**
Attributable to					
Shareholders of the Company			(86,583.66)		(72,477.58)
Non-Controlling Interests			(10,029.72)		8,060.92
Other Comprehensive Income					
(a) Re-Classification of Employee Defined Benefit Obligation			30.52		6.67
(b) Exchange differences on translation			375.98		-
Other Comprehensive Income for the Year			**406.50**		**6.67**
Total Comprehensive (Loss) / income for the year			**(96,206.89)**		**(64,409.99)**
Attributable to					
Shareholders of the Company			**(86,231.94)**		**(72,470.91)**
Non-Controlling Interests			**(9,974.95)**		**8,060.92**
Earnings per share of Face Value of ₹ 1 each					
Basic and Diluted			(117.33)		(98.21)

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In terms of our report attached

For P. Murali & Co.
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A. Krishna Rao
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Membership Number 020085

Place: Hyderabad
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Prasanna Pai
Chief General Manager
Finance & Accounts

Statement of Changes in Equity for the Year ended March 31, 2018

a) Equity Share Capital

(₹ in Lakhs)

	Number of Shares	Amount
Balance as at April 01, 2016		
Equity Share Capital	73,794,940	737.95
Forfeited Shares Amount originally paid up		2.37
	73,794,940	**740.32**
Add : Issue of Share Capital	-	-
Balance as at March 31, 2017	**73,794,940**	**740.32**
Add : Issue of Share Capital	-	-
As at March 31, 2018	**73,794,940**	**740.32**

b) Other Equity

(₹ in Lakhs)

	Reserves and Surplus				Other	Equity	Non-
	Securities	General Reserve	Retained Earnings	Reserves on Consoli-dation	Items of other Comprehe-nsive Income	attributable to the shareholders of the Company	Contro lling Interests
Opening Balance as at April 01, 2016	29,313.07	4,886.36	(72,953.31)	9,863.73	(716.69)	(29,606.84)	16,484.66
(Loss) / Profit for the year			(72,477.58)			(72,477.58)	8,060.92
Transfer to General Reserve		175.17	(175.17)			-	
Dividend (Inclusive of Tax on Dividend)						-	
Other comprehensive income / (loss) for the year, net of tax					251.44	251.44	
Adjustments on account of Consolidation				19,352.73		19,352.73	(13,397.24)
Other Movement			(441.01)			(441.01)	
Closing Balance as at March 31, 2017	**29,313.07**	**5,061.53**	**(146,047.07)**	**29,216.46**	**(465.25)**	**(82,921.26)**	**11,148.34**
(Loss) / Profit for the year			(86,583.66)			(86,583.66)	(10,029.72)
Dividend (Inclusive of Tax on Dividend)			(88.81)			(88.81)	
Transfer to Reserves			5,121.75	(5,121.75)		-	
Adjustments on account of Consolidation			-	(7,984.21)		(7,984.21)	(1,979.53)
Other comprehensive income / (loss) for the year, net of tax					82.13	82.13	54.78
Closing Balance as at March 31, 2018	**29,313.07**	**5,061.53**	**(227,597.79)**	**16,110.50**	**(383.12)**	**(177,495.81)**	**(806.13)**

The accompanying notes are an integral part of the consolidated financial statements

In terms of our report attached

For P. Murali & Co.
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FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
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Madhucon Projects Limited

Consolidated Cash Flow Statement for the Year ended March 31, 2018

(₹ in Lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
A	**Cash flow from operating activities**		
	(Loss) / Profit before tax	**(100,982.07)**	**(63,021.86)**
	Adjustments for:		
	Depreciation and amortisation expense	24,876.77	26,924.52
	Dividend Income	(1.51)	(1.74)
	Interest Income	(254.46)	(625.17)
	(Profit) / Loss on sale of Assets	(113.06)	-
	Finance costs	83,477.19	75,090.49
		107,984.93	**101,388.10**
	Operating Profit Before Working Capital Changes	**7,002.86**	**38,366.24**
	Change in Working Capital		
	(Increase)/decrease in Trade Receivables	20,347.84	19,538.56
	(Increase)/decrease in Inventories	(3,472.14)	5,428.32
	(Increase)/decrease in Other Financial Assets	(24,650.05)	(16,685.84)
	(Increase)/decrease in Other Current and Non-Current Assets	12,447.94	(46,486.59)
	Increase/(decrease) in Loans	(1,483.89)	17,039.83
	Increase/(decrease) in Trade Payables	(3,010.95)	(41,403.74)
	Increase/(decrease) in Other Financial Liabilities	22,542.95	62,899.15
	Increase/(decrease) in Other Current and Non-Current Liabilities	27,356.27	35,156.65
	Cash generated from operations	**57,080.83**	**73,852.58**
	Income taxes paid	5.46	5,512.59
	Net cash from operating activities	**57,075.37**	**68,339.99**
B	**Cash flows from investing activities**		
	Purchase of Property, Plant and Equipment including CWIP	(2,306.80)	9,025.41
	Proceeds from Sale of Property, Plant and Equipment	1,505.77	-
	Purchase of Investments	-	6.76
	(Increase) / decrease in other bank balances	358.88	1,064.68
	Dividend Received	1.51	1.74
	Interest Received	254.46	625.17
	Net cash used in investing activities	**(186.18)**	**10,723.76**
C	**Cash flows from financing activities**		
	Proceeds/(Repayment) of long term borrowings	10,826.51	25,346.16
	Proceeds from short term borrowings (net)	13,811.80	(36,114.18)
	Interest paid	(83,477.19)	(75,090.49)
	Net cash used in financing activities	**(58,838.88)**	**(85,858.51)**
	Net increase/(decrease) in cash and cash equivalents	**(1,949.69)**	**(6,794.76)**
	Cash and cash equivalents at the beginning of the financial year	6,348.35	13,143.11
	Cash and cash equivalents at end of the year	**4,398.66**	**6,348.35**
	Reconciliation of cash and cash equivalents as per the Balance Sheet		
	Cash and cash equivalents	4,398.66	6,348.35
	Cash and cash equivalents at end of the year	**4,398.66**	**6,348.35**

The accompanying notes are an integral part of the consolidated financial statements
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
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Notes forming part of Consolidated Financial Statements

Significant accounting policies:

1.1 Statement of compliance

The financial statements of the Group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time)

1.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair value in accordance with Indian Accounting Standards (Ind AS) and the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015(as amended from time to time). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of fair values:

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.3 Presentation of financial statements

The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Consolidated statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

Basis of consolidation:

The consolidated financial statements of the Group comprise the financial statements of the Madhucon Projects Limited ("Parent Company") and its subsidiaries and associates ("the Group") as at March 31, 2018.

Subsidiaries:

Entity which is directly or indirectly controlled by Parent Company is treated as subsidiary. Control exists when the Parent Company, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The Parent Company starts consolidation of a subsidiary when it obtains control over the subsidiary (directly or indirectly) and ceases which it loses control (directly or indirectly) of the subsidiary.

Associates:

Associates are all entities over which the Parent Company has significant influence but has no control. This is generally the case where the Parent Company directly or indirectly holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Consolidation procedure:

(a) The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Parent Company.

(b) The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

Notes forming part of Consolidated Financial Statements

(c) The consolidated financial statements of the Group combines the financial statements of Parent Company and its subsidiaries on line by line basis by adding together the like items of assets, liabilities, equity, income and expenses.

(d) Unrealised profits/losses on intra-group transactions, Intra-group assets, liabilities, income and expenses are eliminated in consolidation. Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated in consolidation.

(e) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(f) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned directly or indirectly by Parent Company.

1.4 Cash Flow Statement:

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

i. Changes during the period in inventories and operating receivables and payables and transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and

iii. All other items for which the cash effects are investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Group is segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

1.5 Use of Accounting Estimates:

The preparation of the consolidatedfinancial statements requires that the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

1.6 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition including any directly attributable expenditure on making the asset ready for its intended use, attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

On transition to Ind AS, the Group has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2015 of its Property, Plant and Equipment and use that carrying value as the deemed cost of the Property, Plant and Equipment on the date of transition i.e. 1 April 2015.

1.7 Non - current assets held for sale and discontinued operations:

Non – current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non – current assets and disposal groups are classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit / loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Group that either has been disposed off, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co – ordinate plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

An entity shall not depreciate (or amortise) a non – current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Notes forming part of Consolidated Financial Statements

1.8 Intangible Assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

On transition to Ind AS, the Group has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2015 of its Intangible Assets and used that carrying value as the deemed cost of the Intangible Assets on the date of transition i.e. 1 April 2015.

1.9 Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

1.10Toll Projects (Right to charge users):

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue from the users of the public service (road) during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Group. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities is reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

1.11 Depreciation/ Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on Property, Plant and equipment has been provided on Straight-Line method in accordance with the Schedule II of the Companies Act, 2013, based on the useful life estimated on the technical assessment as in force and proportionate depreciation are charged for additions/deletions during the year. In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

1.12 Impairment of Assets:

At the end of each accounting year, the Group reviews the carrying amounts of Intangible assets and property, plant and equipment whether there is any indication that those assets have suffered an impairment loss.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined at the higher of the fair value less cost to sell and the value in use in case of an individual asset and at higher of the cash generating unit's (CGU) net selling price and the value in use.

Impairment loss is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset or CGU is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

1.13 Financial instruments:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at transaction values and where such values are different

Notes forming part of Consolidated Financial Statements

from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a. Financial Assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

Financial Assets at Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets Measured at Fair Value

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within

a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in case where the Group has made an irrevocable selection based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. In any other case, financial asset is fair valued through profit and loss.

Impairment of Financial Assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assetswhich are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

De-recognition of Financial Assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

b. Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

Notes forming part of Consolidated Financial Statements

De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

c. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

1.14 Investment property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal.

Any gain or loss arising on de-recognition of the property is included in profit or loss in the period in which the property is derecognised.

1.15 Inventories:

Raw Materials:

Raw Materials, construction materials and stores & spares are valued at weighted average cost or net realisable value, whichever is lower. Cost includes all charges in bringing the materials to the place of usage, excluding refundable duties and taxes.

Work in Progress:

Work-in-Progress is valued at the contracted rates less profit margin / estimates.

1.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.17 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment are allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments are disclosed as un allocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment and all other assets and liabilities are disclosed as un allocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

1.18 Provisions, Contingent Liabilities and Contingent Assets:

The Group recognises provisions when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources.

Contingent assets are disclosed in the financial statements when flow of economic benefit is probable.

1.19 Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in

relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly,

Notes forming part of Consolidated Financial Statements

2. its liabilities, including its share of any liabilities incurred jointly,

3 its revenue from the sale of its share arising from the joint operation,

4. its share of the revenue from the joint operations, and

5. its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues, and expenses.

1.20 Revenue Recognition

Revenue from Sale of goods:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the sale of power is recognised when an entity sells the power. Revenue from sales is based on the price specified in the power purchase agreements, net of the estimated discounts at the time of sale. Accumulated experience is used to estimate and provide for the discounts. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Revenue from Rendering of services:

Revenue from sale of services is recognized as per the terms of the contract with customers based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably. Percentage of completion method requires Group to estimate the services performed to date as a proportion of the total services to be performed.

Revenue from Toll & Annuity projects:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

Revenue from construction contracts:

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

1. **Cost plus contracts:** Revenue from cost plus contracts is determined with reference to the recoverable costs incurred during the period and the margin as agreed with the customer.
2. **Fixed price contracts:** Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable that such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

i. the amount of revenue can be measured reliably;

ii. it is probable that the economic benefits associated with the contract will flow to the Group;

iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and

iv. the costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

Notes forming part of Consolidated Financial Statements

1.21 Other income:

a) **Dividend Income:** Dividend income from Investments is recognised when the shareholder's right to receive payment has been established.

b) **Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

c) **Lease Income:**Lease agreements where the risk and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operation leases. Lease rentals are recognized on straight – line basis as per the terms of the agreements in the statements of profit and loss.

1.22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

1.23 Claims

Claims against the Group not acknowledged as debts are disclosed under contingent liabilities. Claims made by the Group are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

1.24 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Uncalled liability on shares and other investments partly paid

c) Funding related commitment to subsidiary, associate and joint venture companies and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.25 Foreign exchange translation and foreign currency transactions:

The functional currency and presentation currency of the Group is the Indian rupee.

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

The exchange difference on restatement of long term receivables / payables from / to foreign operations that are considered as net investments in such operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate.

1.26 Employee Benefits:

Provident fund is defined Contribution scheme and contributions are charged to profit and loss account of the year when the contributions to the respective funds are due. Other retirement benefits such as Gratuity, leave encashment etc., are recognized on basis of an Actuarial Valuation.

1.27 Borrowing Costs:

Borrowing costs include interest expense calculated using the effective interest method and finance charges in respect of assets acquired on finance lease.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are included in the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Notes forming part of Consolidated Financial Statements

1.28 Taxation

Income tax expense represents sum of the tax currently payable and deferred tax

Current Tax: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

1.29 Leases:

The Group's leasing arrangements are mainly in respect of operating leases for premises and construction equipment.

These leasing arrangements range from 11 months to 10 years generally and are usually cancellable / renewable by mutual consent on agreed terms. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

1.30 Fair value measurement

The Group measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. In the principal market for the asset or liability, or

b. In the absence of principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.31 Earnings per Share:

Basic earnings per equity share are computed by dividing the net profit or loss for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

Madhucon Projects Limited

Notes forming part of the consolidated financial statements

2.1 Property, Plant, Equipment and Capital Work-in-Progress

(₹in Lakhs)

Particulars	Land	Buildings	Plant & Machinery	Tippers & Trucks	Vehicles	Centering Materials	Temporary Structures	Furniture & Fixtures	Office Equipment	Computers	Total	Capital Work-In-Progress
Cost												
As at April 01, 2016	11,489.56	70,642.06	329,770.10	11,285.97	2,355.93	1,999.09	3,137.80	1,297.21	69.37	554.06	432,601.15	15,069.54
Additions	11.13	134.73	420.23	2,114.39	109.48	116.79	41.45	62.35	69.37	42.34	3,122.26	166.93
Disposals / Adjustments	(111.60)	(1,858.24)	(9,360.41)	(438.34)	(19.96)						(11,788.55)	(199.70)
As at March 31, 2017	**11,389.09**	**68,918.55**	**320,829.92**	**12,962.02**	**2,445.45**	**2,115.88**	**3,179.25**	**1,359.56**	**138.74**	**596.40**	**423,934.86**	**15,036.77**
Additions	-	-	475.83	935.57	350.72	80.78	248.78	43.22	27.56	49.26	2,211.72	52.34
Disposals / Adjustments	(82.81)	(6.47)	(6,324.81)	(809.88)	(75.56)	-	-	(12.87)	(0.21)		(7,312.61)	(47.70)
As at March 31, 2018	**11,306.28**	**68,912.08**	**314,980.94**	**13,087.71**	**2,720.61**	**2,196.66**	**3,428.03**	**1,389.91**	**166.09**	**645.66**	**418,833.97**	**15,041.41**
Depreciation												
As at April 01, 2016	-	2,623.59	43,088.60	10,276.29	1,535.22	1,974.97	2,419.79	821.57	27.62	376.50	63,144.15	-
Depreciation	-	3,226.75	14,551.27	861.52	194.20	33.32	42.21	109.64	27.51	16.09	19,062.51	-
Disposals / Adjustments	-	-	(687.33)	(407.45)	(26.77)	-	-	0.09	0.56	77.99	(1,042.91)	-
As at March 31, 2017	**-**	**5,850.34**	**56,952.54**	**10,730.36**	**1,702.65**	**2,008.29**	**2,462.00**	**931.30**	**55.69**	**470.58**	**81,163.75**	-
Depreciation	-	2,922.14	11,485.84	567.12	334.86	-	711.78	141.34	30.96	112.76	16,306.80	-
Disposals	-	(0.60)	(5,929.22)	(688.10)	(14.48)	-	-	(3.09)	-	-	(6,635.49)	-
As at March 31, 2018	**-**	**8,773.08**	**74,367.60**	**11,985.58**	**2,051.99**	**2,008.29**	**3,173.78**	**1,075.73**	**86.65**	**583.34**	**90,835.06**	-
Net Block												
As at 31 March 2017	11,389.09	63,068.21	263,877.38	2,231.66	742.80	107.59	717.25	428.26	83.05	125.82	342,771.11	15,036.77
As at March 31, 2018	**11,306.28**	**60,139.00**	**240,613.34**	**1,102.13**	**668.62**	**188.37**	**254.25**	**314.18**	**79.44**	**62.32**	**327,998.91**	**15,041.41**

2.1a Intangible Assets

(₹ in Lakhs)

Particulars	Software	Carriage Way	Total
Cost			
As at April 01, 2016	39.89	166,883.61	166,923.50
Additions	0.66		0.66
Disposals / Adjustments	-	(15,262.63)	(15,262.63)
As at March 31, 2017	**40.55**	**151,620.98**	**151,661.53**
Additions	0.32	-	0.32
Disposals / Adjustments	-	(777.90)	(777.90)
As at March 31, 2018	**40.87**	**150,843.08**	**150,883.95**
Depreciation			
As at April 01, 2016	12.27	7,454.34	7,466.61
Depreciation	11.70	7,850.31	7,862.01
Disposals / Adjustments	-	-	-
As at March 31, 2017	**23.97**	**15,304.65**	**15,328.62**
During the Year	10.91	8,559.06	8,569.97
Disposals / Adjustments	-	(109.65)	(109.65)
As at March 31, 2018	**34.88**	**23,754.06**	**23,788.94**
Net Block			
As at March 31, 2017	16.58	136,316.33	136,332.91
As at March 31, 2018	**5.99**	**127,089.02**	**127,095.01**

Notes forming part of Consolidated Financial Statements

2.2 Investments

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
1) Investment in Equity Instruments		
(i) Subsidiaries:		
In Shares of ₹ 10 each, fully paid up (otherwise specified)		
Madhucon Natural Resources Limited (Singapore) Shares of S$ 1/-each	0.21	0.21
(ii) Associates:		
In Shares of ₹ 10 each, fully paid up (otherwise specified)		
Madhucon Agra Jaipur Expressways Limited	3.12	3.12
Madhucon Properties Limited	-	(7.88)
(iii) Others:		
In Shares of ₹ 10 each, fully paid up (otherwise specified)		
Rajanagaram Gas Power Private Limited	48.81	48.81
Canara Bank Limited	1.44	1.44
Total	**53.58**	**45.70**

2.3 Trade Receivables

(₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Un Secured, Considered good				
- From Others	-	3,115.38	2,434.98	21,028.25
Total	**-**	**3,115.38**	**2,434.98**	**21,028.25**

2.4 Loans

(₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Un Secured, Considered good				
Security Deposit	596.09	164.56	748.74	144.86
others	-	4,701.74	-	3,084.93
Total	**596.09**	**4,866.30**	**748.74**	**3,229.79**

2.5 Other Financial Assets

(₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Unsecured, considered good				
Bank Deposits with maturity more than 12 months	890.71	-	878.48	-
Earnest Money Deposits	500.36	-	841.56	-
Retention Money Deposit	1,398.50	-	898.20	-
Receivable under service concession arrangements	210,665.05	-	189,400.60	-
Advances Recoverable	7,297.85	-	8,577.73	-
Receivable From Others	-	18,053.08	-	20,393.46
Receivable From NHAI	-	4,488.80	-	4,558.03
Retention Money Deposit	-	2,648.83	-	2,320.26
Total	**220,752.47**	**25,190.71**	**200,596.57**	**27,271.75**

Notes forming part of Consolidated Financial Statements

2.6 Other Non-Current Assets (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Capital Advances	6,524.98	-	15,846.43	-
Advance to suppliers and sub-contractors	5,743.12	16,166.09	11,167.34	18,723.65
Others	11,322.41	-	11,040.68	-
Prepaid Expenses	-	124.86	-	93.27
Prepaid Insurance	-	88.76	-	82.78
Interest Accrued on Deposits	-	8.62	-	9.22
Statutory Dues Receivable	-	133.32	-	90.94
Total	**23,590.51**	**16,521.65**	**38,054.45**	**18,999.86**

2.7 Inventories (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Raw Materials	3,839.77	3,585.43
Stores and Spares	1,418.29	1,567.23
Coal Stock	3,936.94	866.55
Work-in-Progress	807.53	511.19
Total	**10,002.53**	**6,530.40**

2.8 Investments (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
In Gold Bonds	5.20	5.20
In Mutual Funds	51.91	52.31
Total	**57.11**	**57.51**

2.9 Trade Receivable (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Un Secured, Considered good		
From Others	3,115.38	21,028.25
Total	**3,115.38**	**21,028.25**

2.10 Cash and Cash Equivalents (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Cash on hand	90.07	114.13
Balances with Banks		
In Current Accounts	3,749.44	5,292.72
In Deposit Accounts with Maturity less than 3 months	462.32	918.46
Unpaid Dividend Accounts	96.83	23.04
Total	**4,398.66**	**6,348.35**

2.11 Bank Balance other than above (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Margin money and other deposits with banks	1,064.12	1,435.22
Total	**1,064.12**	**1,435.22**

Notes forming part of Consolidated Financial Statements

2.12 Loans (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Security Deposit	164.56	144.86
Others	4,701.74	3,084.93
Total	**4,866.30**	**3,229.79**

2.13 Other Financial Assets (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Receivable From Others	18,053.08	20,393.46
Receivable From NHAI	4,488.80	4,558.03
Retention Money Deposit	2,648.83	2,320.26
Total	**25,190.71**	**27,271.75**

2.14 Other Current Assets (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Prepaid Expenses	124.86	93.27
Prepaid Insurance	88.76	82.78
Interest Accrued on Deposits	8.62	9.22
Advance to suppliers, sub-contractors and others	16,166.09	18,723.65
Statutory Dues Receivable	133.32	90.94
Total	**16,521.65**	**18,999.86**

2.15 Equity Share Capital (₹ in Lakhs)

	Number of Shares	As at March 31, 2018	Number of Shares	As at March 31, 2017
Authorised				
Equity Shares of ₹ 1 each	300,000,000	3,000.00	300,000,000	3,000.00
Redeemable Preference Shares of ₹ 100 each	2,000,000	2,000.00	2,000,000	2,000.00
Total		**5,000.00**		**5,000.00**
Issued, Subscribed and Called up Capital				
Equity Shares of ₹ 1 each	74,268,940	742.69	74,268,940	742.69
Fully paid up Capital				
Equity Shares of ₹ 1 each	73,794,940	737.95	73,794,940	737.95
Add : Forfeited Shares Amount originally paid up		2.37		2.37
Total		**740.32**		**740.32**

d) Reconciliation of the Number of Equity Shares Outstanding at beginning and at end of the year (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	73,794,940	737.95	73,794,940	737.95
Add. Equity shares alloted during the year	-	-	-	-
Balance at the end of the year	**73,794,940**	**737.95**	**73,794,940**	**737.95**

Notes forming part of Consolidated Financial Statements

b) Terms/ Rights attached to Shares:

The Company has only one class of paid-up equity shares having par value of ₹ 1 per share. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees only. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares held by shareholder holding more than 5%

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of share holding	Number of shares held	% of share holding
1) Sri Nama Nageswara Rao	10,732,262	14.54	10,732,262	14.54
2) M/s Madhucon Granites Limited	8,044,000	10.90	8,044,000	10.90
3) Smt. Nama Chinnamma	6,158,000	8.34	6,158,000	8.34
4) Sri Nama Seethaiah	6,001,800	8.13	6,001,800	8.13

d) Bonus Shares/ Buy back shares for consideration other than cash issued during the past five years:

(1) Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in Cash - **Nil**

(2) Aggregate number and class of shares allotted as fully paid up by way of Bonus shares - **Nil**

(3) Aggregate number and class of Shares bought back - **Nil**

2.16 Other Equity (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
(a) Securities Premium		**29,313.07**		**29,313.07**
(b) General Reserve				
Opening Balance	5,061.53		4,886.36	
Add: Additions during the year	-		175.17	
Closing Balance		**5,061.53**		**5,061.53**
(c) Surplus in Statement of Profit and Loss				
Opening Balance	(146,047.07)		(72,953.31)	
Add: Profit for the Year	(86,583.66)		(72,477.58)	
Add: Capital Grant Defferment	5,121.75		-	
Bad Debts Written Off	-		(441.01)	
Less: Appropriations				
Proposed Dividend	(73.79)		-	
Dividend Distribution Tax	(15.02)		-	
Transfer to Reserves	-		(175.17)	
Closing Balance		**(227,597.79)**		**(146,047.07)**
(d) Other Components of Equity				
Remeasurements of the defined benefit plans and others	(234.59)		(264.78)	
Exchange differences in translating the financial statements of foreign operations	(148.53)		(200.47)	
		(383.12)		**(465.25)**
(e) Reserves on Consolidation		**16,110.50**		**29,216.46**
Total		**(177,495.81)**		**(82,921.26)**

Notes forming part of Consolidated Financial Statements

2.17 Borrowings (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Term Loans		
Secured:		
From Banks	378,488.69	397,544.60
From Others	64,625.43	70,780.76
Unsecured:		
From Banks	7,427.33	8,077.63
From Others	1,094.66	-
Total	**451,636.11**	**476,402.99**

Notes for Long Term Borrowings From Banks and Financial Institutions
Term Loans from Financial Institutions:

(I) SREI Equipment Finance Limited: Secured by hypothecation of various equipments financed through the loan arrangements.
(ii) Mahindra & Mahindra Financial Services Limited : Secured by hypothecation various movable assets financed through the loan arrangements.

Name of the Bank / Financial Institution	No.of Instalments Outstanding	Rate of Interest	Oustanding (₹ in Lakhs)	Repayment Terms/Period of Maturity
SREI Equipment Finance Limited	47	10.00%	4,100.84	Monthly May 22
Mahindra & Mahindra Financial Services Limited	27	11.26%	1,898.69	Monthly June 20

Madhucon Infra Limited
Term Loans from Banks

i) Term Loan of ICICI Bank is secured by

Subservent charge on current assets (Stock in Trade) and Moveable fixed assets of promoter.

ii) Term Loan of TATA Capital Limited is secured by

First and exclusive charge on Operation and Maintenance receivables.

Pledge of Shares of the Borrower of the Face Value of Rs. 25 Crores

Corporate Guarantee of Madhucon Projects Limited.

ii) Term Loan of IFCI Non Convertible Debuntures is secured by

Pledge of 20.254 Crores of Fully Paid up equity Shares of Simhapuri Energy Limited aggregating to ' 202.54 Crores

Pledge of 38.87 Crores of Fully Paid up equity Shares of Madhucon Infra Limited aggregating to ₹ 347.50 Crores.

Mortgage by way of exclusive charge on Vasanth Vihar at Delhi.

Personal Guarantee of Nama Seethaiah.

Chhapra - Hajipur Expressways Limited

	Effective interest rate	Terms of repayment
Term loans from banks	10.40%	The loan is repayable in 17 semiannual unequal installments starting from March, 2019
NHAI Loan	RBI Rate + 2%	The loan is repayable at the time of receipt of semi annuities after PCOD

Terms of Repayment of Secured Term Loans

Additional Term Loan - II consists of loans borrowed from a consortium of six banks with interest rate of 13.00% as on March 31, 2018

The applicable interest rate shall be subject to RBI policy with regard to Base Rate, as paplicable from time to time. All the loans were repayable in 17 semi annual unequal installments starting from March, 2019.

Since Term Loan and Additional Term Loan - I accounts, both have become NPA, interest was not provided to the extent not provided.

Notes forming part of Consolidated Financial Statements

Terms of Security of Secured Term Loans

First mortgage/charge over the Company's immovable properties (other than project assets), both present and future.

First mortgage/charge over the Company's movable assets including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

First charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract

First charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contracts insurance policies obtained/procured by the Company, and/or/any of its contractors favoring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project. Madhucon Toll Highways Limited shares are pledged with the lenders.

Pledge of 74% of shares of the paid up equity capital of the company held by the Promoters.

Charge on the uncalled capital of the borrower, provided that such charge, shall be limited for ensuring that the Borrower calls the balance uncalled capital and makes the shares fully paid up.

Corporate guarantee of Madhucon Toll Highways Limite

Ranchi Expressways Limited

Indian Rupees Term Loans consist of Loans borrowed from a consortium of 13 banks and one financial institution with interest rate of 11.15% [Canara Bank (CB) Base rate + 1.50%] as on 31st March, 2018. The Applicable Interest Rate shall be subject to RBI policy with regard to Base Rate, as applicable from time to time. The loan is repayable in 15 semi annual unequal installments along with the interest starting from December, 2020 and the last installment payable in December 2027. The company has submitted a proposal for postponement of COD to June, 2019 and postponement of repayment of installments with bankers, the Ist Installment payable in December, 2020 and the last installment payable in December, 2027. The installment amounts are ranging from 1.00% to 27.90% of the loan amount.

Terms of Security of Secured Term Loans

First mortgage/charge over the Company's immovable properties (other than project assets), both present and future.

First mortgage/charge over the Company's movable assets including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

First charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract.

First charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contracts insurance policies obtained/procured by the Company, and/or/any of its contractors favoring the Company and all licenses, permits, approvals and consents in respect of the Project, present and future, in respect of the Project.

Pledge of 51% of shares of the paid up equity capital of the company held by the Promotes.

During the year the Company has defaulted in repayment of interest amounting to ₹ 3,574.87 Lacs ranging from 1 day to 90 days.

Trichy-Thanjavur Expressways Limited

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 5 banks and one financial institution with interest rate of 12.50% as on 31st March 2018. During the year 2012-13 the company went for Restructuring of Term Loan for ₹ 232,29,00,000 with cutoff date 01.12.2012 by changing the repayment schedule on quarterly basis commencing from June 2013 payable on the last day of the Quarter. The interest rates are fixed for all lenders with interest reset happening on each reset date. The loan is repayable in 51 quarterly unequal Installments along with the interest ranging from ₹ 21,64,000 to ₹ 39,50,91,000 from June 2013 till December 2025.

The interest obligation for 4 months from cutoff date i.e., from 01.12.2012 to 31.03.2013 for ₹ 9,44,00,000 is funded through Funded Interest Term Loan (FITL) with interest rate of 10.75% (Base rate + 0.25%) fixed with reset on 01.04.2015. The FITL is repayable in 16 structured quarterly installments ranging from ₹ 23,75,000 to ₹ 1,06,00,000 commencing from June 2014 till March, 2018.

Notes forming part of Consolidated Financial Statements

Terms of Security

I) First mortgage and charge over all the Borrower's properties and assets, both present and future, excluding the project assets (as defined in the Concession Agreement)

ii) First charge on all intangible assets of the borrower including but not limited to the goodwill, undertaking and uncalled capital of the borrower

iii) First charge or assignment of all the receivables / revenues of the borrower from the project

iv) Pledge of shares aggregating 51% of the paid up equity capital of the borrower for a period up to 36 months from COD. Thereafter, until the currency of the loan, the pledged shares shall be aggregate 26% of the paid up equity capital

v) First charge on borrowers all bank accounts including, without limitation, the escrow account and Debt Service Reserve Account to be established by the borrower and each of the other accounts required to be created by the Borrower under any project document or contract.

vi) Assignment in favour of Lenders of all insurance policies

vii) Assignment of contract or guarantee, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter party under any project agreement or contract in favour of the borrower

viii) Personal gurantee given by Sri Nama Krishanaiah and Sri Nama Seethaiah

TN (DK) Expressways Limited

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 7 banks. During the Financial Year 2012-2013 the company went for Restructuring of Term Loans for ₹ 180.45 Cr by extending door to door tenor of loan from the existing remaining 6.25 years to 10 years by changing the repayment structure, with cutoff date as 31.12.2012. During the year ₹ 26,90,49,784 of current year repayment of the loan amount was repaid. During the year banks has charged 13% interest on loan.

The interest obligation for 3 months from 01.01.2013 to 31.03.2013 for ` 5.81 crores is funded through Funded Interest Term Loan (FITL) with present interest rate of 13.00% (SBI Base rate + 3.00%). The FITL is repayable in 16 structured quarterly installments commencing from June 2013.

Terms of Security

I) First mortgage and charge over all the Borrower's properties and assets, both present and future, excluding the project assets (as defined in the Concession Agreement).

.ii) First charge on all intangible assets of the borrower including but not limited to the goodwill, rights, undertaking and uncalled capital of the borrower.

iii) First charge or assignment of all the receivables / revenues of the borrower from the project.

iv) Pledge of shares aggregating 51% of the paid up equity capital of the borrower for a period up to 36 months from COD. Thereafter, until the currency of the loan, the pledged shares shall be aggregate 26% of the paid up equity capital.

v) First charge on borrowers all bank accounts including, without limitation, the escrow account and Debt Service Reserve Account to be established by the borrower and each of the other accounts required to be created by the Borrower under any project document or contract

vi) Assignment in favour of Lenders of all insurance policies.

vii) Assignment of contract or guarantee, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter party under any project agreement or contract in favour of the borrower.

viii) Apart from the above security stipulations, which were proposed at the time of original sanction, the following promoter and company guarantees have been stipulated in view of the proposed restructuring package:

a) Personal guarantee of directors of the company Mr. Nama Seethaiah, Mr. M Madhu and Mr. K Srinivasa Rao.

b)Corporate Guarantee of Madhucon Infra Ltd and Madhucon Toll Highways Limited to cover the entire debt outstanding.

Madurai-Tuticorin Expressways Limited

Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 5 banks and one financial institution. The entire outstanding debt of ₹ 559.13 crores re-structured as on 1st December 2012, will be paid in 52 unequal quarterly installments with bullet payment of ₹ 100 crores to be paid in 31.03.2026. Installment ranging from ₹ 11.50 lakhs to ₹ 114.58 crore are to be paid starting from month of June 2013 till March 2026. The interest obligations for 4 months from the cut off date from Dec-12 to Mar-2013 is funded through funded interest term loan(FITL). It will be repaid in 16 unequal Quarterly installments ranging from ₹ 27 lacs to ₹ 2.40 crores starting from June , 2014 till March 2018.

Notes forming part of Consolidated Financial Statements

Terms of Security

i) First mortgage and charge on all the Borrower's movable and immovable properties, both present and future. Excluding the project assets (as defined in the Concession Agreement)

ii) First charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower

iii) First charge/assignment of all receivable/revenues of the Borrower from the project.

iv) Pledge of 51% of share of the paid up equity capital of the borrower, for a period up to 36 months from COD.Thereafter, until the currency of the loan, the pledged shares shall aggregate 26% of the paid -up equity capital

v) First charge on all bank accounts including without limitation, the Escrow Account and the Debt Service Reserve Account to be established by the Borrower and each of the other accounts required to be created by the Borrower under any project document or contract.

vi) Assignment in favour of Lenders of all Insurance Policies.

vii) Assignment of contract or guarantees, liquidated damages, letter of credit , guarantee or performance bond that may be provided by any counter-party under any Project Agreement or contract in favour of the Borrower.

viii) Personal guarantee given by Sri Nama Krishnaiah and Sri Nama Seethaiah.

Simhapuri Energy Limited

The Company is funded by Consortium of Banks in Two Phases.

The Phase – I comprises the commissioning of 2*150MW sets each, resulting in 300 MW Power Generation Capacity, while

The Phase – II comprises the commissioning of 2*150MW sets each, resulting in 300 MW Power Generation Capacity. Thus SEL has installed capacity of 4 * 150 MWs = 600 MWs. The commissioning of each of these Four units was done on different dates, the last unit being on 31.03.2015

a) The Phase – I lenders are: Allahabad Bank, Andhra Bank, Canara Bank, Central Bank of India, Corporation Bank, Indian Bank, Indian Overseas Bank, Oriental Bank of Commerce, Punjab & Sind Bank, State Bank of India, Tamilnad Mercantile Bank, UCO Bank, United Bank of India, Vijaya Bank, and Life Insurance Corporation of India. The TL sanctioned amount was Rs.1122.40 Crs.

The security offered was:

First mortgage and charge in favour of the lenders over the all the immovable properties and assets;

First Charge by the way of hypothecation in favour of the lenders of all the movable (including the movable plant, machinery, machinery spares, tools and accessories);

First Charge of the security interest in favour of the lenders of

(i) all the right, title, interest, benefits, claims and the demand whatsoever of the borrower in the Project Documents, letter of credit by the PTC or any off taker, guarantee or performance bond that may be provided by any of the party to any Project Documents in favour of the Borrower all as amended, varied or supplemented from time to time;

(ii) all the rights, title, interest, benefits, claims and demands whatsoever of the borrower in or under the Authorizations;

First charge on intangibles (including but not limited to Goodwill, etc.).

First charge of security interest in favour of the lender

(i) on the Trust & Retention Account and Debt Service Reserve Account, to be established by the borrower for the revenues generated from the Project, in consultation with the lenders,

(ii) Pledge of Promoters shareholding in the Project, aggregating to 51% of the equity share capital in the company, in favour of the lenders.

b) The Phase – II lenders are: Allahabad Bank, Andhra Bank, Canara Bank, Oriental Bank of Commerce, Punjab & Sind Bank, State Bank of India, Tamilnad Mercantile Bank, Vijaya Bank, Bank of India, Union Bank of India and Punjab National Bank. The TL sanctioned amount was Rs.1204.41 Crs.

The security offered was:

Charges / Mortgages (on pari passu basis)

i) A mortgage and first charge over all the project assets (pertaining to Phase II) (including phase II land of 27.50 acres) and additional land of 51.60 acres to be acquired by the borrower, on pari passu basis.

ii) A mortgage and first charge over all the assets (including land) common to both Phase I & II, both present and future. The land where common facilities, for Phase I & II, would come up would be 425 acres.

Notes forming part of Consolidated Financial Statements

The title for the entire land required for both the phases should be transferred, by APIIC, in the name of Simhapuri Energy Pvt. LTD(SEPL).

iii) A first charge on all intangible assets of Phase II of the Borrower including but limited to the goodwill, undertaking and uncalled capital of the Borrower for Phase II;

iv) A first charge/assignment of all the receivables/revenues of the Borrower from the project, i.e. Phase II;

v) A first charge on Borrower's all bank accounts (relating to Phase II) including, without information, the Trust & Retention Account and Debt service Reserve Account to be established by the Borrower and each of the other accounts required to be created by the Borrower under any project Document of Contact.

vi) A first charge / assignment of insurance policies in respect of phase II.

vii) A First pari passu charge/assignment/security interest in favor of Lenders on the borrower's rights under the project documents, contracts (including guarantees) and all license, permits, approvals, consents and insurances policies obtained by the borrower in respect of the project i.e Phase II.

viii) Assignment to contractor guarantees, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter-party under any Project Agreement or contract in favor of the Borrower for Phase II.

ix) Pledge of 51% of paid up equity shares of SEPL (on pari-passu basis with all lenders of SEPL).

c) The Phase – II Additional Term lenders are: Allahabad Bank, Canara Bank, State Bank of India, Tamilnad Mercantile Bank, Vijaya Bank, Bank of India, Union Bank of India, Punjab National Bank and ICICI Bank. The TL sanctioned amount was Rs.148.00 Crs.

The security offered was:

- A first mortgage charge over 80.66 acres of exclusive land on pari passu basis with phase II lenders and first mortgage charge over 425 acres of common land (including movable assets set up on this land) on pari passu basis with Phase I and Phase II lenders .
- Charge over movable assets, assignment of all the receivables/ revenues, all bank accounts (relating to Phase II) including, without limitation, the Trust & Retention Account and the Debt Service Reserve Account to be established by the Borrower and each of the other accounts required to be created by the Borrower under any Project Document or Contract.
- A first charge / assignment of insurance policies in respect of Phase II.
- A first pari passu charge/ assignment / security interest in favour of lenders on the borrower's rights under the project documents, contracts (including guarantees) and all licenses, permits, approvals, consents and insurances policies obtained by the borrower in respect of the project i.e. Phase II.
- Assignment of contractor guarantees, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter-party under any Project Agreement or contract in favour of the Borrower in respect of the project i.e. Phase II.
- Pledge of 51% of paid up equity shares of SEL on pari passu basis with Phase I and Phase II lenders.
- Security shall rank pari passu 1st charge for senior RTL, Working capital limits.

Madhucon Heights Private Limited

The loan Secured by the Exclusive charge on all the rights (including development rights), interest and titile of the free sale area of the project including the structures of free sale area constructed/proposed to be constructed thereon, First charge on all the receivables inconnection with the commercial bulding at Kukatpally, Hyderabad and charge on the Designated Account opend with Axis bank in connection with the aforesaid project. The loan was sanctioned ₹ 110 crores on 16.02.2015 with rate of Interest of 11.35% p.a. payable at monthly intervals. The loan shall be repayable in 50 quaterly instalements commencing from 31st October, 2017 the first date of disbursement. The Corporate guarantee given by Madhucon Projects Ltd and Madhucon Land Developers Ltd and Collateral securities to the extent of value of ` 84.16 crores given by Madhucon Land Developers Ltd. Pledge of shares of MHPL to the extent of 30% subject to compliance with B.R. Act. Personal guarantee given by Shri Nama Krishnaiah.

Notes forming part of Consolidated Financial Statements

2.18 Trade Payables (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
For supply and Services	2,029.34	47,431.91	4,097.22	45,615.05
Retention Money Deposits	4,695.16	5,891.15	5,420.67	8,189.68
Others	1,593.69	3,573.96	1,385.26	3,518.27
Total	**8,318.19**	**56,897.02**	**10,903.15**	**57,323.00**

2.19 Other Financial Liabilities (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Borrowings	-	94,447.41	-	58,854.01
Interest Accrued and due on Borrowings	-	56,903.05	-	24,872.38
Interest accrued but not due	-	2,906.76	-	2,544.69
Other Payables	1,643.69	17,620.77	1,214.22	25,054.38
Unpaid Dividends	-	96.60	-	22.83
Total	**1,643.69**	**171,974.59**	**1,214.22**	**111,348.29**

2.20 Provisions (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits		
Gratuity	176.06	178.23
Compensated absences	88.55	35.44
Provision for Major Maintenance and Repairs	9,085.93	7,515.90
Total	**9,350.54**	**7,729.57**

2.21 Other Non-Current Liabilities (₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Current
Mobilization Advance	9,536.33	3,071.55	4,787.54	1,023.30
Material Advance	8.72	2,118.92	69.35	2,903.49
Machinery Advance	-	316.26	-	412.49
Statutory Dues Payable	-	6,986.40	-	6,611.31
Other Liabilities	-	61,440.66	-	46,701.59
Revenue Received in Advances	-	163.07	-	72.76
Total	**9,545.05**	**74,096.86**	**4,856.89**	**57,724.94**

2.22 Borrowings (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Secured:		
Loans repayable on demand		
From Banks	141,161.52	127,349.72
From Others	12,188.87	12,188.87
Total	**153,350.39**	**139,538.59**

Cash Credit facilities availed from banks are secured by:

a) First pari-passu hypothecation charge to all working capital banks in Multiple Banking Arrangement on all existing and future current assets

b) Second pari-passu on all the fixed assets of the Company both present and future.
These facilities carry an interest rate of 10% to 14% per annum

Notes forming part of Consolidated Financial Statements

c) Details of delay in repayment of principal and interest to Banks and Financial Institutions as on March 31, 2018

Name of the Bank / Financial Institution	Principal (₹ in Lakhs)	Period of delay	Interest (₹ in Lakhs)	Period of delay
Bank of India	1,767.95	625 - 628 days	146.67	550 - 612 days
IDBI Bank	-	-	348.19	30 - 120 days
Oriental Bank of Commerce	-	-	249.40	31 - 121 days
ICICI Bank	-	-	3,652.51	547 - 608 days

Simhapuri Energy Limited

d) The Phase – I Working Capital lenders are: Canara Bank and Central Bank of India. The WC sanctioned amount was ₹ 142.00 Crs both Fund based and Non Fund based limits.

The Phase – II Working Capital lenders are: State Bank of India, Axis Bank, ICICI Bank and Bank of India. The WC sanctioned amount was ₹ 327.75 Crs both Fund based and Non Fund based limits.

The security for the WC limits in both the phases is a pari-passu charge on the entire Stocks and Receivables of the respective phases of the project, in addition to a pari-passu charge on the above assets.

Barasat-Krishnagar Expressways Limited

Terms of Security of Secured Term Loans

First mortgage/charge over the Company's immovable properties (other than Project assets), both present and future.

First mortgage/charge over the Company's movable assets including movable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets (other than Project assets), both present and future.

First charge or assignment of all the receivables/revenues of the borrower from the project.

First charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower.

First charge on all the accounts of the Borrower, including the Escrow Account, MMRA and other reserves without limitation, and each of the other account(s) required to be maintained/created by the Borrower under any Project Document or contract

First charge by way of assignment/security interest on all the rights, titles, benefits, interests, demand and claims under the concession Agreement, Project Documents, Contractors All Risk Insurance policies obtained/procured by the Company, and/or/any of its contractors favouring the Company and all licenses, permits, approvals and consents in respect of the Project, present & future, in respect of the Project.

Pledge of 51% of shares of the paid up equity capital of the company held by the Promoters.

Interest is not accounted on accrual method, because the accounts became NPA with all the banks and also the project has been terminated. Management has not quantified the interest liability which has not been provided for, hence receivables has been understated as well interest on term loan payable is under stated.

2.23 Trade Payables (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
For Supplies and Services	47,431.91	45,615.05
Retention Money Deposits	5,891.15	8,189.68
Others	3,573.96	3,518.27
Total	**56,897.02**	**57,323.00**

2.24 Other Financial Liabilities (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long Term Borrowings	94,447.41	58,854.01
Interest Accrued and due on Borrowings	56,903.05	24,872.38
Interest accrued but not due	2,906.76	2,544.69
Other Payables	17,620.77	25,054.38
Unpaid Dividends	96.60	22.83
Total	**171,974.59**	**111,348.29**

Notes forming part of Consolidated Financial Statements

2.25 Other Current Liabilities (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Statutory Dues Payable	6,986.40	6,611.31
Other Liabilities	61,440.66	46,701.59
Material Advance	2,118.92	2,903.49
Machinery Advance	316.26	412.49
Mobilization Advance	3,071.55	1,023.30
Revenue Received in Advances	163.07	72.76
Total	**74,096.86**	**57,724.94**

2.26 Provisions (₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Provision for Employee Benefits		
Gratuity	17.96	14.67
Compensated absences	38.25	43.82
Provision for Taxation	3,465.55	1,265.00
Provision for Expenses	468.03	457.33
Provision for Major Maintenance and Repairs	11,527.04	11,527.04
Provision for Periodic Maintenance	8,413.13	8,177.80
Total	**23,929.96**	**21,485.66**

2.27 Revenue from Operations (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Operating Income		
Income from Contracts and Services	72,228.77	66,145.89
Revenue from Sale of Power	3,217.68	60,305.68
Toll Fee Collection	19,504.87	17,019.05
Finance Income	7,142.10	6,161.28
Other Operating Income		
Sale of Metal, Scrap & Others	1,453.13	1,943.21
Others	-	6,066.56
Total	**103,546.55**	**157,641.67**

2.28 Other Income (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income	254.46	625.17
Miscellaneous Income	3,501.61	1,911.98
Capital Grant Defferment	1,062.67	-
Dividend Income	1.51	1.74
Total	**4,820.25**	**2,538.89**

2.29 Cost of Materials and Work Expenses (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Coal & Gas	4,003.67	33,443.91
Other Materials	2,958.23	4,079.65
Stores and Spares	4,251.65	7,857.59
Work Expenses	59,941.28	64,483.01
Total	**71,154.83**	**109,864.16**

Notes forming part of Consolidated Financial Statements

2.30 Employee Benefits Expense (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries & Wages Bonus and Provident Fund	4,266.71	4,193.53
Staff Welfare Expenses	239.28	538.37
Total	**4,505.99**	**4,731.90**

2.31 Finance Cost (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense	82,596.53	73,499.06
Bank Guarantee Commission	880.66	1,591.43
Total	**83,477.19**	**75,090.49**

2.32 Other Expenses (₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Administrative Expenses	8,913.07	2,704.18
Insurance Charges	689.08	1,014.59
Consultancy charges	523.54	317.20
Rent, Rates & Taxes	567.20	534.70
Trade Receivables written off	11,447.65	-
Advances written off	6,918.39	1,604.04
Foreign Exchange Loss	28.33	-
Total	**29,087.26**	**6,174.71**

Notes forming part of Consolidated Financial Statements

2.33 Subsidiaries and Associates companies considered in the financial statements are:

S.No.	Name of the Entity	Country of Incorporation	Proportion of Ownership Interest		
			Madhucon Projects Limited	Madhucon Infra Limited	Madhucon Toll Highways Limited
1	Madhucon Infra Limited	India	94.89%	-	-
2	Nama Hotels Private Limited	India	99.96%	-	-
3	Madhucon Mega Mall Private Limited	India	66.66%	-	-
4	Madhucon Heights Private Limited	India	66.66%	-	-
5	MadhuraiTuticorin Expressways Limited	India	54.12%	-	24.48%
6	Madhucon Toll Highways Limited	India	0.01%	99.98%	-
7	Ranchi Expressways Limited	India	0.02%	0.02%	99.94%
8	BarasatKrishnagar Expressways Limited	India	0.03%	0.04%	99.88%
9	Simhapuri Energy Limited	India	12.15%	80.78%	-
10	TN(DK) Expressways Limited	India	0.13%	50.97%	48.86%
11	Trichy-Thanjavur Expressways Limited	India	0.15%	51.05%	48.75%
12	Chhapra-Hajipur Expressways Limited	India	0.16%	54.23%	45.58%
13	Vijayawada-Machilipatnam Expressways Limited	India	1.78%	13.33%	80.44%
14	RajauliBakhtiyarpur Expressways Limited	India	4.80%	4.00%	83.20%
15	PT Madhucon Indonesia	Indonesia	4.86%	85.00%	-

a) In respect of Madhucon Natural Resources Limited Singapore a subsidiary of the Company, the audit of the said entity is not completed, during the year there are no transactions and the effect on consolidated financial statements is negligible and hence it is not considered for consolidated financials.

b) As the losses incurred by the Associate, Madhucon Properties Limited is in excess of the investment made by the Company, such associate financials are not considered for consolidated financials.

2.34 (a) Contingent Liabilities not provided for: (₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017
Bank Guarantees**	21,015.85	18,740.00
Disputed Sales Tax (on appeal)	12,471.29	7,225.12
Income-tax demand contested in appeal	7,138.61	9,531.77
The Group is a party to legal suits on construction contract terms related disputes, pending before various courts in India as well as arbitration proceedings. It is not possible to make a fair assessment of the likely financial impact of these pending disputes / litigations until the cases are decided by the appropriate authorities	Amount not ascertainable	Amount not ascertainable

**on behalf of Subsidiaries and Joint Ventures

(b)Commitments

Simhapuri Energy Limited

A**greement with PTC India Limited (formerly Power Trading Corporation Limited)**

1. Company initially entered Power Tolling agreement (PTA-1) dated 08-08-2008 with PTC India Limited for dual purpose of selling the contracted power of 200 MW (gross), generated under Phase –I of Project and to receive quality imported Coal. PTA tenure was for a period of 25years effective from 29th July 2008. However the PTA was later converted into PPA mainly due to problems faced in quality of coal. PPA was for a period of 24 years & effective from 1st April 2013 .
2. PTC as a power trader debarred to enter into Long Term contracts with Public Utilities, by the notification of the Central Government, after math of entering into the present PPA. Further in terms of the Directive of MoP, PTC was prohibited from participating for more than one entity with respect to Short & Medium Term Bids . As a result of this Directive company could no longer work on PPA entered into with PTC. Consequently both PTC & Company decided that PPA dated 12th October 2013 has become in operative after 31st May 2016 and decided not to persue the same.

Notes forming part of Consolidated Financial Statements

Agreement with Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL)

As a result of the above situation arising out of inoperative nature of PPA with PTC , Company decided to persue for a Long Term Power Purchase Agreement. Company initialed Power Sale Agreement (PSA) with Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL) on 23rd November 2016 for supply of Power & following are the key aspects of the PSA:

a) Tenure : 12 years from the date of agreement.

b) Quantum : 400 MW (Net). This quantum of Power is required to be earmarked for supply to APSPDCL.

c) Type of Coal : Imported coal from captive Mines.

d) Tariff : Rs 4.439per unit. Escalation on account of Coal Price increase restricted to 4 %.

APSPDCL had applied to Andhra Pradesh Energy Regulatory Commission (APERC) for formal adoption of Tariff under Section 63 of Indian Electricity Act, 2003 so that the PSA Could be finally executed and concluded. The Matter regarding Tariff adoption is presently before APERC & company is awaiting its decision although matter is pending since December 2016 with commission adjourning its hearing month on month in the absence of clear directions to APSPDCL for purchase of power from Andhra Pradesh Government.

2.35 The long term unquoted investments in equity shares of subsidiary companies as given hereunder and included in Schedule V are pledged with Banks and Financial Institutions which have extended loan facilitates to the respective investee companies.

S.No	Name of the entity	No of Shares pledged as at 31.03.2018	No of Shares pledged as at 31.03.2017
1	Madurai Tuticorin Expressways Limited	13,98,20,500	13,98,20,500
2	Nama Hotels Private Limited	1,38,41,000	1,38,41,000
3	Madhucon Infra Limited	56,44,77,705	56,44,77,705
4	Simhapuri Energy Limited	715,220,236	69,53,32,071
5	Madhucon Toll Highways Limited	12,00,00,000	12,00,00,000
6	Madhucon Heights Private Limited	9,000	9,000
7	TN (DK) Expressways Limited	6,04,74,600	6,04,74,600
8	Trichy-Thanjavur Expressways Limited	4,59,30,000	4,59,30,000
9	Chhapra-Hajipur Expressways Limited	3,48,07,500	3,48,07,500
10	Barasat-Krishnanagar Expressways Limited	2,21,34,000	2,21,34,000
11	Ranchi Expressways Limited	7,52,08,000	7,52,08,000

2.36 Deferred Tax Asset / (Liabilities) (net):

Significant components of deferred tax Asset /(Liabilities) for the year ended March 31, 2018: (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liabilities		
Timing difference on account of Depreciation and amortization	(231.39)	(134.68)
Deferred Tax Asset		
Business loss/Unabsorbed depreciation	2,528.17	-
Deferred Tax Asset / (Liability) (net)	**2,296.78**	**(134.68)**

2.37 Disclosure in accordance with Ind AS 11 Construction contracts (₹ in Lakhs)

Particulars	2017-18	2016-17
Contract revenue recognized	65,156.99	67,496.17
Aggregate of contract costs incurred and recognised profits		
(less recognised losses) up to the reporting date for Contracts in progress	413,116.57	350,208.91
Amount of advances received for contracts in progress	26,796.40	39,355.85
Amount of retention money for contracts in progress	11,695.00	2,363.96
Gross amount due from customers for contracts in progress	8,245.49	4,366.66

Notes forming part of Consolidated Financial Statements

2.38 Micro & Small Enterprises:

The management has taken steps to identify the enterprises which have provided goods and services to the Group and which qualify under the definition of Micro and Small Enterprises, as defined under Micro, Small and Medium Enterprise Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as on 31st March, 2018 has been made in the Financial Statements based on the information received and such amount outstanding as on 31st March, 2018 to Micro and Small Enterprises is Nil which the Auditor have relied upon. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

2.39 Earnings per Share:

	Year ended March 31,2018	Year ended March 31, 2017
Net Loss after tax available for equity shareholders (₹ in Lakhs)	(86,583.66)	(72,477.58)
Weighted Average number of equity shares for Basic EPS (Nos)	7,37,94,940	7,37,94,940
Weighted Average number of equity shares for Basic EPS (Nos)	7,37,94,940	7,37,94,940
Face Value per Share (₹)	1.00	1.00
Basic and Diluted EPS * (₹)	(117.33)	(98.21)

*The Company has no dilutive instruments. As such Diluted Earnings per share equals to Basic Earnings per share.

2.40 List of Related Parties and Transactions:

I. Following are the list of related parties and relationships

S.No.	Particulars
A.	**Enterprises where significant influence exists**
1	Nama Investments Limited
2	Madhucon Info Tech Limited
3	Madhucon Land Developers Limited
4	Madhucon Estates Limited
5	Nama Properties Limited
6	NNR Infra Investments Private Limited
7	Rajanagaram Gas Power Private Limited
8	Madhucon Stone Crushers Private Limited
9	Madhucon Mineral Resources Limited
10	Nama Energy Private Limited
B.	**Joint Ventures**
11	Madhucon Sino-Hydro JV
12	MadhuconShreehariHule JV
13	MPL SCCPL SSBBC JV
C.	**Key Management Personnel:**
14	Sri Nama Seethaiah
15	Sri K. Srinivasa Rao
16	Sri Md. Shafi
17	Sri Nama Krishnaiah
D.	**Relatives of Key Management Personnel**
18	Sri Nama Nageswara Rao
19	Sri Nama Rama Rao

Notes forming part of Consolidated Financial Statements

(II) Related party transactions during the year as follows (₹ in Lakhs)

	2017-18	2016-17
Revenue from Contracts and Services		
Jointly Controlled/entities and ventures	9,686.51	3,519.90
Rent Paid		
Key Management Personnel	-	58.37
Remuneration		
Key Management Personnel	174.00	170.00
Loans/Advances Given		
Associates	0.46	0.44
Enterprises owned or significantly influenced by key management personnel or their relatives	3.65	341.72
Loans/Advances Received		
Jointly Controlled/entities and ventures	646.41	25.83
Retention Money		
Jointly Controlled/entities and ventures	503.11	156.02

(III) Related Party balances outstanding at the end of the year as follows (₹ in Lakhs)

	2017-18	2016-17
Trade Receivables		
Jointly Controlled/entities and ventures	57.46	34.95
Outstanding Receivables		
Jointly Controlled/entities and ventures	3,565.10	1,682.20
Key Management Personnel	25.89	23.06
Enterprises owned or significantly influenced by key management personnel or their relatives	9,287.22	4,863.25
Outstanding Payables		
Associates	401.37	401.83
Jointly Controlled/entities and ventures	2,026.20	1,379.79
Key Management Personnel	187.81	262.89
Enterprises owned or significantly influenced by key management personnel or their relatives	483.07	1,908.36

2.41(i) Madhucon Mega Mall Private Limited (MMMPL) is a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land allotted by Andhra Pradesh Housing Board (now known as Telangana Housing Board) ("the Board") at Kukatpally in Hyderabad. The Board issued letter for revoking the power of attorney and resumption of land. The Company got a status quo order from court and the case is pending in the court. Taking in to account the recent developments on the visit and representation made by cabinet subcommittee of Telangana Government to their higher authorities, management internal assessment and legal opinion obtained, the management of the Company is awaiting the final approval from the Government for going ahead with the said project and financials are prepared on going concern basis.

(ii) The outstanding loans and advances which were granted to Nama Investments Limited and NNR Infra Investments Private Limited in which the company's directors have interest are realizable at the carrying values in the books of accounts though both these companies have been incurring losses and accumulated losses exceeded the net worth of these companies. The closing balance as at March 31, 2018 with respect to Nama Investments Limited and NNR Investments Limited are ₹ 4,189.76 Lakhs and ₹ 511.98 Lakhs respectively.

(iii) "Barasat-Krishnagar Expressways Limited (BKEL), a subsidiary company entered into an agreement with NHAI, for developing road project in the State of West Bengal. The construction work is delayed due to pending approvals and rights of way to be provided by NHAI. BKEL had issued notice for termination of the project to NHAI on December 31, 2015. BKEL and NHAI entered into a Supplementary Agreement to the "Concession Agreement dated June 20, 2011 on May 02, 2016 for inclusion of the clause of 'Society for Affordable Redressal of Disputes' (SAROD) Committee for arbitration. NHAI had also issued notice for termination of the Contract vide its letter dated May 03, 2016 and BKEL had replied that the notice is not valid. Both BKEL and NHAI appointed arbitrators. The arbitration proceedings are in progress. As the borrowings from secured lenders have been declared as Non-performing asset by the lender, interest on related borrowings have not been accounted for.

Notes forming part of Consolidated Financial Statements

(iv) Rajauli-Bakhtiyarpur Project of the company has been foreclosed with mutual consent, cost incurred on the project upto March 31, 2018 ₹ 815.40 Lakhs instead of writing off has been accounted as claims receivable under the head "other current assets"

(v) "Vijayawada-Machilipatnam Expressways Limited" (VMEL), which is a subsidiary to the Company, was incorporated under the Companies Act, 1956 on November 28, 2011 as a Special Purpose Vehicle for undertaking the work of four lining of Vijayawada-Machilipatnam section of NH-9 from Km.0.000 to Km.63.800 in the State of Andhra Pradesh on Design, Build, Finance, Operate, Maintain and Transfer – DBFOT (Toll) basis under NHDP Phase III. This project was awarded by National Highway Authority of India (NHAI). The Company was to hand over the project to NHAI on the expiry of the concession period of 20 years.

As per the agreement, NHAI failed to hand over 80% land within six months of the agreement. They have failed to do so because of which Company filed claims. Reacting to that NHAI terminated the concession agreement on October 29, 2013 though NHAI failed to issue ROW and further confirmed vide its letter dated August 27, 2014. Company preferred a claim on NHAI for an amount ₹ 1,610.07 Crores towards expenses incurred and losses suffered on account of obtaining permits, financial costs, agency charges and consultants fees etc. on this project by the Company and the EPC contractor. An Arbitral Tribunal was constituted on January 27, 2017 for adjudicating the claims. The arbitral proceedings commenced on March 02, 2017.

2.42 Segment Reporting

The details of primary segment information for the year ended March 31, 2018 and March 31, 2017 are given below:

The Group is currently focusedon three business segments Construction, Power and Toll Collection (₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Segement Revenue		
Construction	67,523.04	69,307.24
Energy	3,218.55	60,549.29
Toll Highways	19,513.05	17,027.71
Others	39,918.33	49,354.03
Less : Inter Segment Revenue	(26,626.42)	(38,596.61)
Total	**103,546.55**	**157,641.66**
Segment Results before Interest and Taxes		
Construction	10,345.85	2,092.99
Energy	(39,818.27)	(5,198.45)
Toll Highways	4,562.25	4,097.51
Others	7,405.31	11,076.58
Total	**(17,504.86)**	**12,068.63**
Less : Interest Expenses	83,477.18	75,090.49
Profit Before Tax	**(100,982.04)**	**(63,021.86)**
Segment Assets*		
Construction	219,543.01	206,556.68
Energy	380,587.23	415,755.90
Toll Highways	137,017.91	145,899.72
Others	264,675.10	224,093.13
Less : Inter Segment Elimination	(215,038.41)	(169,472.23)
	786,784.84	**822,833.21**
Segment Liabilities**		
Construction	375,882.31	357,736.14
Energy	343,120.74	304,860.18
Toll Highways	129,257.09	132,642.05
Others	214,653.04	185,351.95
Less : Inter Segment Elimination	(96,159.25)	(86,746.25)
	966,753.93	**893,844.08**

*Segment Assets excludes current and non-current investments, deferred tax assets
**Segment Liabilities excludes deferred tax liabilities

Notes forming part of Consolidated Financial Statements

2.43 Figures for the previous year have been regrouped/re-classified to conform to the figures of the current year.

The accompanying notes are an integral part of the consolidated financial statements
In terms of our report attached

For P. Murali & Co.
Chartered Accountants
FRN : 007257S

A. Krishna Rao
Partner
Membership Number 020085

Place: Hyderabad
Date: May 28, 2018

For and on behalf of the Board

N. Seethaiah
Managing Director
DIN-00784491

K. Srinivasa Rao
Whole-time Director
DIN-0022855

Prasanna Pai
Chief General Manager
Finance & Accounts

Notes

MADHUCON PROJECTS LIMITED
CIN: L74210TG1990PLC011114
Reg off: Madhu Complex, 1-7-70, Jublipura, Khammam-507002
Tel 040-235569001: Fax: 040-23556005: website: www.madhucon.com

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company being held on 22nd September, 2018 at 3.00 PM at its Registered Office.

Member Folio/DP ID-Client ID No.	Memebr's/Proxy's name in Block Letters	Signature of Member/Proxy
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Regd. folio/*Client ID:
*Applicable for members holding shares in electronic form.
Note to be signed and handed over at the entrance of the meeting venue.

MADHUCON PROJECTS LIMITED
CIN: L74210TG1990PLC011114
Reg off: Madhu Complex, 1-7-70, Jublipura, Khammam-507002
Tel 040-235569001: Fax: 040-23556005: website: www.madhucon.com

FORM NO. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company	: **MADHUCON PROJECTS LIMITED**
Registered office	: Madhu Complex, 1-7-70, Jublipura, Khammam-507002

Name of the Member(s)	:
Registered Address	:
E-mail ID	:
Folio No/Client ID	:
DP ID	:

I /We, being the member(s) of _____ Shares of the above named Company, hereby appoint:-
1._____ of _____ having e- mail Id_____ of failing him
2._____ of _____ having e- mail Id_____ of failing him
3._____ of _____ having e- mail Id_____ of failing him

and whose signatures (s) are appended below as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 28th Annual general meeting of the Company, to be held on **22nd September, 2018 at 3.00 p.m.** at Registered Office and at any adjourned thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote**	
		For	Against
Ordinary Business			
1	To Receive, consider and adopt the Audited Financial Statement (Standalone and Consolidated) in Ind AS format and Report of the Board of Directors and Auditors thereon for the financial year ended 31.03.2018		
2	To appoint Auditors and to fix their Remuneration		
Special Business			
3	Ratification for the Re-appointment of Smt. Chinthapali Lakshmi Kumari		
4	Ratification for the Re-appointment of Shri Madhava Rao Potla		
5	Ratification for the Re-appointment of Shri Mohammad Shafi		
6	Ratification for the appointment of Shri Ramadas Kasaraneni		
7	Increase in Remuneration of Shri Srinivasa Rao Kamma		
8	Approval for the remuneration of the Cost Auditor for the financial year ended 31.03.2019.		

Signed this _____day of _____2018.
Signature of Shareholder_____ Signature of Proxy holder (S) _____

Notes:

1. The proxy duly completed should be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the time fixed for holding the Meeting.
2. A proxy need not be a member of the Company.
3. 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.
4. **This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the Signature of any one holder will be sufficient, but names of all the joint holders should be stated.

ELECTRONIC VOTING PARTICULARS

EVSN (ELECTRONIC VOTING SEQUENCE NUMBER)	USER ID	PASSWORD/PIN
EVENT_NO	USER ID	PWD

Instructions for E-Voting:

a. Initial password is provided, in the attendance slip of the AGM. Please note that the password is in an initial password.

b. Use the following URL for e-voting: From Karvy website: http://evoting.karvy.com

c. Shareholders of the Company holding Shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

d. Enter the Login credentials. Your Folio No/DP ID will be your user ID.

e. After entering the details appropriately, click on LOGIN.

f. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of Minimum Eight Characters with at least on uppercase (A-Z), one Lower case(a-z), one numeric value(0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login, You may also enter the Secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

g. You need to login again with the new credentials.

h. On successful login, the system will prompt you to select the EVENT i.e, Madhucon projects Limited.

i. On the Voting page, enter the number of shares as on the Cut-off date FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

j. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folio/demat account.

k. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else cancel to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

l. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

m. Institutional shareholders (i.e other than individuals, HUF, NRI etc.) are required to send scanned copy(PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signatures of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e- mail to cslokeshagarwal05@gmail.com with a copy marked to evoting@karvy.com

n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting@karvy.com or contact Karvy Computershare Pvt. Ltd at Tel 1800 345 4001 (toll free).



www.madhucon.com

MADHUCON

MADHUCON

PROJECTS LIMITED

AN ISO-9001 : 2008 COMPANY

If undelivered please return to:
"Madhucon House", Road No. 36, Jubilee Hills, Hyderabad- 500 033. INDIA