



Ref.: MPL/HYD/CS/AGM/2019

Date: 23-09-2019

To

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|--|--|
| The Bombay Stock Exchange (BSE)<br>Corporate Relationship Dept.,<br>1st Floor, New Trading Ring<br>Rotunda Building, PJ Towers<br>Dalal Street, Fort,<br>Mumbai -400 001 | The National Stock Exchange (NSE) of India<br>Limited,<br>5th Floor, Exchange Plaza,<br>Bandra (East),<br>Mumbai- 400 051. |
|--|--|

Dear Sirs,

**Kind Attn: Listing Department / Corporate Relationship Department**

**Sub: Submission of Annual Report For the Financial Year 2018-19 under Regulation 34 of Securities and Exchange Board of India (LODR) Regulations, 2015 - Reg Ref: BSE Scrip Code: 531497, NSE Scrip Code: MADHUCON.**

With reference to the subject cited above, we wish to furnish the Annual Report for the financial year 2018-19 as per the Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Kindly acknowledge the receipt of the same.

Thanking You,

For Madhucon Projects Limited

  
(K. Rajani)  
Company Secretary  
FCS: 8026





# **MADHUCON**

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**PROJECTS LIMITED**

**AN ISO-9001 : 2008 COMPANY**

**29<sup>th</sup>  
ANNUAL REPORT  
2018 - 2019**

**MADHUCON PROJECTS LIMITED**

(CIN: L74210TG1990PLC011114)

|  |   |   |
|--|---|---|
| <b>Board of Directors</b>                        | : | <b>Sri.Ramadas Kasarneni</b><br>Chairman and Independent Director<br><b>Sri N. Seethaiah</b><br>Managing Director<br><b>Sri. K. Srinivasa Rao</b><br>Whole-time Director<br><b>Sri. Mohammad Shafi</b><br>Whole-time Director<br><b>Sri. P. Madhava Rao</b><br>Independent Director<br><b>Smt. Ch. LakshimiKumari</b><br>Woman-Independent Director<br><b>Sri Deepakbhai Kumudray Joshi</b><br>Chief Financial Officer &<br>Company Secretary |
| <b>Registered Office</b>                         | : | 1-7-70, Madhu Complex, Jublipura,<br>Khammam-507003.  |
| <b>Corporate Office</b>                          | : | Madhucon House, Plot No.1129/A,<br>Road No.36, Jubilee Hills, Hyderabad-500033.   |
| <b>Registrar &amp;<br/>Share transfer Agents</b> | : | Karvy Fintech Private Limited<br>Karvy Selenium Tower-B, Plot 31- 32, Gachibowli,<br>Financial District, Nanakramguda,<br>Hyderabad - 500 032   |
| <b>Bankers</b>                                   | : | Axis Bank Limited<br>Bank of India<br>Canara Bank<br>IDBI Bank Limited<br>ICICI Bank Limited<br>Kotak Mahindra Bank<br>Oriental Bank of Commerce<br>State Bank of India   |
| <b>Auditors</b>                                  | : | P.Murali& Co.,<br>Chartered Accountants,<br>(FRN 007257S)<br>6-3-655/2/3, Somajiguda,<br>Hyderabad - 500036   |



## NOTICE

**To  
The Members,  
Madhucon Projects Limited**

NOTICE is hereby given that the 29th Annual General Meeting of the Members of Madhucon Projects Limited will be held on Saturday, 21st September, 2019 at 03:00 P.M 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, 2019 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, 2019 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-appoints P.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 30th Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company."

### SPECIAL BUSINESS:

#### 3. Re-appointment of Sri. Seethaiah Nama (DIN:00784491) as Managing 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 196, 197, 198 & 203 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), and such other approvals as may be required if any, consent of the Members be and is hereby accorded for re-appointment of Sri. Seethaiah Nama, Managing Director of the Company for a period of three years w.e.f. 01st May 2019 on Monthly Managerial Remuneration of Rs. 5,00,000/- (Rupees Five lakhs only) (inclusive of all allowances and perquisites) on recommendation and approval of the Nomination and 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."

#### 4. Approval for the remuneration of the Cost Auditor for the financial year ending on 31st March, 2020.

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 31st March, 2020, 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."

#### 5. Approval for Non-Provision of the Interest on Working Capital Loans & Unsecured Loans :

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT the Interest of Rs.33.93 Cr. and Rs.0.88 Cr. provided on Working Capital limits and Unsecured Loans respectively aggregating to Rs. 34.81 Cr. for the first two quarters - April to June , 2018 and July to Sept, 2018 in the books of accounts of the Company be reversed and not provided for.

RESOLVED FURTHER THAT the Interest provision for the 3rd and 4th Qtr. of the Financial Year 2018-19 on Working Capital Loans and Unsecured Loans of Rs. 37.43 Cr. and Rs.1.40 Cr. respectively and aggregating to Rs. 38.83 Cr. be not provided .

RESOLVED FURTHER THAT the total interest provisions of Rs..71.36 Cr. and Rs. 2.28 Cr. on Working Capital Loans and Unsecured loans respectively and aggregating to Rs. 73.64 Cr. for the full financial year 2018-19 be not applied and provided for in the books of accounts of the Company on the basis that the Company has submitted the One Time Settlement proposal to all Working Capital Banks and is working for the approval, with required improvements, modifications, if any, as may be mutually agreed upon by and between the Company and Working Capital Banks. "

By Order of the Board For **Madhucon Projects Limited**

Sd/-

**Nama Seethaiah**

Managing Director

DIN:00784491

Place: Hyderabad

Date: 13-08-2019

**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 Register of Members and Shares Transfer Books of the company will remain closed from Saturday the 14th September, 2019 to Saturday the 21st September, 2019 (both days inclusive).
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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 Fintech Private Limited (RTA).
10. 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 Fintech Private Limited (RTA) for receiving all communication including Annual Report, Notices etc.
11. The Shareholders who have not encashed their dividend for the financial year 2011-12 to 2016-2017 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.
12. Members may also note that the copy of notice of this Meeting and the Annual Report for the financial year 2018-19 will also be available on the website of the Company [www.madhucon.com](http://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:****Re-appointment of Sri.Seethaiah Nama (DIN:00784491) as Managing Director of the Company.**

The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee at its meeting held on 11th February, 2019 had recommended for re-appointment of Sri Seethaiah Nama as Managing Director of the Company on existing monthly managerial Remuneration of Rs. 5,00,000/- (Rupees Five lakhs only)(inclusive of all allowances and perquisites) for a period of 3 years w.e.f. 01st May 2019.

In terms of the provisions of sections 196, 197, 198 & 203 read with schedule V and other applicable provisions of the Companies Act, 2013 approved by the Board of Directors Accordingly, the shareholders are requested to ratify re-appointment of Sri Seethaiah Nama as Managing Director of the Company as set out in Item No. 3.

None of the Directors and Key Managerial personnel of the company is concerned or interested in financial or otherwise in the said resolution.

**Item No.4:****Approval for the remuneration of the Cost Auditor for the financial year ending on 31st March, 2020:**

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, 2020.



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, 2020, as set out in the Ordinary Resolution in Item No. 4.

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

**Item No. 5:**

**Approval for Non-Provision of the Interest on Working Capital Loans & Unsecured Loans:**

The Board members were informed of the decision taken in the earlier Board meeting in respect of non-provision of Interest liability on the Working Capital limits, for an amount of Rs. 19.11 Cr. for the 3rd quarter ended on December, 2018. Members further discussed in line with the above earlier decision of the Board and further noted as recommended by the Audit Committee in their meeting dated 28th May, 2019, for not to provide the interest on Working Capital Loan and Unsecured Loan for the 4th Quarter ended on 31st March, 2019 for an amount of Rs.19.05 Cr. and Rs. 82 Cr. aggregating to Rs. 19.87 Cr.

The board members discussed in this connection that the Company has submitted the One Time Settlement (OTS) proposal to each of the Working Capital Banks during the year 2018-19 and is working with them and is hopeful to get it approved with suitable modifications, if any. It was further deliberated that as the Company has put up OTS proposal with each Working Capital Bank against their respective outstanding, the interest provided for the first two quarter of the Financial Year 2018-19 ie. April-June,18 & July-Sept,18 towards Working Capital Loans for Rs. 16.43 Cr. & Rs. 18.37 Cr. resp. and aggregating to Rs. 34.80 Cr. on the principal amount of Working Capital thus be reversed in the books of account as on 31st March, 2019 on the above ground.

The board members further discussed, for the non-provision of Interest on Unsecured Loans, in line with the non-provision of Interest on working capital limits, and decided that the interest amount of Rs. 0.21 Cr. and Rs. 1.09 Cr. provided on Unsecured loans for the first two quarters ie., April -June, 2018 and July-Sept,2018 aggregating to Rs. 0.88 Cr. be reversed and further discussed and decided that the provision of interest of Rs. 0.58 Cr. and Rs.0.82 Cr. for 3rd and 4th quarter, ie., Oct.-Dec.2018 and Jan-March,2019 respectively totalling to Rs. 1.40 Cr. and all aggregating to Rs. 2.28 Cr. of four quarters of the financial year 2018.19 be not provided in the books of account

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

By Order of the Board  
For **Madhucon Projects Limited**

Place: Hyderabad  
Date: 13-08-2019

Sd/-  
**Nama Seethaiah**  
Managing Director  
DIN:00784491



## INSTRUCTIONS FOR E-VOTING

- a) The instructions for e-Voting are as under:
- i) Launch internet browser by typing the following URL: <https://evoting.karvy.com>.
  - ii) User ID and Password for e-voting is provided in the table appearing above document.
  - iii) Enter the login credentials, i.e., user id and password mentioned in your email. Your Folio No/DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.
  - iv) After entering the details appropriately, Click on "LOGIN".
  - v) The Password Change Menu will appear on your screen. Wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with the least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, email id, on first login. You may also enter a secret question and answer of your choice for retrieving your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - vi) Homepage of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - vii) Select the "EVENT" (e-Voting Event Number) of Madhucon Projects Limited.
  - viii) Now you are ready for e-Voting as Cast Vote page opens.
  - ix) On the voting page, the number of shares (which represents the number of votes) as held by the member as on the Cutoff date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, then enter all shares and click "FOR"/ "AGAINST" as the case may be or partially in "FOR" and partially in "AGANIST", but the total number in "FOR"/ "AGAINST" taken together should not exceed you total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
  - x) Members holding multiple folio / demat accounts shall choose the voting process separately for each Folio / demat account.
  - xi) Once Cast you votes 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 you vote subsequently. During the voting period, you can login multiple times till you have confirmation that you have voted on the resolution.
  - xii) Corporate/Institutional share holders (i.e. other than individuals, HUFs, NRIs etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [cssvcredy@gmail.com](mailto:cssvcredy@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the aove documents should be in the naming format "Corporate Name\_EVENT No". with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
  - xiii) 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 Downloads section of <https://evoting.karvy.com>. Or call Karvy's toll free member 1800-3454-001 for any information or clarification regarding E-voting.
  - xiv) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
  - xv) If e-mail address of the members is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a new password.
  - xvi) Members may send an e-mail request to e-voting [evoting@karvy.com](mailto:evoting@karvy.com). if the member is already registered with the Karvy e-voting platform then such member can use his/her existing User ID and password for casting the vote through remote e-voting.
  - xvii) Any person who becomes a member of the Company after dispatch of Notice of the Meeting and holds the shares as on the cut-off date i.e. September 13, 2019 may write / send an E-mail request to E-voting [evoting@karvy.com](mailto:evoting@karvy.com) and obtain the user id and password.

**b) Other Instructions:**

- i) You can also update your mobile number and e-mailID in the user profile details of the folio which may be used for sending future communication(s).
- ii) The E-voting shall commence at 9.00 a.m. (IST) on 18th September, 2019 and ends at 5.00 p.m. (IST) on 20th September, 2019. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off i.e. date 13th September, 2019, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently. Electronic voting shall not be available beyond the said date and time.
- iii) The voting rights of the Members shall be in proportion to their share of the paid-up equity shares capital of the Company as on the cut-off date i.e. Friday, 13th September, 2019 and as per the Register of Members of the Company.
- iv) Mr. S Venkata Krishna Reddy, Practicing Company Secretary (Membership No. ACS 53083) (PCS No. 19542) has been appointed as the Scrutinizer to scrutinize and ensure that the e-voting process is conducted in a fair and transparent manner.
- v) The scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses who are not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
- vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.madhucon.com](http://www.madhucon.com) and on the website of the Company's Registrar & Share Transfer Agent Karvy <https://evoting.karvy.com> within 48 hours of passing of the resolutions at the 29th Annual General Meeting of the Company being held on Saturday, the 21st September, 2019 and communicated to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the shares of the Company are listed.
- vii) The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of e-Voting results and voting held at the Annual General Meeting.





## DIRECTORS REPORT

Your Directors have pleasure in presenting the 29th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2019.

### 1) FINANCIAL SUMMARY

₹ in Lakhs)

| S. No. | Particulars  | Standalone Year ended |                  | Consolidated Year ended |                     |
|--------|--|-----------------------|------------------|-------------------------|---------------------|
|        |  | 31.03.2019            | 31.03.2018       | 31.03.2019              | 31.03.2018          |
|        |  | (Audited)             | (Audited)        | ( Audited)              | (Audited)           |
| 1      | Income from Operations :   |                       |                  |                         |                     |
|        | (a) Net Sales/ Income from Operations  | 66,944.33             | 66,393.34        | 94,244.01               | 103,546.55          |
|        | (b) Other income   | 1,540.56              | 2,211.28         | 4,074.00                | 4,820.25            |
|        | <b>Total Income</b>  | <b>68,484.89</b>      | <b>68,604.62</b> | <b>98,318.01</b>        | <b>108,366.80</b>   |
| 2      | <b>Expenses :</b>  |                       |                  |                         |                     |
|        | (a) Cost of Materials Consumed   | 58,666.41             | 47,401.29        | 71,345.13               | 71,154.82           |
|        | (b) Purchase of Stock-in-trade   | -                     | -                | -                       | -                   |
|        | (c) Changes in Inventory of Finished goods,<br>Work-in-Progress and stock-in-trade         | -                     | (337.40)         | 3,489.78                | (3,753.17)          |
|        | (d) Employee benefits expense  | 3,000.88              | 4,457.49         | 4,519.33                | 4,505.99            |
|        | (e) Other expenses   | 4,395.45              | 4,945.57         | 9,153.31                | 29,087.26           |
|        | (f) Financial Costs  | 2,252.53              | 9,313.06         | 27,904.87               | 83,477.19           |
|        | (g) Depreciation and amortisation expense  | 771.31                | 1,744.13         | 22,420.08               | 24,876.77           |
|        | <b>Total Expenses</b>  | <b>69,086.58</b>      | <b>67,524.14</b> | <b>1,38,832.50</b>      | <b>209,348.86</b>   |
|        | <b>Profit/(Loss) Before Exceptional Items (1-2)</b>  | <b>(601.69)</b>       | <b>1,080.48</b>  | <b>(40,514.49)</b>      | <b>(100,982.06)</b> |
| 4      | Exceptional Items  | -                     | -                | -                       | -                   |
| 5      | <b>Profit/(Loss) Before Tax (3-4)</b>  | <b>(601.69)</b>       | <b>1,080.48</b>  | <b>(40,514.49)</b>      | <b>(100,982.06)</b> |
| 6      | Tax Expense  |                       |                  |                         |                     |
|        | a) Current Tax   | -                     | 2,200.55         | -                       | (1,937.22)          |
|        | b) Deferred Tax  | (2,462.40)            | (2,431.46)       | (2,462.40)              | (2,431.46)          |
|        | <b>Total Tax (a+b)</b>   | <b>(2,462.40)</b>     | <b>(230.91)</b>  | <b>(2,462.40)</b>       | <b>(4,368.68)</b>   |
| 7      | <b>Net Profit/(Loss) After Tax (5-6)</b>   | <b>1,860.71</b>       | <b>1,311.39</b>  | <b>(38,052.09)</b>      | <b>(96,613.38)</b>  |
|        | Share of Loss transferred to Non Controlling Interest                                      | -                     | -                | (3,663.03)              | (10,029.72)         |
|        | <b>Profit/(Loss) after Tax after Non Controlling Interest</b>                              | <b>1,860.71</b>       | <b>1,311.39</b>  | <b>(34,389.06)</b>      | <b>(86,583.66)</b>  |
|        | Share of Profit or Loss from Associated Companies  |                       | -                | -                       | --                  |
|        | <b>Profit/(Loss) after Tax after Share of Minority Interest &amp; Associated Companies</b> | <b>1,860.71</b>       | <b>1,311.39</b>  | <b>(34,389.06)</b>      | <b>(86,583.66)</b>  |
| 8      | <b>Other Comprehensive Income</b>  | 34.45                 | 28.19            | 107.91                  | 406.51              |
|        | Share of Other Comprehensive Income transferred to Non Controlling Interest                | -                     | -                | 13.05                   | 54.79               |
| 9      | <b>Total Comprehensive Income (7+8)</b>  | <b>1895.16</b>        | <b>1,339.58</b>  | <b>(34,294.21)</b>      | <b>(86,231.94)</b>  |
| 10     | Paid up equity share capital(Face Value of Rs.1/- each)                                    | 737.95                | 737.95           | 737.95                  | 737.95              |
| 11     | Other Equity   | 80722.03              | 78,826.86        | (212,984.36)            | (177,495.81)        |
| 12     | <b>(i) Earning per share of Re.1/- each (not annualised)</b>                               |                       |                  |                         |                     |
|        | (a) Basic  | 2.52                  | 1.78             | (46.60)                 | (117.33)            |
|        | (b) Diluted  | 2.52                  | 1.78             | (46.60)                 | (117.33)            |

### 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.) RESERVES: [Section 134(3)(j)]:**

Company has not transferred any amount to reserves due to the loss.

**4.) DIVIDEND: [Section 134(3)(k)]**

No dividend was declared on equity shares for the year ended 31.03.2019 due to insufficient profits.

**5) BOARD MEETINGS :**

The Board met 5 (Five) times (including adjourned meeting) during the financial year 2018-2019. 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       |
| 579           | 04.04.2018 | 581            | 13.08.2018 | 582           | 12.11.2018 | 583            | 11.02.2019 |
| 580           | 28.05.2018 |                |            |               |            |                |            |

**6) 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, 2019; 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, 2019 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.

**7) 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 2018-2019. 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.

**8) DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

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

**9) NOMINATION AND REMUNERATION POLICY**

The Board has, on the recommendation of the Nomination & Remuneration Committee revised Nomination and Remuneration policy in its meeting held on 28.05.2019 which lays down a framework in relation to selection, appointment and remuneration to Directors, Key Managerial Personnel and Senior Management and criteria for determining qualifications, positive attributes, and independence of a director of the Company. The Nomination and Remuneration Policy is stated in the Corporate Governance Report.

**10) 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.

**11) 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.

**12) 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.

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

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

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

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

### 15) RISK MANAGEMENT

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

### 16) CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

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

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

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

### 17) RANCHI EXPRESSWAYS LIMITED LEGAL MATTER:

The PIL was filed in the Hon'ble High Court of Jharkhand in 2014 vide no 3503/14 and FIR, bearing No. RC2(A)/2019-R, dated 12.03.2019. The matter was under sub judice.

### 18) 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.

### 19) 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.

### 20) CONSOLIDATION OF ACCOUNTS

In compliance with Regulation 33 of the SEBI (LODR) Regulations, 2015 a 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, 2019, 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.

### 21) DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED AND RESIGNED DURING THE YEAR.

- a) Change in Key Managerial Personnel during the year

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. Sri. Deepakbhai Kumudray Joshi was appointed as Chief Financial Officer and Company Secretary of the company w.e.f. 01/03/2019.

- b) Change in Directors during the year

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 recommended to ratify his appointment in previous 28th Annual General Meeting.

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



Sri.Srinivasa Rao Kamma, Whole time Director of the Company has resigned from the directorship due to personal reason w.e.f. 23rd May, 2019 and Board accepted his resignation in its Meeting held on 28.05.2019.

## 22 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.

## 23) 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 up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary trainees) are covered under this policy.

During the financial year 2018-19, the Company received no complaints on sexual harassment.

## 24) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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.

## 25) 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 2019.

## 26) COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of the following members as on 31st March 2019:

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

## 27) COMPOSITION OF STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee comprises of the following members as on 31st March 2019:

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

## 28) STATUTORY AUDITORS AND THEIR REPORT

P.Murali& Co., Chartered Accountants (FRN 007257S) were reappointed as Statutory Auditors of the Company for the Financial Year 2018-19 M/s. P. Murali& Co., Chartered Accountants (FRN 007257S) expressed their willingness to be reappointed for the financial year 2019-20 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.

## 29) 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, 2019 and ending on 31st March, 2020.

## 30) 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, Venkata Krishna & Associates, Company Secretaries ( ACS 53083 and CP No.19542) has been appointed as Secretarial Auditors of the Company for the financial year 2018-19 to carry out the Secretarial Audit and issue report there on. Secretarial Audit report as issued by Venkata Krishna & Associates, Company Secretaries is annexed to this Report as ANNEXURE VI.

## 31) 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 2019-2020.

**32) 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.

**33) 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.

**34) 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,**

Sd/-

**(N. Seethaiah)**  
Managing Director  
DIN: 00784491

Sd/-

**(Mohammad Shafi)**  
Whole-time Director  
DIN: 07178265

Place: Hyderabad  
Date: 13-08-2019

**Form No. MGT- 9**

As on financial year ended on 31-03-2019  
(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 Fintech Pvt.Ltd., (formerly known as Karvy Computer share Pvt Ltd.) 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<br>(CIN: U45200TG2006PLC049235)                         | 94.89            | 2(87)              |
| 2    | Madurai-Tuticorin Expressways Limited<br>(CIN-U45203TG2006PLC050114)           | 54.12            | 2(87)              |
| 3    | Madhucon Mega Mall Private Limited<br>(CIN-U45400TG2007PTC056734)              | 66.66            | 2(87)              |
| 4    | Nama Hotels Private Limited<br>(CIN-U55101TG2007PTC056818)                     | 99.96            | 2(87)              |
| 5    | Madhucon Heights Private Limited<br>(CIN-U45209TG2007PTC056733)                | 66.66            | 2(87)              |
| 6    | Simhapuri Energy Limited<br>(CIN-U40101TG2005PLC048264)                        | 12.15            | 2(87)              |
| 7    | TN(DK) Expressways Limited<br>(CIN- U45200TG2006PLC048941)                     | 0.13             | 2(87)              |
| 8    | Trichy-Thanjavur Expressways Limited<br>(CIN- U45200TG2006PLC049815)           | 0.15             | 2(87)              |
| 9    | Chhapra-Hajipur Expressways Limited<br>(CIN- U45209TG2010PLC068742)            | 0.16             | 2(87)              |
| 10   | Barasat-Krishnagar Expressways Ltd<br>(CIN- U45203TG2011PLC073469)             | 0.03             | 2(87)              |
| 11   | Ranchi Expressways Limited<br>(CIN- U45209TG2011PLC073568)                     | 0.017            | 2(87)              |
| 12   | Vijayawada - Machilipatnam Expressways Limited<br>(CIN- U45209AP2011PLC077676) | 1.78             | 2(87)              |
| 13   | Rajauli-Bakhtiyarpur Expressways Limited<br>(CIN- U45203TG2012PLC080775)       | 4.80             | 2(87)              |
| 14   | Madhucon Properties Limited<br>(CIN: U45200TG2005PLC045366)                    | 33.33            | 2(6)               |
| 15   | Madhucon Toll Highways Limited<br>(CIN- U93000TG2008PLC060479)                 | 0.0083           | 2(87)              |



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

| Category of Shareholders  | No. of Shares held at the beginning of the year[As on 31-March-2018] |          |          |                   | No. of Shares held at the end of the year [As on 31-March-2019] |          |          |                   | % Change during the year |
|---|--|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
|   | Demat  | Physical | Total    | % of Total Shares | Demat   | Physical | Total    | % of Total Shares |                          |
| <b>A. Promoters</b>   |  |          |          |                   |   |          |          |                   |                          |
| (1) Indian  |  |          |          |                   |   |          |          |                   |                          |
| a)Individual/ HUF   | 31018595   | 0        | 31018595 | 42.03             | 31040899  | 0        | 31040899 | 42.06             | 0.03                     |
| 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             | 43457842  | 0        | 43457842 | 58.89             | 0                        |
| <b>B. Public</b>  |  |          |          |                   |   |          |          |                   |                          |
| Shareholding  |  |          |          |                   |   |          |          |                   |                          |
| <b>1.Institutions</b>   |  |          |          |                   |   |          |          |                   |                          |
| a) Mutual Funds   | 0  | 0        | 0        | 0                 | 0   | 0        | 0        | 0                 | 0                        |
| b) Banks / FI   | 128966   | 0        | 128966   | 0.17              | 595   | 0        | 595      | 0.00              | -0.17                    |
| 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  | 410757   | 0        | 410757   | 0.56              | 379799  | 0        | 379799   | 0.52              | -0.04                    |
| h) Foreign Venture Capital Funds  | 0  | 0        | 0        | 0                 | 0   | 0        | 0        | 0                 | 0                        |
| i) Others (foreign bodies - DR)   | 0  | 0        | 0        | 0                 | 20000   | 0        | 20000    | 0.03              | 0.03                     |
| Sub-total (B)(1):-  | 539723   | 0        | 539723   | 0.73              | 400394  | 0        | 400394   | 0.55              | -0.18                    |
| <b>2. Non-Institutions</b>  |  |          |          |                   |   |          |          |                   |                          |
| <b>a) Bodies Corp.</b>  | 4848781  | 0        | 4848781  | 6.57              | 3058183   | 0        | 3058183  | 4.14              | 2.43                     |
| i) Indian   |  |          |          |                   |   |          |          |                   |                          |
| ii) Overseas  |  |          |          |                   |   |          |          |                   |                          |
| <b>b) Individuals</b>   |  |          |          |                   |   |          |          |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 2 lakh        | 23911622   | 254810   | 24166432 | 32.75             | 22081890  | 254810   | 22336700 | 30.27             | -2.75                    |
| ii) Individual shareholders holding nominalshare capital in excess of Rs 2 lakh | 0  | 0        | 0        | 0                 | 3882069   | 0        | 3882069  | 5.26              | 5.26                     |
| <b>c) Others (specify)</b>  |  |          |          |                   |   |          |          |                   |                          |
| Non Resident  |  |          |          |                   |   |          |          |                   |                          |
| Indians   | 448335   | 0        | 448335   | 0.61              | 614689  | 0        | 614689   | 0.83              | 0.22                     |
| 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  | 350131   | 0        | 350131   | 0.47              | 39063   | 0        | 39063    | 0.05              | -0.42                    |
| Trusts  | 6000   | 0        | 6000     | 0.01              | 6000  | 0        | 6000     | 0.01              | 0                        |
| Foreign Bodies - D R  | 0  | 0        | 0        | 0                 | 0   | 0        | 0        | 0                 | 0                        |
| Sub-total (B)(2):-  | 28068418   | 254810   | 29421323 | 38.39             | 29681894  | 254810   | 29936704 | 40.56             | 2.17                     |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)                                    | 30099142   | 254810   | 30355402 | 41.12             | 30082288  | 254810   | 30337098 | 41.11             | 0.00                     |
| C. Shares held by Custodian for GDRs & ADRs                                     | 0  | 0        | 0        | 0                 | 0   | 0        | 0        | 0                 | 0                        |
| Grand Total (A+B+C)   | 73538680   | 254810   | 73794940 | 100               | 73540130  | 254810   | 73794940 | 100               | 0                        |

**B) Shareholding of Promoter:**

| S. No. | Shareholder's Name           | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding 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      | NamaNageswarRao              | 10732262                                  | 14.54                            | 0  | 10732262                            | 14.54                            | 0  | 0   |
| 2      | NamaChinnamma                | 6158000                                   | 8.34                             | 0  | 6158000                             | 8.34                             | 0  | 0   |
| 3      | SeethaiahNama                | 6001800                                   | 8.13                             | 0  | 6001800                             | 8.13                             | 0  | 0   |
| 4      | KrishnaiahNama               | 2676183                                   | 3.63                             | 0  | 2676183                             | 3.63                             | 0  | 0   |
| 5      | SrinivasaRaoKamma            | 1009000                                   | 1.37                             | 0  | 1031304                             | 1.40                             | 0  | 0   |
| 6      | PrithvitejaNama              | 1001500                                   | 1.36                             | 0  | 1001500                             | 1.36                             | 0  | 0   |
| 7      | DhanalakshmiKamma            | 669000                                    | 0.91                             | 0  | 669000                              | 0.91                             | 0  | 0   |
| 8      | BhavyatejaNama               | 667350                                    | 0.90                             | 0  | 667350                              | 0.90                             | 0  | 0   |
| 9      | TulasammaMallampati          | 645000                                    | 0.87                             | 0  | 645000                              | 0.87                             | 0  | 0   |
| 10     | VarammaNama                  | 645000                                    | 0.87                             | 0  | 645000                              | 0.87                             | 0  | 0   |
| 11     | RamaraoNama                  | 509000                                    | 0.69                             | 0  | 509000                              | 0.69                             | 0  | 0   |
| 12     | SeetharamaiahMareddi         | 165000                                    | 0.22                             | 0  | 165000                              | 0.22                             | 0  | 0   |
| 13     | BhuvanewariNama              | 67500                                     | 0.09                             | 0  | 67500                               | 0.09                             | 0  | 0   |
| 14     | MadhuMalampati               | 24000                                     | 0.03                             | 0  | 24000                               | 0.03                             | 0  | 0   |
| 15     | VenkataSubbaraoThottempudi   | 24000                                     | 0.03                             | 0  | 24000                               | 0.03                             | 0  | 0   |
| 16     | SucharitaThottempudi         | 24000                                     | 0.03                             | 0  | 24000                               | 0.03                             | 0  | 0   |
| 17     | Madhucon Granites Limited    | 80,44,000                                 | 10.90                            | 0  | 8044000                             | 10.90                            | 0  | 0   |
| 18     | Nama Investments Limited     | 36,44,410                                 | 4.94                             | 0  | 36,44,410                           | 4.94                             | 0  | 0   |
| 19     | NNR Infra Investment Pvt Ltd | 7,28,533                                  | 0.99                             | 0  | 7,28,533                            | 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 total shares of the Company |
|    | At the beginning of the year   | 43435538                                  | 58.86                            | 43457842                                | 58.89                            |
|    | Date wise Increase in Promoters Share holding during the year specifying the reasons for increase (e.g. allotment /transfer / bonus/ sweat equity etc.): | 22304                                     | 22304                            | 22304                                   | 22304                            |
|    | At the end of the year   | 43457842                                  | 58.89                            | 43457842                                | 58.89                            |




**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 (01.04.2018) |                                  | Change in Shareholding |          | Shareholding at the end of the year (31.03.2019) |                                  |
|--------|--------------------------|--|----------------------------------|------------------------|----------|--|----------------------------------|
|        |                          | No of Shares   | % of total shares of the Company | Increase               | Decrease | No of Shares                                     | % of total shares of the Company |
| 1      | Chandra Singh Lodha      | 2776067  | 3.76                             | ---                    | 126368   | 2649699  | 3.59                             |
| 2      | KusumLodha               | 388425   | 0.53                             | 48500                  | ---      | 436925   | 0.59                             |
| 3      | D.Jyothishmathi          | 321000   | 0.43                             | ---                    | ---      | 321000   | 0.43                             |
| 4      | Anuj AnandDidwania       | 278681   | 0.38                             | ---                    | ---      | 278681   | 0.38                             |
| 5      | Ashok Vemulapalli        | 271445   | 0.37                             | ---                    | ---      | 271445   | 0.37                             |
| 6      | Ashish Jain              | 203000   | 0.28                             | ---                    | ---      | 203000   | 0.28                             |
| 7      | RajniTarun Jain          | 200000   | 0.27                             | ---                    | ---      | 200000   | 0.27                             |
| 8      | Kodali Siva Rama Krishna | 200000   | 0.27                             | ---                    | ---      | 200000   | 0.27                             |
| 9      | Guntupalli Harish        | 15007  | 0.02                             | 182067                 | ---      | 197054   | 0.27                             |
| 10     | Neelesh V Wagle          | 150000   | 0.20                             | 40000                  | ---      | 190000   | 0.26                             |

**E) Shareholding of Directors and Key Managerial Personnel:**

| S. No. | Name of the Shareholders   | Shareholding at the beginning of the year |                                  | Change in Shareholding (01.04.2018) |          | Shareholding at the end of the year (31.03.2019) |                                  |
|--------|--|---|----------------------------------|-------------------------------------|----------|--|----------------------------------|
|        |  | No of Shares                              | % of total shares of the Company | Increase                            | Decrease | No of Shares                                     | % of total shares of the Company |
| 1      | Seethaiah Nama, Managing Director  | 6001800                                   | 8.13                             | -                                   | -        | 6001800  | 8.13                             |
| 2      | Srinivasarao Kamma, Whole Time Director                                    | 1009000                                   | 1.37                             | 0.03                                | -        | 1031304  | 1.40                             |
| 3      | Mohammad Shafi, Whole Time Director  | -   | -                                | -                                   | -        | -  | -                                |
| 4      | Chinthapalli Lakshmi Kumari, Independent Director                          | -   | -                                | -                                   | -        | -  | -                                |
| 5      | KasaraneniRamadas, Chairman and Independent Director                       | -   | -                                | -                                   | -        | -  | -                                |
| 6      | Madhava Rao Potla, Independent Director                                    | -   | -                                | -                                   | -        | -  | -                                |
| 7      | Mrs. Niralee Rasesh Kotdawala, Company Secretary ( up to 17.05.2018)       | -   | -                                | -                                   | -        | -  | -                                |
| 8      | Mr. Deepakbhai Kumudray Joshi, Company Secretary and CFO (From 01.03.2019) | -   | -                                | -                                   | -        | -  | -                                |



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

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans   | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|----------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year *</b> |                                     |                      |          |                       |
| 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                            |                                     |                      |          |                       |
| <b>Total (i+ii+iii)</b>                                      | <b>6,37,98,30,457</b>               | <b>63,97,99,695</b>  | <b>-</b> | <b>7,01,96,30,152</b> |
| <b>Change in Indebtedness during the financial year</b>      |                                     |                      |          |                       |
| i) Addition  | 1,15,06,03,247                      | 4,750                | -        | 1,15,06,07,997        |
| ii) Reddepositsuction  | (39,68,51,425)                      | (7,02,58,160)        | -        | 46,71,09,585          |
| <b>Net Change</b>  | <b>75,37,51,822</b>                 | <b>(7,02,53,410)</b> | <b>-</b> | <b>68,34,98,412</b>   |
| <b>Indebtedness at the end of the financial year</b>         |                                     |                      |          |                       |
| i) Principal Amount  | 6,65,20,27,738                      | 56,95,46,285         | -        | 7,22,15,74,023        |
| ii) Interest due but not paid                                | 48,15,54,541                        | -                    | -        | 48,15,54,541          |
| iii) Interest accrued but not due                            |                                     |                      |          |                       |
| <b>Total (I + ii + iii)</b>                                  | <b>7,13,35,82,279</b>               | <b>56,95,46,285</b>  | <b>-</b> | <b>7,70,31,28,564</b> |

\* Indebtedness at the beginning of the financial year revised as per the new Ind-AS reporting in the current FY 2018-19.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

| SN. | Particulars of Remuneration  | Name of MD/WTD/ Manager                    |  |  | Total Amount       |
|-----|--|--|--|--|--------------------|
|     |  | Nama<br>Seethaiah,<br>Managing<br>Director | Kamma<br>SrinivasaRao,<br>Whole-time<br>Director | Mohammad<br>Shafi,<br>Whole-time<br>Director |                    |
| 1   | Gross salary<br>(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  | 0                  |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961                                | 0  | 0  | 0  | 0                  |
| 2   | Stock Option   |  | 0  | 0  | 0                  |
| 3   | Sweat Equity   | 0  | 0  | 0  | 0                  |
| 4   | Commission - as % of profit<br>- others, specify...  | 0  | 0  | 0  | 0                  |
| 5   | Others, please specify   | 0  | 0  | 0  | 0                  |
|     | <b>Total (A)</b>   | <b>60,00,000</b>                           | <b>30,00,000</b>                                 | <b>24,00,000</b>                             | <b>1,14,00,000</b> |
|     | Ceiling as per the Act (11% of Net Profit as calculated as per Section 198 of the Companies Act, 2013) |  |  |  | NA                 |

**B. Remuneration to other directors**

(Amount in Rs.)

| SN. | Particulars of Remuneration                | Name of the Director   |  |  | Total Amount |
|-----|--|--|--|--|--------------|
|     |  | Ramadasa Kasarneni,<br>Chairman &<br>Independent<br>Director | P. Madhava Rao,<br>Independent<br>Director | Ch. LakshimiKumari,<br>Independent<br>Director |              |
| 1   | Independent Directors                      |  |  |  |              |
|     | Fee for attending board committee meetings | Nil  | Nil  | Nil  | 0            |
|     | Commission                                 | Nil  | Nil  | Nil  | 0            |
|     | Others, please specify                     | Nil  | Nil  | Nil  | 0            |
|     | Total (1)                                  | Nil  | Nil  | Nil  | 0            |
| 2   | Other Non-Executive Directors              |  |  |  |              |
|     | Fee for attending board committee meetings | Nil  | Nil  | Nil  | 0            |
|     | Commission                                 | Nil  | Nil  | Nil  | 0            |
|     | Others, please specify                     | Nil  | Nil  | Nil  | 0            |
|     | Total (2)                                  | Nil  | Nil  | Nil  | 0            |
|     | Total (B)=(1+2)                            | Nil  | Nil  | Nil  | 0            |

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

| SN | Particulars of Remuneration   | Key Managerial Personnel |                                  |                                  | Total             |
|----|---|--------------------------|----------------------------------|----------------------------------|-------------------|
|    |   | CEO                      | CS*                              | CFO& CS**                        |                   |
|    |   |                          | Mrs. Niralee Rasesh<br>Kotdawala | Mr.Deepakbhairi<br>Kumudray Josh |                   |
| 1  | Gross salary  | Nil                      | 1,88,498                         | 2,88,334                         | <b>4,76,832</b>   |
|    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil                      | Nil                              | Nil                              | Nil               |
|    | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                      | Nil                              | Nil                              | Nil               |
|    | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                      | Nil                              | Nil                              | Nil               |
| 2  | Stock Option  | Nil                      | Nil                              | Nil                              | Nil               |
| 3  | Sweat Equity  | Nil                      | Nil                              | Nil                              | Nil               |
| 4  | Commission<br>- as % of profit<br>Others specify...                                 | Nil<br>Nil<br>Nil        | Nil<br>Nil<br>Nil                | Nil<br>Nil<br>Nil                | Nil<br>Nil<br>Nil |
| 5  | Others, please specify  | Nil                      | Nil                              | Nil                              | Nil               |
|    | Total   | Nil                      | 1,88,498                         | 2,88,334                         | <b>4,76,832</b>   |

\*Resigned on 17th May, 2018.

\*\* Joined on 01st March, 2019.


**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) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                              |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                           | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                           | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                           | NA                                 |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                              |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                           | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                           | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                           | NA                                 |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                           | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                           | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                           | NA                                 |

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

(N. Seethaiah)  
 Managing Director  
 DIN: 00784491

(Mohammad Shafi)  
 Whole-time Director  
 DIN: 07178265

Place: Hyderabad  
 Date: 13-08-2019



## ANNEXURE - II

## MANAGEMENT DISCUSSION & ANALYSIS

### I. Industry Structure and Developments:

Infrastructure sector is a key driver for the Indian economy. The sector is the second largest economic activity in India after agriculture and has been growing rapidly. This 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. Accordingly the Government of India has given a massive push to the infrastructure sector by allocating Rs 4.56 lakh crore (US\$ 63.20 billion) for the sector in Union Budget 2019-20: Further Rs 83,015 crore (US\$11.51 billion) allocated towards road transport and highway.

The total national highways length increased to 122,434 kms in FY18 from 92,851 kms in FY14 due to the measures of Union government. India's national highway network is expected to cover 150,000 kilometres by 2020. National highway construction in India has increased by 20 per cent year-on-year in 2018-19. India and Japan have joined hands for infrastructure development in India's north-eastern states and are also setting up an India-Japan Coordination Forum for Development of North East to undertake strategic infrastructure projects in the northeast. As part of innovative modes of financing to meet India's huge infrastructure appetite, insurance giant LIC has agreed to offer Rs 1.25 lakh crore line of credit by 2024, to fund highway projects. This line of credit will be used to fund the ambitious Bharatmala project, the revised cost of which has reached Rs 8.41 lakh crore.

Bharatmala was approved initially at a cost of Rs 5.35 lakh crore, which was risen later on account of land acquisition costs. In the first phase, 34,800 km including 10,000 kilometres of balance NHDP (National Highways Development Project) will be upgraded. To achieve desirable length and capacity, the Government is proposing the restructuring of National Highways Programme, with a proposal to help States in the development of State road networks under Bharatmala Phase 2. India's Infrastructure sector has the potential to boost GDP growth by 2-3%. In the future, the sector will continue to offer new and innovative opportunities under the National Highways Development Programme (NHDP), big-ticket programmes like the Bharatmala and the toll-operate-transfer (TOT) model.

### II. Opportunities and Strengths:

The Government of India is taking every possible initiative to boost the infrastructure sector and is expected to invest highly in the infrastructure sector, mainly highways. 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. 3275 Crores.

#### Segment-wise performance:

##### 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 1021.27 Crores during the year 2018-19.

##### 2. Irrigation Projects:

Your Company executed many Irrigation projects such as Canals, Dams, Tunnels, Spillways, Lift Irrigation Projects amounting more than Rs. 1374 Crore PAN India. At present various Irrigation Projects amounting to Rs. 1044 Crore are 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 20% in budget 2019. Government of India is planning to spend Rs 31 trillion (US\$ 454.83 billion) on infrastructure development over the next five years, with 70 per cent of funds needed for power, roads and urban infrastructure segments.

For highways, the budget allocation has been stepped up to Rs 83015 Crores for FY 2019-20 from Rs 71,000 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 of factors 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..

##### I. 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.

##### II. Discussion on financial performance with respect to operational performance:

During the year under review, your Company has achieved a total income (standalone) of Rs.68484.89 Lakhs against Rs 68604.62 Lakhs and Earning per Share (EPS) of Rs 2.52 against 1.78 of the Previous Year.

##### III. Human Resources/Industrial Relations:

Human Capital is a key driver to the growth and success of Madhucon. The key HR strategies at Madhucon focus on optimizing individual and organizational efficiency by bringing the right talent and create a performance driven culture in the company. Your Company has recruited competent Professionals at all levels of management for all verticals of the Company 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 READ WITH 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 OUTGO:

(Rs. In Lakhs)

| PARTICULARS                                 | 2018-19 | 2017-18 |
|---|---------|---------|
| <b>Foreign Exchange Earnings:</b>           |         |         |
| Advance Received                            | Nil     | Nil     |
| <b>Foreign Exchange Outgo:</b>              |         |         |
| i. Towards Travelling                       | 0.41    | 20.19   |
| ii. Towards Import of Capital Goods         | Nil     | Nil     |
| iii. Towards payment of equipment Suppliers | Nil     | Nil     |
| iv. On account of others                    |         |         |
| a. Investment                               | Nil     | Nil     |
| b. Interest                                 | Nil     | Nil     |
| c. Loan Repayment                           | Nil     | Nil     |
| iv. Others                                  |         |         |

**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. Lakshimi 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. 16.47 Crs.

Prescribed CSR Expenditure (two per cent of the amount as above) Rs. 32.94 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.

Sd/-  
**(Ch. Lakshimi Kumari)**  
Independent Director  
Chairperson of CSR Committee  
DIN: 06942473

## Annexure - V

## PART A: Subsidiaries

|      |  | (₹ in Lakhs)   |                    |               |              |                   |                            |              |             |          |                   |                   |                  |                    |
|------|--|----------------|--------------------|---------------|--------------|-------------------|----------------------------|--------------|-------------|----------|-------------------|-------------------|------------------|--------------------|
| S.No | Name of Subsidiary                           | Financial Year | 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                       | 31.03.2019     | INR                | 128,777.70    | (25,429.45)  | 95,243.41         | 198,591.66                 | 198,591.66   | 191,619.33  | 1,305.29 | (115.08)          |                   | (143.56)         | 94.89              |
| 2    | Madhucon Toll highways                       | 31.03.2019     | INR                | 35,888.10     | (380.58)     | 1.71              | 35,509.23                  | 35,509.23    | 34,066.81   |          | (3.14)            |                   | (3.14)           | 0.01               |
| 3    | Simhapuri Energy Limited                     | 31.03.2019     | INR                | 91,975.00     | (75,805.00)  | 341,862.00        | 358,032.00                 | 358,032.00   | 135.00      | 4,870.00 | (21,304.00)       |                   | (21,296.00)      | 12.15              |
| 4    | Madurai Tuticorin Expressways Limited        | 31.03.2019     | INR                | 16,365.00     | (15,100.09)  | 72,447.14         | 73,712.05                  | 73,712.05    |             | 9,267.41 | (1,131.11)        |                   | (1,131.11)       | 54.12              |
| 5    | Trichy Thanjavur Expressways Limited         | 31.03.2019     | INR                | 6,465.00      | (7,379.56)   | 33,101.91         | 32,187.35                  | 32,187.35    |             | 4,679.56 | (496.82)          |                   | (496.82)         | 0.15               |
| 6    | TN (DK) Expressways Limited                  | 31.03.2019     | INR                | 7,466.00      | (3,622.16)   | 23,679.18         | 27,523.02                  | 27,523.02    |             | 5,375.80 | (551.90)          |                   | (551.90)         | 0.13               |
| 7    | Chhapra Hajipur Expressways Limited          | 31.03.2019     | INR                | 6,418.38      | (15,659.36)  | 98,380.19         | 89,139.21                  | 89,139.21    | -           | 5,352.32 | (18,971.64)       |                   | (18,971.64)      | 0.16               |
| 8    | Ranchi Expressways Limited                   | 31.03.2019     | INR                | 8,080.00      | 19,477.40    | 111,230.34        | 138,787.74                 | 138,787.74   |             | 3.82     | (13.82)           |                   | (13.82)          | 0.02               |
| 9    | Barasat-Krishnagar Expressways Limited       | 31.03.2019     | INR                | 4,340.00      | 15,651.52    | 57,352.07         | 77,343.59                  | 77,343.59    |             | -        | -                 |                   | -                | 0.03               |
| 10   | Rajauli-Bakhtiyarpur Expressways Limited     | 31.03.2019     | INR                | 25.00         | 736.63       | 55.21             | 816.84                     | 816.84       |             | -        | (0.56)            |                   | (0.56)           | 4.80               |
| 11   | Vijayawada Machilipatnam Expressways Limited | 31.03.2019     | INR                | 45.00         | (191.18)     | 356.58            | 210.40                     | 210.40       |             | -        | -                 |                   | -                | 1.78               |
| 12   | Nama Hotels Private Limited                  | 31.03.2019     | INR                | 2,713.12      | 5,383.25     | 11.18             | 8,107.54                   | 8,107.54     |             | -        | (0.46)            |                   | (0.46)           | 99.96              |
| 13   | Madhucon Heights Private Limited             | 31.03.2019     | INR                | 3.00          | (1,965.45)   | 9,471.03          | 7,508.59                   | 7,508.59     |             | -        | (0.37)            |                   | (0.37)           | 66.66              |
| 14   | Madhucon Mega Mall Private Limited           | 31.03.2019     | INR                | 3.00          | 3,458.18     | 138.98            | 3,600.16                   | 3,600.16     | 22.33       | 1.04     | 0.67              |                   | 0.67             | 66.66              |
| 15   | PT Madhucon Indonesia                        | 31.03.2019     | Indonesian Rupiah  | 7,227.17      | (3,707.84)   | 5,061.18          | 8,580.51                   | 8,580.51     |             | 219.15   | 172.08            |                   | 172.08           | 4.86               |



**VENKATA KRISHNA & ASSOCIATES**

Company Secretaries

**ANNEXURE- VI****FORM NO MR - 3  
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, 2019**

To,  
The Members of,  
**MADHUCON PROJECTS LIMITED,**  
H.NO.1-7-70, JUBLIPURA, KHAMMAM TG 507003 IN

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, 2019 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:

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, 2019 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, 1992 ('SEBI Act')
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable as there was no Acquisition of Shares)
  - 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 (Not applicable as the company did not issue any securities during the financial year under review)
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the company has not bought back any of its securities during the financial under review)
  - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable as the company has not delisted its equity shares from any stock exchange during the financial under review)



- 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, 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.
- (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) The Company has not complied the provision of Section 152 (6)& (7) of the Companies Act, 2013 regarding Retirement of Directors at the 28th annual general meeting of the Company held on 22/09/2018.
  - ii) The Company has not complied the provision of Section 203 of the Companies Act, 2013 regarding KMP appointment of CFO as the said posts falls vacant since 19th May, 2017 and appointed on 01st March, 2019 there has delay of More than 180 Days.
  - iii) The Company has not complied the provision of Section 203 of the Companies Act, 2013 and Regulation-6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding KMP appointment of Company Secretary and Compliance Officer as the said posts falls vacant since 17th May, 2018 and appointed on 01st March, 2019 there has a delay of More than 180 Days.
  - iv) The Company has 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).
  - v) The Company has not been complied with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under regarding the Annual return on Foreign Liabilities and Assets was notified under the regulations of FEMA Act, 1999. Later, RBI vide notification no- RBI/2010-11/427 A.P. (DIR Series) Circular No. 45, The Company has not filed any Annual Return on Foreign Liabilities and Assets as notified under the regulations of FEMA Act.
  - vi) Revised policy on preservation of documents is uploaded on website with the approval of the Board Meeting of the Company Dated 28.05.2019 as per the Regulation-9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



- vii) Revised whistle blower policy is uploaded on website with the approval of the Board Meeting of the Company Dated 28.05.2019 as per the Regulation-22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- viii) Revised policy on materiality of related party transaction & on dealing with related Party is uploaded on website with the approval on the Board Meeting of the Company Dated 28.05.2019 as per the Regulation-23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- ix) The Company has require to comply the provisions of the Regulation-24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the appointment of independent director of Listed Company on the Board of Directors of some unlisted material Subsidiaries and minutes of Board Meetings of unlisted material subsidiaries has to be placed in the Board Meetings of Listed Company.
- x) Revised policy for determination of materiality is uploaded on website with the approval of the Board Meeting of the Company Dated 28.05.2019 as per Regulation-30(4)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xi) Revised policy of Archival is uploaded on website with the approval of the Board Meeting of the Company Dated 28.05.2019 as per the Regulation-30(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xii) The Company has require to comply the provisions of the Regulation-47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the publishing in newspapers related to the notice of the Board of directors Meeting where financial results are discussed and General Meeting of shareholders of the company.
- xiii) 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<br>(Rs. In Cr) |
|-------|-----------------------------|--|--------------------------------|
| 1     | Bank of India Vs MPL        | Filed by Financial Creditor to initiate the corporate insolvency resolution process under the insolvency and bankruptcy Code, 2006 | 63.15                          |

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. The meetings of Directors and all the Committees of Directors and passing of circular resolutions;
- g. The 28th Annual General Meeting of the Company was held on 22nd September 2018;
- 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 inter-corporate loans and investments;
- p. Generally, all other applicable provisions of the Act and the Rules thereunder.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by internal auditors and other designated professionals.

I further report that on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws..

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) Rule 3(4) A.P. Shops and Establishment Rule, 1990.
- (b) Labour Act, 1970 or Labour Act, 2015 and rules made thereunder applicable
- (c) A.P. Tax on Professional, Trades Calling and Employment, 1987 and the rules made thereunder as applicable.
- (d) Employees Provident Fund Scheme, 1952 and the rules made thereunder as applicable.
- (e) Employee Pension Scheme, 1995 and the rules made thereunder as applicable.
- (f) Employees Deposit Linked Insurance Scheme, 1976 and the rules made thereunder as applicable.
- (g) The Employees' State Insurance Act, 1948
- (h) The Workmen Compensation Act, 1923
- (i) Industrial Dispute Act, 1947 and the rules made thereunder as applicable.
- (j) Payment of Gratuity Act, 1972 and the rules made thereunder as applicable.
- (k) Contract Labour (Regulations and Abolition) Act, 1970 and Rules thereunder; and
- (l) Maternity Benefits Act, 1961
- (m) Air prevention and control of pollution Act, 1981
- (n) Environmental protection Act, 1986
- (o) Water prevention and control of pollution Act 1974
- (p) Motor transport Workers Act, 1961
- (q) Noise Pollution (Regulation & Control) Rules, 2000
- (r) Municipals Solid Waste (Management and Handling) Rules, 2000

I further report that as per the information provided by the management the Company is also listed in the Luxembourg Stock Exchange.

I further report that the Company is not regular in payment of undisputed statutory dues towards Provident Fund and Professional Tax for the Year ended 31.03.2019.

I further report that the Company has defaulted in repayment of dues to banks for the year ended 31st March, 2019. All the loans classified as NPA'S By the Banks.



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.

For **Venkata Krishna & Associates**  
Company Secretaries

Sd/-  
**S V Krishna Reddy**  
Proprietor  
(ACS 53083; CP 19542)

Place: Hyderabad  
Date : 13-08-2019



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, Books of Accounts and Statutory Dues of the Company as commented by the Auditors.
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.

For **Venkata Krishna & Associates**  
Company Secretaries

Sd/-  
**S V Krishna Reddy**  
Proprietor  
(ACS 53083; CP 19542)

Place: Hyderabad  
Date : 13-08-2019



## 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 Remuneration |
|---|------------------------------|
| Sri N. Seethaiah, Managing Director     | 31.25                        |
| Sri K SrinivasaRao, Whole-time Director | 15.62                        |
| Sri Mohammed Shafi, Whole-time Director | 12.5                         |

- (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 - 885
- (v) 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 - Nil
- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company. Yes. It is confirmed.



## 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, 2019

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 2019, the Board consist of 6 (Six) Directors. There is 1(One) Managing Director, 2(Two) Whole-time Directors and 3(three)Non-executive Independent Directorsincluding 1 (One) chairman and 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 31.03.2019 has been set out here below:

| SL. No. | Name of the Director                                      | Board Meetings attended during the financial year (2018-2019) | Attendance at previous AGM held on 22.09.2018 |
|---------|---|---|---|
| 1       | Sri RamadasKasarneni<br>Chairman and Independent Director | 3   | Yes   |
| 2       | Sri N. Seethaiah<br>Managing Director                     | 5   | Yes   |
| 3       | Sri K. SrinivasaRao<br>Whole-time Director                | 5   | Yes   |
| 4       | Sri. Mohammad Shafi<br>Whole-time Director                | 4   | No  |
| 5       | Sri P. MadhavaRao<br>Independent Director                 | 1   | Yes   |
| 6       | Smt. Ch. Lakshimi Kumari<br>Independent Director          | 4   | Yes   |

#### 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 2019 is given below:

| Sl. No. | Name of the Director     | Position                          | No. of Directorships in other Companies | Committee Membership in other Companies | Committee Chairmanship in other Companies |
|---------|--------------------------|-----------------------------------|---|---|---|
| 1       | Sri N. Seethaiah         | Managing Director                 | 8                                       | 6                                       | 0   |
| 2       | Sri K. SrinivasaRao      | Whole-time Director               | 10                                      | 6                                       | 0   |
| 3       | Sri. Mohammad Shafi      | Whole-time Director               | 0                                       | 0                                       | 0   |
| 4       | Sri Ramadas Kasarneni    | Chairman and Independent Director | 3                                       | 3                                       | 2   |
| 5       | Smt. Ch. Lakshimi Kumari | Independent Director              | 4                                       | 4                                       | 4   |
| 6       | Sri P. MadhavaRao        | Independent Director              | 3                                       | 4                                       | 0   |

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

The Board met 5 (Five) times during the financial year 2018-2019. 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       |
| 579           | 04.04.2018 | 581            | 13.08.2018 | 582           | 12.11.2018 | 583            | 11.02.2019 |
| 580           | 28.05.2018 |                |            |               |            |                |            |

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 of 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 2019:

1. Smt. Ch. Lakshimi Kumari, Independent Director as Chairperson
2. Sri N. Seethaiah, Managing Director as Member
3. Sri P. 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 4 (Four) times during the financial year under review, on 28.05.2018, 13.08.2018, 10.11.2018 and 11.02.2019 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. Lakshimi Kumari | Chairman | 4                        |
| 2       | Sri N. Seethaiah         | Member   | 4                        |
| 3       | Sri P. Madhava Rao       | Member   | 1                        |

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 was reconstituted in Board Meeting dated 13.08.2018 and now comprises of the following non-executive independent directors as on 31st March 2019:

- 1) Smt. Ch. Lakshimi Kumari, Woman Independent Director as Chairperson
- 2) Sri.Ramadas Kasarneni, Independent 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 3 (Three) times, during the financial year under review, on 28.05.2018, 13.08.2018 and 09.02.2019 and approved re-appointment of Sri. Mohammad Shafi and increase in remuneration of Sri SrinivasaRaokamma, appointment of Chairman and Non-executive Independent Director, Sri RamadasKasarneni and re-appointment of Managing Director & CEO, Sri SeethaiahNama. 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. Lakshimi Kumari  | Chairperson | 3                        |
| 2       | Sri. Srinivasa Rao Kamma* | Member      | 2                        |
| 3       | Sri. P Madhava Rao        | Member      | 2                        |
| 4       | Sri. Ramadas Kasarneni ** | Member      | 1                        |

\* ceased as member w. e. f. 13.08.2018

\*\* became member w. e. f. 13.08.2018

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 and Remuneration 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 6 (Six) directors, 3 (Three) are executive directors. The remuneration payable to these directors is determined by the Board on the Recommendation of the Nomination and 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 2018-2019

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<br>Managing Director      | 5,00,000/-                           | -  | -  | -            | 60,00,000/-       |
| 2       | Sri K. SrinivasaRao<br>Whole-time Director | 3,00,000/-                           | -  | -  | -            | 36,00,000/-       |
| 3       | Sri. Mohammad Shafi<br>Whole-time Director | 3,00,000/-                           | -  | -  | -            | 36,00,000/-       |

vi. Details of shareholding of Directors as on 31st March 2019:

As on 31st March 2019, the Company had 3 (Three) executive directors and 3 (Three) non-executive Independent 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. Ramadas Kasarneni   | Chairman & Independent Director | Nil                | Nil                            |
| 2       | Sri. Nama Seethaiah      | Managing Director               | 6001800            | 8.13                           |
| 3       | Sri. Kamma Srinivasa Rao | Whole-time Director             | 1031304            | 1.40                           |
| 4       | Sri. Mohammad Shafi      | Whole-time Director             | Nil                | Nil                            |
| 5       | Sri. P. Madhava Rao      | Independent Director            | Nil                | Nil                            |
| 6       | Smt. Ch. Lakshimi Kumari | Independent Director            | Nil                | Nil                            |

## 5. STAKEHOLDERS' 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 2019:

1. Smt. Ch. Lakshimi 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 Attendance during the year:

The Shareholders/Investors Grievances Committee/ Stakeholders' Relationship Committee met 1 (One) time during the year on 06.04.2018 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. Lakshimi Kumari | Chairperson | 0                        |
| 2       | Sri K. Srinivas Rao      | Member      | 1                        |
| 3       | Sri P. Madhava Rao       | Member      | 1                        |

## ii. Name and Designation of Compliance Officer: Mr. Deepakbhai Kumudray Joshi, Chief Financial Officer and 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 6 Complaints from Shareholders and disposed of 6 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.

**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 |
|-------------------------|-----------------------|--|---------------------------|
| 28th AGM                | 22.09.2018            | Regd. Office:<br>Madhu Complex,<br>1-7-70, Jublipura,<br>Khammam | Nil                       |
| 27th AGM<br>(2016-2017) | 23.09.2016<br>3.00 PM | Regd. Office:<br>Madhu Complex,<br>1-7-70, Jublipura,<br>Khammam | Nil                       |
| 26th AGM<br>(2015-2016) | 24.09.2016<br>3.00 PM | Regd. Office:<br>Madhu Complex,<br>1-7-70, Jublipura,<br>Khammam | Nil                       |



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 2018 was held on 15th February, 2019 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, 2019 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 structures imposed on the Company by Stock Exchanges or SEBI or Statutory Authority on any matters relating to capital markets during the last three years as follows:

| Sr. No | Stock Exchange  | Details of \ violation  | Details of Penalties   | Observations/ remarks of the Company.  |
|--------|---|---|--|--|
| 1      | Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) | Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) | Imposed fine of Rs.1,21,540/- (including GST calculated up to 28th February, 2019 for Delay of 103 Days. | The company has paid the fine amount to BSE and NSE on 24.05.2019& 26.07.2019 and Company has appointed Company Secretary as Compliance officer w.e.f. 01.03.2019. |

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](mailto: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 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 following link: <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 Trading 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 2019. 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 S V KRISHNA REDDY**, Practicing Company Secretary and the same has been incorporated as an Annexure to the Directors Report.

**8. SHAREHOLDER'S COMMUNICATION:**

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 2018-19 relating to quarterly un-audited and Quarterly & Yearly audited financial results are as follows:

| <b>Financial Reporting for the :</b>                          |                     |
|---|---------------------|
| 1st Quarter ended 30th June 2018                              | 13th August, 2018   |
| 2nd Quarter ended 30th September 2018                         | 12th November, 2018 |
| 3rd Quarter ended 31st December 2018                          | 11th February, 2019 |
| 4th Quarter ended and financial year ended on 31st March 2019 | 28th May, 2019      |

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 ManaTelangana and are disseminated in the website of the Company under the following link : [http://www.madhucon.com/i/FinancialResults\\_31032019.pdf](http://www.madhucon.com/i/FinancialResults_31032019.pdf)**

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 : 21st September, 2019  
 Day : Saturday  
 Time : 03:00 PM  
 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 2018-2019:

High and Low of Market Price of the Company's Equity Shares Traded on the BSE & NSE during the 12 months period ended 31st March 2019 are as under-

#### A) BSE:

| Period         | High (Rs.) | Low (Rs.) | No. of Shares | No. of Trades |
|----------------|------------|-----------|---------------|---------------|
| April 2018     | 26.15      | 19.70     | 9,00,000      | 4299          |
| May 2018       | 22.90      | 15.05     | 6,00,000      | 2954          |
| June 2018      | 15.60      | 10.80     | 4,00,000      | 2003          |
| July 2018      | 13.00      | 8.60      | 6,00,000      | 1709          |
| August 2018    | 13.00      | 10.06     | 4,00,000      | 1355          |
| September 2018 | 10.99      | 7.68      | 3,00,000      | 882           |
| October 2018   | 7.94       | 5.66      | 3,00,000      | 874           |
| November 2018  | 8.65       | 6.70      | 3,00,000      | 494           |
| December 2018  | 7.48       | 6.30      | 1,00,000      | 302           |
| January 2019   | 7.29       | 5.65      | 1,00,000      | 453           |
| February 2019  | 6.44       | 4.25      | 2,00,000      | 534           |
| March 2019     | 8.03       | 5.32      | 3,00,000      | 366           |



## A) NSE:

| Period         | High (Rs.) | Low (Rs.) | Traded Quantity<br>No. of Shares | No. of Trades |
|----------------|------------|-----------|----------------------------------|---------------|
| April 2018     | 26.25      | 19.80     | 43,34,091                        | 20376         |
| May 2018       | 22.70      | 15.20     | 29,06,615                        | 13457         |
| June 2018      | 15.95      | 10.35     | 23,01,910                        | 9488          |
| July 2018      | 12.90      | 8.60      | 23,75,352                        | 7154          |
| August 2018    | 13.00      | 9.85      | 22,69,770                        | 6119          |
| September 2018 | 11.20      | 7.55      | 18,18,372                        | 4277          |
| October 2018   | 7.95       | 5.60      | 14,80,622                        | 2966          |
| November 2018  | 8.70       | 6.55      | 8,05,489                         | 2496          |
| December 2018  | 7.70       | 6.20      | 6,15,100                         | 2159          |
| January 2019   | 7.20       | 5.75      | 5,60,977                         | 2246          |
| February 2019  | 6.50       | 4.30      | 11,49,618                        | 3528          |
| March 2019     | 7.95       | 5.30      | 8,74,852                         | 1270          |

## vi. Registrar and Transfer Agents:

M/s. KarvyFintech Private Limited

(formerly known as Karvy Computershare Pvt Ltd.)

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.

## A) Distribution of Shareholding as on 31st March, 2019

| Equity Share holding of<br>nominal Value of Rs. 1/- each | Equity Shareholders |               | Equity Shares Amount |               |
|--|---------------------|---------------|----------------------|---------------|
|  | Numbers             | %             | In Rs.               | %             |
| 1 - 5,000  | 18,012              | 95.69         | 10,391,540           | 14.08         |
| 5,001 - 10,000   | 408                 | 2.20          | 3,063,613            | 4.15          |
| 10,001 - 20,000  | 189                 | 1.00          | 2,756,176            | 3.73          |
| 20,001 - 30,000  | 80                  | 0.42          | 1,988,530            | 2.69          |
| 30,001 - 40,000  | 32                  | 0.17          | 1,129,889            | 1.53          |
| 40,001 - 50,000  | 26                  | 0.14          | 1,177,156            | 1.60          |
| 50,001 - 1,00,000  | 33                  | 0.17          | 2,303,717            | 3.12          |
| 1,00,001 - Above   | 44                  | 0.23          | 50,984,319           | 69.09         |
| <b>Total</b>   | <b>18824</b>        | <b>100.00</b> | <b>73794940</b>      | <b>100.00</b> |





**ix. Dematerialization of shares and liquidity:**

7,35,40,130 Equity Shares equivalent to 99.66 % 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 2019.

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                | 4,78,02,158       | 64.78        |
| CDSL                | 2,57,37,972       | 34.88        |
| 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.

- x. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity - No outstanding instruments.
- xi. Plant Locations - Not applicable since the Company is not engaged in manufacturing activities.
- xii. 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.

**M/s. KarvyFintech Private Limited**

(formerly known as Karvy Computershare Pvt Ltd.)  
 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.

Company Secretary & Compliance Officer:

**Mr. Deepakbhai Kumudray Joshi**

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 BSE & NSE within the prescribed time limit as set in the Listing Regulations for the Financial Year 2019-2020.

**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.) |
|-----------|-----------------|-----------|------------------------|--------------------|
| 2017-2018 | Final           | -         | -                      | -                  |
| 2016-2017 | Final           | 10        | 0.10                   | 73,79,494          |
| 2015-2016 | 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, 2019.

For and on behalf of the Board

Sd/-  
Nama Seethaiah  
Managing Director  
DIN-00784491

Place: Hyderabad  
Date : 13/08/2019



### CEO/CFO/GM (Finance & Accounts) Certification

In relation to the Audited Financial Statements of the Company as at March 31, 2019, NamaSeethaiah, Managing Director and DeepakbhaiKumudray Joshi, Chief Financial Officer of the Company certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year and 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 into 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. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or an employee having a significant role in Company's internal control system over financial reporting, wherever applicable.

Sd/-  
(Venkateswarlu)  
G.M. (Fin. & A/cs)

Sd/-  
(DeepakbhaiKumudray Joshi)  
Chief Financial Officer

Sd/-  
(N Seethaiah)  
Managing Director & CEO  
DIN: 00784491

Place: Hyderabad  
Date: 13-08-2019

**COMPLIANCE OFFICER'S RESPONSIBILITY STATEMENT :**

The Compliance Officer (Mr. Deepakbhai Kumudray Joshi) confirms as on 31st March, 2019 that the Company has:

- ◆ Maintained all the Statutory Registers required to be maintained under the Companies Act, 2013 ("the Act") and rules made hereunder.
- ◆ Filed all forms and returns and furnished necessary particulars in time to Registrar of Companies (ROC) and/or Authorities as required under the Act.
- ◆ Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limits prescribed by the law.
- ◆ Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.
- ◆ Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.
- ◆ Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the directors.
- ◆ Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.
- ◆ Given loans and made investments in accordance with the requirements of the Act.
- ◆ Not exceeded the borrowing powers of the company.
- ◆ Registered all the particulars relating to the creation, modification and satisfaction of the charges with the ROC.
- ◆ Effected share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made there under.
- ◆ Complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 entered into with the Stock Exchanges.

The company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other statutory authorities and also the requirements under the Act and related statutes in force.

**Sd/-**

**(DEEPAKBHAI KUMUDRAY JOSHI)**

COMPANY SECRETARY &  
COMPLIANCE OFFICER

PLACE : HYDERABAD

DATE :28-05-2019

**(i) AUDITORS' 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 March 31,2019, 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.

For **Venkata Krishna & Associates**  
Company Secretaries

Sd/-  
**(S V Krishna Reddy)**  
(ACS 53083; CP 19542)

Place: Hyderabad  
Date: 13-08-2019



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
M/s. **Madhucon Projects Limited**  
Report on the Standalone IND AS financial statements

### Qualified Opinion

We have audited the Standalone IND AS financial statements of M/s. Madhucon Projects Limited ("the company"), which comprise the standalone balance sheet as at 31st March 2019, the standalone statement of Profit and Loss (including other comprehensive income) standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2019, loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

- a. Note No. 2.2 (i) to the Standalone 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. In the absence of fair valuation of these investments, we are unable to comment upon the carrying value made thus, we are unable to comment whether any provision for impairment in the value of advance is required.
- b. Note No. 2.2(ii) to the Standalone 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, 2019 was Rs.3500 Lakhs and Rs134.81 Lakhs respectively.

- c. Note No. 2.4 (i) to the Standalone 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, 2019 with respect to Nama Investments Limited and NNR Investments Limited are Rs 4109.97 Lakhs and Rs 512.19 Lakhs respectively. The company has not recognized interest income for the same during current financial year.
- d. Note No. 2.22 (i) to the Standalone financial statements the Company has defaulted in repayment of dues to Banks/Financial Institutions. Borrowings from banks and financial institutions have been classified as nonperforming assets by the lenders. Loans outstanding were classified as NPA's by the banks and Financial Institutions.
- e. Note No. 2.18 (i) to the Standalone financial statements in respect of non-availability of confirmations Trade Payables and various advances/ borrowings. In the absence of alternative corroborative evidence we are unable to comment on the extent to which such balances are recoverable.



- f. The Company is not regular in payment of undisputed statutory dues towards TDS, Provident Fund, Professional Tax and Goods and Service Tax for the year ended 31st March, 2019.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone IND AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone IND AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Management's Responsibility for the Standalone 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the Standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the Standalone IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the Standalone IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone IND AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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 Standalone 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 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/- and FY 2009-10 Rs. 2,45,028/- to Investor Education and Protection Fund (IEPF) within the stipulated period.

For **P. Murali&Co.,**  
Chartered Accountants  
Firm Registration No : 007257S

**A. Krishna Rao**  
Partner  
M.No. 020085

Place: Hyderabad  
Date:28/05/2019



## Annexure A to the Auditors Report

Annexure referred to in Independent Auditors Report to the Members of M/s. Madhucon Projects Limited on the Standalone IND AS financial statements for the year ended 31st March 2019, 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 2018-19 | 78.79       |
| 2     | Professional Tax   | P T PAYABLE                                | 2011-12 to 2018-19 | 58.36       |
| 3     | The Employees Provident funds and Miscellaneous provision act 1952 | provident fund                             | 2012-13 to 2018-19 | 138.22      |
| 4     | Sales Tax  | Sale Tax payable                           | 2013-14 to 2018-19 | 176.80      |
| 5     | Works Contract Tax   | Works Contract Tax                         | 2014-15 to 2018-19 | 640.49      |
| 6     | The Finance Act 1994   | Service Tax                                | 2014-15 to 2018-19 | 332.08      |
| 7     | Goods and Service Tax  | Goods and Service Tax                      | 2017-18 to 2018-19 | 631.64      |
| 8     | The Income Tax Act, 1961   | Tax Deducted at Source & Interest on it    | 2018-19            | 388.42      |

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, 2019 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 2013-14                 | 6979.78                       |
| Sales Tax                | Hon'ble High Court             | 2001 to 2005 & 2009-10             | 7000.89                       |

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 ( Refer Point (d) of Basis for Qualified Opinion), as follows:

Delay in Interest payments: (Amount in Rs. in Lakhs)

| Name of the Bank                       | 0 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 and above days |
|--|--------------|---------------|---------------|----------------|--------------------|
| Axis Bank                              | 0.00         | 0.00          | 0.00          | 0.00           | 72.30              |
| Bank of India                          | 0.00         | 0.00          | 0.00          | 0.00           | 146.67             |
| ICICI Bnak                             | 0.00         | 0.00          | 0.00          | 0.00           | 3652.51            |
| IDBI Bank                              | 0.00         | 0.00          | 0.00          | 0.00           | 348.19             |
| Canara Bank                            | 0.00         | 96.82         | 0.00          | 0.00           |                    |
| Kotak Mahindra Bank Limited            | 0.00         | 0.00          | 0.00          | 0.00           | 44.30              |
| Oriental Bank of Commerce              | 0.00         | 0.00          | 0.00          | 0.00           | 249.40             |
| Name of the Financial Institution      |              |               |               |                |                    |
| Mahindra & Mahindra Financial Services | 7.15         | 7.83          | 8.63          | 19.72          | 0.00               |
| SREI Equipment Finance Ltd.            | 32.32        | 33.02         | 33.72         | 34.40          | 0.00               |

**Delay in Principal Re Payments: (Amount in Rs. in Lakhs)**

| Name of the Bank | 0 to 30 days | 31 to 60 days | 61 to 90 days | 91 to 180 days | 181 and above days |
|------------------|--------------|---------------|---------------|----------------|--------------------|
| Bank of India    | 0.00         | 0.00          | 0.00          | 0.00           | 1767.95            |
| Canara Bank      | 0.00         | 5961.00       | 0.00          | 0.00           | 0.00               |
| ICICI Bank       | 0.00         | 0.00          | 0.00          | 0.00           | 5596.37            |
| Axis Bank        | 0.00         | 0.00          | 0.00          | 0.00           | 4702.51            |

**Name of the Financial Institution**

|  |       |       |       |        |      |
|--|-------|-------|-------|--------|------|
| SREI Equipment Finance Ltd.            | 84.58 | 83.68 | 83.18 | 82.50  | 0.00 |
| Manindra & Mahindra Financial Services | 69.04 | 68.36 | 79.75 | 163.21 | 0.00 |

- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of this clause are not applicable to the Company.
- 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 Standalone IND AS 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  
No:020085

Place: Hyderabad  
Date: 28.05.2019



## Madhucon Projects Limited

Balance Sheet as at March 31, 2019

(₹ in Lakhs)

|                                      | Note No. | As at March 31, 2019 |                   | As at March 31, 2018 |                   |
|--------------------------------------|----------|----------------------|-------------------|----------------------|-------------------|
| <b>ASSETS</b>                        |          |                      |                   |                      |                   |
| <b>Non-Current Assets</b>            |          |                      |                   |                      |                   |
| Property, Plant and Equipment        | 2.1      | 4,909.46             |                   | 5,147.73             |                   |
| Financial Assets                     |          |                      |                   |                      |                   |
| Investments                          | 2.2      | 171,565.38           |                   | 177,181.38           |                   |
| Trade Receivables                    | 2.3      | 484.36               |                   | 525.46               |                   |
| Loans                                | 2.4      | 5,133.46             |                   | 5,131.79             |                   |
| Others Financial Assets              | 2.5      | 11,750.39            |                   | 16,407.97            |                   |
| Deferred tax Asset (Net)             | 2.6      | 4,764.21             |                   | 2,301.81             |                   |
| Other Non-Current Assets             | 2.7      | 19,734.59            |                   | 20,443.57            |                   |
| <b>Total Non-Current Assets</b>      |          |                      | <b>218,341.84</b> |                      | <b>227,139.71</b> |
| <b>Current Assets</b>                |          |                      |                   |                      |                   |
| Inventories                          | 2.8      | 4,281.51             |                   | 4,493.41             |                   |
| Financial Assets                     |          |                      |                   |                      |                   |
| Trade Receivables                    | 2.9      | 25,780.64            |                   | 19,618.07            |                   |
| Cash and Cash equivalents            | 2.10     | 1,065.81             |                   | 1,799.32             |                   |
| Bank Balances other than above       | 2.11     | 239.78               |                   | 258.13               |                   |
| Loans                                | 2.12     | 7,196.48             |                   | 7,189.77             |                   |
| Others Financial Assets              | 2.13     | 7,127.25             |                   | 7,121.77             |                   |
| Current Tax Asset (Net)              |          | 14,070.65            |                   | 5,922.18             |                   |
| Other Current Assets                 | 2.14     | 18,550.60            |                   | 17,483.31            |                   |
| <b>Total Current Assets</b>          |          |                      | <b>78,312.72</b>  |                      | <b>63,885.96</b>  |
| <b>Total Assets</b>                  |          |                      | <b>296,654.57</b> |                      | <b>291,025.67</b> |
| <b>EQUITY AND LIABILITIES</b>        |          |                      |                   |                      |                   |
| <b>Equity</b>                        |          |                      |                   |                      |                   |
| Equity Share capital                 | 2.15     | 740.32               |                   | 740.32               |                   |
| Other Equity                         | 2.16     | 80,722.03            |                   | 78,826.86            |                   |
| <b>Total Equity</b>                  |          |                      | <b>81,462.36</b>  |                      | <b>79,567.19</b>  |
| <b>LIABILITIES</b>                   |          |                      |                   |                      |                   |
| <b>Non-Current Liabilities</b>       |          |                      |                   |                      |                   |
| Financial Liabilities                |          |                      |                   |                      |                   |
| Borrowings                           | 2.17     | 2,791.42             |                   | 4,558.60             |                   |
| Trade Payables                       | 2.18     | 8,167.38             |                   | 8,250.99             |                   |
| Other Financial Liabilities          | 2.19     | 6,457.71             |                   | 8,044.18             |                   |
| Provisions                           | 2.20     | 173.83               |                   | 175.56               |                   |
| Deferred Tax Liabilities (Net)       | 2.6      | -                    |                   | -                    |                   |
| Other Non-Current Liabilities        | 2.21     | 9,714.99             |                   | 21,946.87            |                   |
| <b>Total Non-Current Liabilities</b> |          |                      | <b>27,305.33</b>  |                      | <b>42,976.21</b>  |
| <b>Current Liabilities</b>           |          |                      |                   |                      |                   |
| Financial Liabilities                |          |                      |                   |                      |                   |
| Borrowings                           | 2.22     | 65,672.57            |                   | 57,893.74            |                   |
| Trade Payables                       | 2.23     | 48,895.96            |                   | 40,026.97            |                   |
| Other Financial Liabilities          | 2.24     | 13,228.17            |                   | 11,084.29            |                   |
| Other Current Liabilities            | 2.25     | 41,614.59            |                   | 48,711.57            |                   |
| Provisions                           | 2.26     | 4,762.92             |                   | 4,758.21             |                   |
| Current Tax Liabilities (Net)        |          | 13,712.67            |                   | 6,007.48             |                   |
| <b>Total Current Liabilities</b>     |          |                      | <b>187,886.88</b> |                      | <b>168,482.27</b> |
| <b>Total Equity and Liabilities</b>  |          |                      | <b>296,654.57</b> |                      | <b>291,025.67</b> |

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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



## Madhucon Projects Limited

Statement of Profit and Loss for the Year ended March 31, 2019

(₹ in Lakhs)

|  | Note No. | Year ended<br>March 31, 2019 |                  | Year ended<br>March 31, 2018 |                  |
|--|----------|------------------------------|------------------|------------------------------|------------------|
| <b>Income</b>  |          |                              |                  |                              |                  |
| Revenue from Operations  | 2.27     | 66,944.33                    |                  | 66,393.34                    |                  |
| Other Income   | 2.28     | 1,540.56                     |                  | 2,211.28                     |                  |
| <b>Total Income</b>  |          |                              | <b>68,484.89</b> |                              | <b>68,604.62</b> |
| <b>Expenses</b>  |          |                              |                  |                              |                  |
| Cost of Materials Consumed and Work Expenses   | 2.29     | 58,666.41                    |                  | 47,401.29                    |                  |
| Changes in work in progress  |          |                              |                  | (337.40)                     |                  |
| Employee Benefits Expense  | 2.30     | 3,000.88                     |                  | 4,457.49                     |                  |
| Finance Costs  | 2.31     | 2,252.53                     |                  | 9,313.06                     |                  |
| Depreciation and amortization expense  | 2.1      | 771.31                       |                  | 1,744.13                     |                  |
| Other Expenses   | 2.32     | 4,395.45                     |                  | 4,945.57                     |                  |
| <b>Total Expenses</b>  |          |                              | <b>69,086.58</b> |                              | <b>67,524.14</b> |
| <b>Profit before Exceptional Items and Tax</b>   |          |                              | (601.69)         |                              | 1,080.48         |
| Exceptional Items  |          | -                            |                  | -                            |                  |
| <b>Profit Before Tax</b>   |          |                              | <b>(601.69)</b>  |                              | <b>1,080.48</b>  |
| <b>Tax Expense</b>   |          |                              |                  |                              |                  |
| Current Tax  |          | -                            |                  | -                            |                  |
| Earlier Year Tax (pertaining to F.Y 2016-17)   |          | -                            |                  | 2,200.55                     |                  |
| Deffered Tax   |          | (2,462.40)                   |                  | (2,431.46)                   |                  |
|  |          |                              | (2,462.40)       |                              | (230.91)         |
| <b>Profit for the Year</b>   |          |                              | <b>1,860.71</b>  |                              | <b>1,311.39</b>  |
| <b>Other Comprehensive Income / (Loss)</b>   |          |                              |                  |                              |                  |
| Remeasurement of the Defined Benefit Plans Increase/(Decrease) in borrowing cost pursuant to application of Effective Interest rate method |          | 34.45                        |                  | 28.19                        |                  |
|  |          | -                            |                  | -                            |                  |
| <b>"Other Comprehensive Income / (Loss) for the year "(net of taxes)"</b>  |          |                              | <b>34.45</b>     |                              | <b>28.19</b>     |
| <b>Total Comprehensive Income for the Year</b>   |          |                              | <b>1,895.16</b>  |                              | <b>1,339.58</b>  |
| Earnings per share of face value of Rs. 1 each<br>Basic and Diluted  |          |                              | 2.52             |                              | 1.78             |

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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



**Madhucon Projects Limited**  
**Statement of Changes in Equity for the Year ended March 31, 2019**  
**a) Equity Share Capital**

|  | Number of Shares | Amount |
|--|------------------|--------|
| Balance as at April 01, 2017               |                  |        |
| 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, 2018               | 73,794,940       | 740.32 |
| Add : Issue of Share Capital               | -                | -      |
| As at March 31, 2019                       | 73,794,940       | 740.32 |

**b) Other Equity** (₹ in Lakhs)

|  | Reserves and Surplus |                 |                   | Items of other comprehensive income / (loss)                           |                             |                  | Total |
|--|----------------------|-----------------|-------------------|--|-----------------------------|------------------|-------|
|  | Securities Premium   | General Reserve | Retained Earnings | Net gain / (loss) on fair value of defined comprehensive benefit plans | Other items of other income |                  |       |
| <b>Opening Balance as at April 01, 2017</b>                  | <b>29,313.07</b>     | <b>5,061.53</b> | <b>43,667.93</b>  | <b>(14.72)</b>   | <b>(451.72)</b>             | <b>77,576.10</b> |       |
| Profit for the year  |                      |                 | 1,311.39          |  |                             | 1,311.39         |       |
| Transfer to General Reserve                                  |                      | -               | -                 |  |                             | -                |       |
| Dividend (Inclusive of Tax on Dividend)                      |                      |                 | (88.81)           |  |                             | (88.81)          |       |
| Other comprehensive income / (loss) for the year, net of tax |                      |                 |                   | 28.19  |                             | 28.19            |       |
| Other Movement   |                      |                 |                   |  |                             |                  |       |
| <b>Closing Balance as at March 31, 2018</b>                  | <b>29,313.07</b>     | <b>5,061.53</b> | <b>44,890.51</b>  | <b>13.47</b>   | <b>(451.72)</b>             | <b>78,826.87</b> |       |
| Profit for the year  |                      |                 | 1,860.71          |  |                             | 1,860.71         |       |
| Dividend (Inclusive of Tax on Dividend)                      |                      |                 | -                 |  |                             | -                |       |
| Transfer to Reserves   |                      |                 | -                 |  |                             | -                |       |
| Other comprehensive income / (loss) for the year, net of tax |                      |                 |                   | 34.45  |                             | 34.45            |       |
| <b>Closing Balance as at March 31, 2019</b>                  | <b>29,313.07</b>     | <b>5,061.53</b> | <b>46,751.22</b>  | <b>47.92</b>   | <b>(451.72)</b>             | <b>80,722.03</b> |       |

For **P.Murali & Co.**  
Chartered Accountants  
FRN : 007257S  
**A.Krishna Rao**  
Partner  
Membership Number 020085  
Place : Hyderabad  
Date : May 28, 2019

For and on behalf of the Board  
**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



**MADHUCON PROJECTS LIMITED**  
Cash Flow Statement for the Year ended March 31, 2019 (₹ in Lakhs)

|   | Particulars   | Year ended<br>31 March, 2019 | Year ended<br>31 March, 2018 |
|---|---|------------------------------|------------------------------|
| A | <b>Cash flow from operating activities</b>  |                              |                              |
|   | Profit/(loss) before income tax   | (601.68)                     | 1,080.48                     |
|   | Adjustments for:  |                              |                              |
|   | Depreciation and amortisation expense   | 771.31                       | 1,744.13                     |
|   | Dividend and interest income classified as investing cash flows                   | (77.15)                      | (179.43)                     |
|   | Finance costs   | 2,252.53                     | 9,313.06                     |
|   | Change in operating assets and liabilities  |                              |                              |
|   | (Increase)/decrease in trade receivables  | (6,121.48)                   | (3,500.62)                   |
|   | (Increase) decrease in inventories  | 211.91                       | (555.02)                     |
|   | (Increase)/decrease in other financial assets                                     | (3,496.37)                   | ( 6,290.12)                  |
|   | (Increase)/decrease in other current and non-current assets                       | (358.30)                     | (4,172.62)                   |
|   | (Increase) decrease in other bank balances  | 18.35                        | 260.40                       |
|   | Increase/(decrease) in Loans  | (8.38)                       | 1,439.10                     |
|   | Increase/(decrease) in trade payables   | 8,785.39                     | (1,357.53)                   |
|   | Increase/(decrease) in other financial liabilities                                | 8,262.58                     | (5,369.04)                   |
|   | Increase/(decrease) in other current and non-current liabilities                  | (19,291.42)                  | 12,077.70                    |
|   | Increase/(decrease) in Non current Investments                                    | 5,616.00                     | -                            |
|   | <b>Cash generated from operations</b>   | <b>(4,036.74)</b>            | <b>4,490.49</b>              |
|   | Income taxes paid -   | -                            | -                            |
|   | <b>Net cash inflow from operating activities</b>                                  | <b>(4,036.74)</b>            | <b>4,490.49</b>              |
| B | <b>Cash flows from investing activities</b>                                       |                              |                              |
|   | Payments for property, plant and equipment  | (533.03)                     | (1,413.02)                   |
|   | Payments for purchase of investments  | -                            | -                            |
|   | Dividend paid   | -                            | (88.82)                      |
|   | Interest received   | 77.15                        | 179.43                       |
|   | <b>Net cash outflow from investing activities</b>                                 | <b>(455.87)</b>              | <b>(1,322.41)</b>            |
| C | <b>Cash flows from financing activities</b>                                       |                              |                              |
|   | Proceeds/(Repayment) of long term borrowings                                      | (1,767.19)                   | 2,093.37                     |
|   | Proceeds from short term borrowings (net)   | 7,778.83                     | 4,104.33                     |
|   | Interest paid   | (2,252.53)                   | (9,313.06)                   |
|   | <b>Net cash outflow from financing activities</b>                                 | <b>3,759.11</b>              | <b>(3,115.36)</b>            |
|   | <b>Net increase/(decrease) in cash and cash equivalents</b>                       | <b>(733.51)</b>              | <b>52.72</b>                 |
|   | Cash and cash equivalents at the beginning of the financial year                  | 1,799.32                     | 1,746.59                     |
|   | <b>Cash and cash equivalents at end of the year</b>                               | <b>1,065.81</b>              | <b>1,799.31</b>              |
|   | <b>Reconciliation of cash and cash equivalents as per the cash flow statement</b> |                              |                              |
|   |   | <b>31 March, 2019</b>        | <b>31 March, 2018</b>        |
|   | Cash and cash equivalents as per above comprise of the following:                 |                              |                              |
|   | Cash and cash equivalents   | 1,065.81                     | 1,799.31                     |
|   | <b>Balances per statement of cash flows</b>                                       | <b>1,065.81</b>              | <b>1,799.31</b>              |

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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary





## Notes forming part of Financial Statement

### 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 development and 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 execution of Engineering, Procurement and Construction (EPC) and Turnkey Projects.

### Significant accounting policies :

#### 1.1 Statement of compliance

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('IND AS') notified under the companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). These financial statements have been approved for issue by the Board of Directors at its meeting held on May 28, 2019.

#### 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). 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 as amended.

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.

#### 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.

### **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 financial 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.

#### 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 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 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 assets which 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.

## 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 lower of weighted average cost or net realizable value. 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 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 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 inflow 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:

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 recognizedonly 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 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.

#### **1.22 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.



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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. 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 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 | Tipplers & Trucks | Furniture & Fixtures | Vehicles | Centring Material | Temporary Structures | Computers | Capital Work-in-Progress | Total      |
|----------------------------|----------|----------|-------------------|-------------------|----------------------|----------|-------------------|----------------------|-----------|--------------------------|------------|
| <b>Cost</b>                |          |          |                   |                   |                      |          |                   |                      |           |                          |            |
| <b>As at 1 April 2016</b>  | 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)  |
| <b>As at 31 March 2017</b> | 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)  |
| <b>As at 31 March 2018</b> | 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  |
| Additions                  | -        | -        | 430.04            | -                 | 30.83                | 68.19    | 19.74             | 9.82                 | 11.90     | 35.51                    | 606.03     |
| Disposals / Adjustments    | -        | -        | (895.39)          | (324.00)          | -                    | (66.89)  | -                 | -                    | -         | -                        | (1,286.28) |
| <b>As at 31.03.2019</b>    | 1,220.48 | 21.67    | 27,016.42         | 12,763.71         | 1,309.17             | 2,051.81 | 2,216.40          | 3,435.87             | 438.27    | 75.52                    | 50,549.32  |
| <b>Depreciation</b>        |          |          |                   |                   |                      |          |                   |                      |           |                          |            |
| <b>As at 1 April 2016</b>  | -        | 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)  |
| <b>As at 31 March 2017</b> | -        | 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)  |
| <b>As at 31 March 2018</b> | -        | 9.44     | 27,182.16         | 10,609.40         | 989.34               | 1,717.15 | 2,008.29          | 3,171.81             | 394.25    | -                        | 46,081.84  |
| Depreciation               | -        | 1.08     | 389.20            | 166.41            | 73.82                | 4.66     | 20.70             | 97.38                | 18.05     | -                        | 771.31     |
| Disposals / Adjustments    | -        | -        | (822.39)          | (324.00)          | -                    | (66.90)  | -                 | -                    | -         | -                        | (1,213.29) |
| <b>As at 31.03.2019</b>    | -        | 10.52    | 26,748.97         | 10,451.81         | 1,063.16             | 1,654.91 | 2,028.99          | 3,269.19             | 412.30    | -                        | 45,639.86  |
| <b>As at 31 March 2018</b> | 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   |
| <b>As at 31 March 2019</b> | 1,220.48 | 11.15    | 267.44            | 2,311.90          | 246.01               | 396.89   | 187.41            | 166.68               | 25.96     | 75.52                    | 4,909.46   |





## Notes forming part of Financial Statements

## 2.2 Investments

(₹ in Lakhs)

|  | As at March 31, 2019 |                   | As at March 31, 2018 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | No.of Shares         | Amount            | No.of Shares         | Amount            |
| 1) Investment in Equity Instruments  |                      |                   |                      |                   |
| (i) <b>Subsidiaries</b>  |                      |                   |                      |                   |
| 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<br>7,60,000 Ordinary Shares of Indonesia<br>Rph 10,110 | 760,000              | 350.97            | 760,000              | 350.97            |
| Madhucon Natural Resources Limited<br>(Singapore)“(Face Value of SGD 1)      | 750                  | 0.21              | 750                  | 0.21              |
|  | -                    | -                 | -                    | -                 |
| (ii) <b>Associates :</b>   | -                    | -                 | -                    | -                 |
| In Shares of ₹ 10 each, fully paid up<br>(otherwise specified)               | -                    | -                 | -                    | -                 |
| Madhucon Properties Limited  | 20,000               | 2.00              | 20,000               | 2.00              |
| (iii) <b>Others:</b>   | -                    | -                 | -                    | -                 |
| In Shares of ₹ 10 each, fully paid up<br>(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) <b>Other Investments</b>  | -                    | -                 | -                    | -                 |
| 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          |
| PT Madhucon Indonesia  | -                    | 3,573.18          | -                    | 3,573.18          |
| Madurai Tuticorin Expressways Limited  | -                    | 435.00            | -                    | 435.00            |
| Chhapra Hajipur Expressways Limited  | -                    | 1,616.00          | -                    | 1,616.00          |
| <b>Total</b>   |                      | <b>171,565.38</b> |                      | <b>177,181.38</b> |

|  | As at March 31, 2019 |              | As at March 31, 2018 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Cost                 | Market Value | Cost                 | Market Value |
| Aggregate market value of Quoted Investments | 1.44                 | 10.82        | 1.44                 | 12.00        |
| Aggregate amount of Unquoted Investments     | 171,563.94           | -            | 177,179.94           | 12.42        |
| <b>Total</b>                                 | <b>171,565.38</b>    | <b>10.82</b> | <b>177,181.38</b>    | <b>24.42</b> |



- (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 & 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 hereunder are pledged with Banks and Financial Institutions which have extended loan facilities to the respective investee companies.

| S.No | Name of the Subsidiary                | No of Shares pledged |              |
|------|---------------------------------------|----------------------|--------------|
|      |                                       | 2018 -19             | 2017-18      |
| 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, 2019 |                  | As at March 31, 2018 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | Non-Current          | Current          | Non-Current          | Current          |
| Un Secured, Considered good Trade Receivables |                      |                  |                      |                  |
| From Related Parties                          | 484.36               | 22,302.96        | 525.46               | 16,601.15        |
| From Others                                   | -                    | 3,477.69         |                      | 3,016.92         |
| <b>Total</b>                                  | <b>484.36</b>        | <b>25,780.64</b> | <b>525.46</b>        | <b>19,618.07</b> |

### 2.4 Loans

(₹ in Lakhs)

|                            | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|----------------------------|----------------------|-----------------|----------------------|-----------------|
|                            | Non-Current          | Current         | Non-Current          | Current         |
| Unsecured, considered good |                      |                 |                      |                 |
| Security Deposit           | 431.29               | 167.36          | 430.05               | 163.58          |
| Loans to Related Parties   | 4,702.16             | 7,029.13        | 4,701.74             | 7,026.19        |
| <b>Total</b>               | <b>5,133.46</b>      | <b>7,196.48</b> | <b>5,131.79</b>      | <b>7,189.77</b> |

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, 2019 with respect to Nama Investments Limited and NNR Investments Limited are ₹ 4,189.97 Lakhs and ₹ 512.19 Lakhs respectively.



## 2.5 Other Financial Assets

(₹ in Lakhs)

|   | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | Non-Current          | Current         | Non-Current          | Current         |
| Unsecured, considered good                      |                      |                 |                      |                 |
| Bank Deposits with more than 12 months maturity | 551.35               | -               | 890.71               | -               |
| Earnest Money Deposits                          | 188.22               | -               | 500.36               | -               |
| Retention Money Deposit                         | 2,904.04             | 2,381.16        | 1,397.44             | 1,840.53        |
| Other receivables from Related Parties          | 7,183.17             | 4,141.88        | 11,035.80            | 4,582.03        |
| Advances Recoverable                            | 923.60               | 604.22          | 2,583.66             | 699.21          |
| <b>Total</b>                                    | <b>11,750.39</b>     | <b>7,127.25</b> | <b>16,407.97</b>     | <b>7,121.77</b> |

## 2.6 Deferred Tax Asset / (Liability) (net)

(₹ in Lakhs)

|                            | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| <b>Deferred Tax Assets</b> |                         |                         |
| Opening Balance            | 2,301.81                | 2,301.81                |
| Timing Difference          | 2,462.40                |                         |
| <b>Total</b>               | <b>4,764.21</b>         | <b>2,301.81</b>         |

## 2.7 Other Non-Current Assets

(₹ in Lakhs)

|  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | Non-Current          | Current          | Non-Current          | Current          |
| Capital Advances                         | 2,581.97             | -                | 3,442.62             | -                |
| Advance to suppliers and sub-contractors | 5,894.79             | 15,181.08        | 5,743.12             | 14,049.27        |
| Others                                   | 11,257.84            | -                | 11,257.84            | -                |
| Other Deposits                           | -                    | 2.69             | -                    | 2.69             |
| Interest Accrued on Deposits             | -                    | 8.62             | -                    | 8.62             |
| Advance to Related Parties               | -                    | 3,358.21         | -                    | 3,422.74         |
| <b>Total</b>                             | <b>19,734.59</b>     | <b>18,550.60</b> | <b>20,443.57</b>     | <b>17,483.31</b> |

## 2.8 Inventories

(₹ in Lakhs)

|                  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------|-------------------------|-------------------------|
| Raw Materials    | 3,702.70                | 3,685.88                |
| Work-in-Progress | 578.81                  | 807.53                  |
| <b>Total</b>     | <b>4,281.51</b>         | <b>4,493.41</b>         |

## 2.9 Trade Receivables

(₹ in Lakhs)

|                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|
| Un Secured, Considered good |                         |                         |
| Trade Receivables           |                         |                         |
| From Related Parties        | 22,302.96               | 16,601.15               |
| From Others                 | 3,477.69                | 3,016.92                |
| <b>Total</b>                | <b>25,780.64</b>        | <b>19,618.07</b>        |

**2.10 Cash and Cash Equivalents**

(₹ in Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Cash on hand   | 14.84                   | 14.70                   |
| Balances with Banks                                  |                         |                         |
| In Current Accounts                                  | 1,013.27                | 1,674.03                |
| In Deposit Accounts with Maturity less than 3 months | 13.75                   | 13.75                   |
| Unpaid Dividend Accounts                             | 23.94                   | 96.83                   |
| <b>Total</b>   | <b>1,065.81</b>         | <b>1,799.32</b>         |

**2.11 Bank Balances Other than above**

(₹ in Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Margin Money and other deposits with banks | 239.78                  | 258.13                  |
| <b>Total</b>                               | <b>239.78</b>           | <b>258.13</b>           |

**2.12 Loans**

(₹ in Lakhs)

|                            | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| Unsecured, considered good |                         |                         |
| Security Deposit           | 167.36                  | 163.58                  |
| Loans to Related Parties   | 7,029.13                | 7,026.19                |
| <b>Total</b>               | <b>7,196.48</b>         | <b>7,189.77</b>         |

**2.13 Other Financial Assets**

(₹ in Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Retention Money Deposit                | 2,381.16                | 1,840.53                |
| Other receivables from Related Parties | 4,141.88                | 4,582.03                |
| Advances Recoverable                   | 604.22                  | 699.21                  |
| <b>Total</b>                           | <b>7,127.25</b>         | <b>7,121.77</b>         |

**2.14 Other Current Assets**

(₹ in Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Other Deposits                                   | 2.69                    | 2.69                    |
| Advance to suppliers, sub-contractors and others | 15,181.08               | 14,049.27               |
| Interest Accrued on Deposits                     | 8.62                    | 8.62                    |
| Advance to Related Parties                       | 3,358.21                | 3,422.74                |
| <b>Total</b>                                     | <b>18,550.60</b>        | <b>17,483.31</b>        |



## 2.15 Equity Share Capital

(₹ in Lakhs)

|  | Number of Shares | As at March 31, 2019 | Number of Shares | As at March 31, 2018 |
|--|------------------|----------------------|------------------|----------------------|
| 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             |
| <b>Total</b>                                     |                  | <b>5,000.00</b>      |                  | <b>5,000.00</b>      |
| 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                 |
| <b>Total</b>                                     |                  | <b>740.32</b>        |                  | <b>740.32</b>        |

## a) Reconciliation of the Number of Equity Shares Outstanding at beginning and at end of the year (₹ in Lakhs)

|   | As at March 31, 2019 |               | As at March 31, 2018 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | 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 | -                    | -             | -                    | -             |
| <b>Balance at the end of the year</b>       | <b>73,794,940</b>    | <b>737.95</b> | <b>73,794,940</b>    | <b>737.95</b> |

## 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% (₹ in Lakhs)

| Name of the Share Holders        | As at March 31, 2019 |                    | As at March 31, 2018 |                    |
|----------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                  | No. of Shares held   | % of Share holding | No. 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, 2019 |                    | As at March 31, 2018 |                    |
|---|----------------------|--------------------|----------------------|--------------------|
|   | No. of Shares held   | % of Share holding | No. of Shares held   | % of Share holding |
| <b>(a) Securities Premium</b>   |                      | 29,313.07          |                      | 29,313.07          |
| <b>(b) General Reserve</b>  |                      |                    |                      |                    |
| Opening Balance   | <b>5,061.53</b>      |                    | <b>5,061.53</b>      |                    |
| Add: Transfer from Surplus in Statement of Profit and Loss                                      | -                    |                    | -                    |                    |
| Closing Balance   |                      | 5,061.53           |                      | 5,061.53           |
| <b>(c) Surplus in Statement of Profit and Loss</b>  |                      |                    |                      |                    |
| Opening Balance   | 44,890.51            |                    | 43,667.93            |                    |
| Add : Profit for the Year   | 1,860.71             |                    | 1,311.39             |                    |
| Translation Movement  | -                    |                    | -                    |                    |
| Less : Appropriations   |                      |                    |                      |                    |
| Proposed Dividend   | -                    |                    | (73.79)              |                    |
| Dividend Distribution Tax   | -                    |                    | (15.02)              |                    |
| Transfer to General Reserve   | -                    |                    | -                    |                    |
| Closing Balance   |                      | <b>46,751.22</b>   |                      | <b>44,890.51</b>   |
| <b>d) Other Components of Equity</b>  |                      |                    |                      |                    |
| Remeasurements of the Employee Defined Benefit Plans  | 47.92                |                    | 13.46                |                    |
| 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)             |                    |
|   |                      | <b>(403.79)</b>    |                      | <b>(438.25)</b>    |
| <b>Total (a)+(b)+( c)+(d)</b>   |                      | <b>80,722.03</b>   |                      | <b>78,826.86</b>   |

## 2.17 Borrowings

(₹ in Lakhs)

|                    | As at March 31, 2019 |                    | As at March 31, 2018 |                    |
|--------------------|----------------------|--------------------|----------------------|--------------------|
|                    | Non Current          | Current Maturities | Non Current          | current Maturities |
| <b>Term Loans</b>  |                      |                    |                      |                    |
| Secured:           |                      |                    |                      |                    |
| From Other Parties | 2,791.42             | 2,871.83           | 4,558.60             | 1,440.93           |
| <b>Total</b>       | <b>2,791.42</b>      | <b>2,871.83</b>    | <b>4,558.60</b>      | <b>1,440.93</b>    |

## 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 | Outstanding (₹ in Lakhs) | Repayment Terms/Period of Maturity |
|--|--------------------------------|------------------|--------------------------|------------------------------------|
| SREI Equipment Finance Limited                 | 44                             | 10.00%           | 4,294.90                 | Monthly May 22                     |
| Mahindra & Mahindra Financial Services Limited | 24                             | 11.26%           | 1,354.82                 | Monthly June 20                    |

**2.18 Trade Payables**

(₹ in Lakhs)

|                           | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|---------------------------|----------------------|------------------|----------------------|------------------|
|                           | Non-Current          | Current          | Non-Current          | Current          |
| For Supplies and Services | 2,112.47             | 38,226.56        | 2,029.34             | 30,602.53        |
| Retention Money Deposits  | 5,084.15             | 6,658.05         | 4,632.82             | 5,850.49         |
| Others                    | 970.77               | 4,011.35         | 1,588.83             | 3,573.96         |
| <b>Total</b>              | <b>8,167.38</b>      | <b>48,895.96</b> | <b>8,250.99</b>      | <b>40,026.97</b> |

Confirmation of balances could not be obtained as at 31st March 2019 for Trade Payables, various advances and borrowings, though, the management has requested for the confirmation of balances. Management believes that no material adjustment would be required in books of accounts upon receipt of these confirmations.

**2.19 Other Financial Liabilities**

(₹ in Lakhs)

|  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | Non-Current          | Current          | Non-Current          | Current          |
| Current Maturities of Long Term Borrowings |                      | 2,871.83         |                      | 1,440.93         |
| Interest Accrued and due on Borrowings     |                      | 2,018.77         |                      | 2,138.46         |
| Unpaid Dividend Accounts                   |                      | 23.71            |                      | 96.60            |
| Payable to Related Parties                 | 2.50                 | -                | 2.50                 | -                |
| Other Payables                             | 6,455.21             | 8,313.85         | 8,041.68             | 7,408.32         |
| <b>Total</b>                               | <b>6,457.71</b>      | <b>13,228.17</b> | <b>8,044.18</b>      | <b>11,084.29</b> |

**2.20 Provisions**

(₹ in Lakhs)

|                                 | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|----------------------|----------------------|
| Provision for Employee Benefits |                      |                      |
| Gratuity                        | 109.68               | 115.53               |
| Compensated absences            | 64.14                | 60.03                |
| <b>Total</b>                    | <b>173.83</b>        | <b>175.56</b>        |

**2.21 Other Non-Current Liabilities**

(₹ in Lakhs)

|                                     | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|-------------------------------------|----------------------|------------------|----------------------|------------------|
|                                     | Non-Current          | Current          | Non-Current          | Current          |
| Mobilization Advance                | 9,706.27             | 2,709.68         | 21,938.15            | 5,982.14         |
| Machinery Advance                   | -                    | 316.26           | -                    | 316.26           |
| Material Advance                    | 8.72                 | 2,113.49         | 8.72                 | 2,118.92         |
| Revenue Received in advance         | -                    | 154.93           | -                    | 163.07           |
| Other Advances from Related Parties | -                    | 36,320.23        | -                    | 40,131.17        |
| <b>Total</b>                        | <b>9,714.99</b>      | <b>41,614.59</b> | <b>21,946.87</b>     | <b>48,711.57</b> |

**2.22 Borrowings**

(₹ in Lakhs)

|                                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Loans repayable on demand<br>Secured: |                         |                         |
| From Banks                            | 65,672.57               | 57,893.74               |
| <b>Total</b>                          | <b>65,672.57</b>        | <b>57,893.74</b>        |

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

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

Outstanding balances as on March 31, 2019

(₹ in Lakhs)

| Name of the Bank          | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| ICICI Bank                | 25,345.41               | 25,213.44               |
| United Bank of India      | -                       | 81.44                   |
| State Bank of India       | 4,698.95                | 4,848.95                |
| Oriental Bank of Commerce | 5,249.40                | 5,249.40                |
| Kotak Mahindra Bank       | 5,044.43                | 5,044.43                |
| IDBI Bank                 | 7,848.19                | 7,848.19                |
| Bank of India             | 4,215.13                | 4,414.63                |
| AXIS Bank                 | 7,310.06                | 5,193.26                |
| Canara Bank               | 5,961.00                | -                       |
|                           | <b>65,672.57</b>        | <b>57,893.74</b>        |

**Details of delay in repayment of principal and interest to Banks and Financial Institutions as on March 31, 2019** (₹ in Lakhs)

| Name of the Bank /<br>Financial Institution | Principal<br>(in lakhs) | Period of<br>Delay | Interest in<br>(In lakhs) | Period of<br>Delay |
|---|-------------------------|--------------------|---------------------------|--------------------|
| Bank of India                               | 1,767.95                | 990 - 993 days     | 146.67                    | 915 - 977 days     |
| IDBI Bank                                   | -                       | -                  | 348.19                    | 395 - 485 days     |
| Oriental Bank of Commerce                   | -                       | -                  | 249.40                    | 396 - 486 days     |
| ICICI Bank                                  | -                       | -                  | 3,652.51                  | 912 - 973 days     |

Company has defaulted in repayment of dues to the banks as at 31st March 2019 and all the outstanding loans were classified as NPA by the banks. The company has not provided the interest amounting to Rs. 73.64 Cr (excluding penal interest if any) for the year ended 31st March 2019 on its loans.

**2.23 Trade Payables**

(₹ in Lakhs)

|                           | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| For Supplies and Services | 38,226.56               | 30,602.53               |
| Retention Money Deposits  | 6,658.05                | 5,850.49                |
| Others                    | 4,011.35                | 3,573.96                |
| <b>Total</b>              | <b>48,895.96</b>        | <b>40,026.97</b>        |



**2.24 Other Financial Liabilities**

(₹ in Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Current Maturities of Long Term Borrowings | 2,871.83                | 1,440.93                |
| Interest Accrued and due on Borrowings     | 2,018.77                | 2,138.46                |
| Unpaid Dividend Accounts                   | 23.71                   | 96.60                   |
| Other Payables                             | 8,313.85                | 7,408.32                |
| <b>Total</b>                               | <b>13,228.17</b>        | <b>11,084.29</b>        |

**2.25 Other Current Liabilities**

(₹ in Lakhs)

|                                     | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------------------------|-------------------------|-------------------------|
| Revenue Received in advance         | 154.93                  | 163.07                  |
| Mobilization Advance                | 2,709.68                | 5,982.14                |
| Machinery Advance                   | 316.26                  | 316.26                  |
| Material Advance                    | 2,113.49                | 2,118.92                |
| Other Advances from Related Parties | 36,320.23               | 40,131.17               |
| <b>Total</b>                        | <b>41,614.59</b>        | <b>48,711.57</b>        |

**2.26 Provisions**

(₹ in Lakhs)

|                                 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| Provision for Employee Benefits |                         |                         |
| Gratuity                        | 19.37                   | 9.81                    |
| Compensated absences            | 11.77                   | 5.37                    |
| Other Provisions                |                         |                         |
| Provision for Taxation          | 3,465.55                | 3,465.55                |
| Provision for Expenses          | 406.85                  | 406.85                  |
| Provision for Others            | 859.38                  | 870.63                  |
| <b>Total</b>                    | <b>4,762.92</b>         | <b>4,758.21</b>         |

**2.27 Revenue from Operations**

(₹ in Lakhs)

|                                    | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|------------------------------------|------------------------------|------------------------------|
| Income from Contracts and Services | 64,661.38                    | 65,156.99                    |
| Other Operating Income             | 2,282.95                     | 1,236.36                     |
| <b>Total</b>                       | <b>66,944.33</b>             | <b>66,393.34</b>             |

**2.28 Other Income**

(₹ in Lakhs)

|                       | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|-----------------------|------------------------------|------------------------------|
| Interest Income       | 77.15                        | 179.43                       |
| Miscellaneous Income  | 1,463.41                     | 2,031.85                     |
| Foreign Exchange Gain | -                            | -                            |
| <b>Total</b>          | <b>1,540.56</b>              | <b>2,211.28</b>              |



## 2.29 Cost of Materials Consumed and Work Expenses

(₹ in Lakhs)

|  | Year ended March 31, 2019 |                  | Year ended March 31, 2018 |                  |
|--|---------------------------|------------------|---------------------------|------------------|
| <b>Construction Materials, Stores and Spares</b> |                           |                  |                           |                  |
| Opening Stock                                    | 3,685.88                  |                  | 3,427.21                  |                  |
| Add: Purchases                                   | 8,809.65                  |                  | 14,250.67                 |                  |
| Less : Closing Stock                             | 3,702.70                  |                  | 3,685.88                  |                  |
| <b>Total Consumption</b>                         |                           | <b>8,792.83</b>  |                           | <b>13,992.00</b> |
| Work Expenses                                    |                           | 49,873.58        |                           | 33,409.29        |
| <b>Total</b>                                     |                           | <b>58,666.41</b> |                           | <b>47,401.29</b> |

## 2.30 Employee Benefits Expense

(₹ in Lakhs)

|   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries & Wages and Bonus                | 2,744.89                     | 4,081.54                     |
| Contribution to provident and other funds | 3.20                         | 5.50                         |
| Staff Welfare Expenses                    | 252.79                       | 370.46                       |
| <b>Total</b>                              | <b>3,000.88</b>              | <b>4,457.49</b>              |

## 2.31 Finance Cost

(₹ in Lakhs)

|                           | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---------------------------|------------------------------|------------------------------|
| Interest Expense          | 2,061.14                     | 8,450.99                     |
| Bank Guarantee Commission | 191.39                       | 862.07                       |
| <b>Total</b>              | <b>2,252.53</b>              | <b>9,313.06</b>              |

## 2.32 Other Expenses

(₹ in Lakhs)

|                               | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|-------------------------------|------------------------------|------------------------------|
| Rent                          | 311.69                       | 415.33                       |
| Rates & Taxes                 | 143.05                       | 114.03                       |
| Travelling Expenses           | 135.61                       | 176.76                       |
| Security Expenses             | 120.91                       | 230.53                       |
| Insurance Charges             | 74.03                        | 93.58                        |
| Consultancy charges           | 331.25                       | 231.14                       |
| Trade Receivables written off | 1,860.77                     | 2,434.97                     |
| Advances written off          | 49.60                        | 734.66                       |
| Other Administrative Expenses | 339.06                       | 486.24                       |
| Foreign Exchange Loss         | 1,029.48                     | 28.33                        |
| <b>Total</b>                  | <b>4,395.45</b>              | <b>4,945.57</b>              |

**2.33 Contingent Liabilities not provided for:**

(₹in Lakhs)

| S.No | Particulars  | As at<br>31.03.2019      | As at<br>31.03.2018      |
|------|--|--------------------------|--------------------------|
| 1    | Bank Guarantees**  | 40173.00                 | 54866.00                 |
| 2    | Corporate Guarantees issued by the Company on behalf of its subsidiaries and others  | 26,000.00                | 26,000.00                |
| 3    | Disputed Sales Tax (on appeal)   | 6,906.52                 | 12,471.29                |
| 4    | Income Tax demand contested in appeal  | 7,138.61                 | 7,138.61                 |
| 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         | 2018-19 | 2017-18 |
|------|---------------------|---------|---------|
| 1    | Statutory Audit Fee | 8.00    | 8.00    |
| 2    | Tax Audit Fee       | 2.00    | 2.00    |

**2.35 Segment 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)

| Particulars   | 2018-19    | 2017-18    |
|---|------------|------------|
| Contract revenue recognised   | 64,661.38  | 65,156.99  |
| Aggregate of contract costs incurred and recognised profits (less recognised losses) up to the reporting date for Contracts in progress | 468,060.93 | 413,116.57 |
| Amount of advances received for contracts in progress   | 11,002.46  | 26,796.40  |
| Amount of retention money for contracts in progress   | 8,693.40   | 11,695.00  |
| Gross amount due from customers for contracts in progress   | 14,290.58  | 8,245.49   |

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, 2019 has been made in the financial statements based on information received and such amount outstanding as on 31st March, 2019 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:**

(₹in Lakhs)

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Net Profit after tax available for equity shareholders       | 1,860.71                     | 1,311.39                     |
| 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 * (‘)                                  | 2.52                         | 1.78                         |

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

**2.39 Related Party Transactions:****I. Following are the list of related parties**

| S.No.     | Particulars   |
|-----------|---|
| <b>A.</b> | <b>Subsidiaries</b>                                   |
| 1         | Madhucon Infra Limited                                |
|           | Madurai - Tuticorin Expressways Limited               |
| 3         | Madhucon Mega Mall Private Limited                    |
| 4         | Nama Hotels Private Limited                           |
| 5         | Madhucon Heights Private Limited                      |
| <b>B.</b> | <b>Step-down Subsidiaries</b>                         |
| 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 Ltd              |
| 14        | RajauliBakthiyapur Expressways Limited                |
| 15        | PT Madhucon Indonesia                                 |
| <b>C.</b> | <b>Associates</b>                                     |
| 16        | Madhucon Properties Limited.                          |
| <b>D.</b> | <b>Enterprises where significant influence exists</b> |
| 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                           |
| <b>E.</b> | <b>Joint Ventures</b>                                 |
| 28        | Madhucon Sino-Hydro JV                                |
| 29        | Madhucon Shreehari Hule JV                            |
| 30        | MPL SCCPL SSBBC JV                                    |

**F. Key Management Personnel:**

|    |                      |                     |
|----|----------------------|---------------------|
| 31 | Sri Nama Seethaiah   | Managing Director   |
| 32 | Sri K. Srinivasa Rao | Whole Time Director |
| 33 | Sri Md Shafi         | Director            |

**G. Relatives of Key Management Personnel**

|    |                        |
|----|------------------------|
| 34 | Sri Nama Krishnaiah    |
| 35 | Sri Nama Nageswara Rao |
| 36 | Sri Nama Rama Rao      |

**(II) Related party transactions during the year as follows**

(₹in Lakhs)

|  | 2018-19   | 2017-18   |
|--|-----------|-----------|
| <b>Revenue from Contracts and Services</b>   |           |           |
| Step-down subsidiaries   | 4,555.84  | 25,496.73 |
| Jointly Controlled/entities and ventures   | 13,217.75 | 9,686.51  |
| <b>Rent Paid</b>   |           |           |
| Key Management Personnel   | -         | -         |
| <b>Remuneration</b>  |           |           |
| Key Management Personnel   | 114.00    | 114.00    |
| <b>Loans/Advances Given</b>  |           |           |
| Subsidiaries   | 9.14      | 1,858.52  |
| Step-down subsidiaries   | 22.55     | 20.87     |
| Associates   | 0.20      | 0.46      |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 3.55      | 3.65      |
| <b>Loans/Advances Received</b>   |           |           |
| Subsidiaries   | -         | -         |
| Step-down subsidiaries   | 86.48     | 621.79    |
| Jointly Controlled/entities and ventures   | 104.60    | 646.41    |
| <b>Retention Money</b>   |           |           |
| Step-down subsidiaries   | 225.98    | 1,509.89  |
| Jointly Controlled/entities and ventures   | 799.74    | 503.11    |
| <b>Mobilisation Advance Recovered</b>  |           |           |
| Step-down subsidiaries   | 11,211.07 | 5,052.81  |

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

(₹in Lakhs)

|  | 2018-19   | 2017-18   |
|--|-----------|-----------|
| <b>Trade Receivables</b>   |           |           |
| Subsidiaries   | 484.36    | 525.46    |
| Step-down subsidiaries   | 22,222.46 | 16,539.44 |
| Jointly Controlled/entities and ventures   | 80.50     | 57.46     |
| <b>Outstanding Receivables</b>   |           |           |
| Subsidiaries   | 7,575.03  | 7,565.89  |
| Step-down subsidiaries   | 5,186.07  | 10,353.69 |
| Jointly Controlled/entities and ventures   | 4,364.84  | 3,565.10  |
| Key Management Personnel   | 83.97     | 25.89     |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 9,290.35  | 9,287.22  |



|  |            |           |
|--|------------|-----------|
| <b>Outstanding Payables</b>  |            |           |
| Associates   | 401.17     | 401.37    |
| Step-down subsidiaries   | 38,761.33  | 53,415.63 |
| Jointly Controlled/entities and ventures   | 1,921.60   | 2,026.20  |
| Key Management Personnel   | 131.31     | 187.81    |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 482.64     | 483.07    |
| <b>Corporate Guarantees</b>  |            |           |
| Subsidiaries   | 26,0000.00 | 26,000.00 |
| Step-down subsidiaries   |            |           |
| <b>Bank Guarantees</b>   |            |           |
| Step-down subsidiaries   | 4,335.00   | 11,730.00 |
| Jointly Controlled/entities and ventures   | 9,286.00   | 9,285.85  |

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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



# CONSOLIDATED FINANCIAL STATEMENTS

2018 - 2019



## INDEPENDENT AUDITOR'S REPORT

To the Members of

**M/s.Madhucon Projects Limited**

Report on the Consolidated Ind AS Financial Statements

### Qualified Opinion

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, 2019, 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').

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid 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 state of affairs of the Company as at March 31, 2019, and loss and other comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Qualified opinion

- a. Note No. 2.2 to the financial Statements Madhucon Projects limited, which is a holding company, 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. In the absence of fair valuation of these investments, we are unable to comment upon the carrying value made thus, we are unable to comment whether any provision for impairment in the value of advances is required.
- b. Note No. 2.41 (i) to the consolidated 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, 2019 was Rs 3500 Lakhs and Rs 134.81 Lakhs respectively.
- c. Note No. 2.41 (ii) to the consolidated Financial Statements in relation to Madhucon Projects limited, which is a holding company, 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, 2019 with respect to Nama Investments Limited and NNR Investments Limited are Rs 4189.97 Lakhs and Rs 511.98 Lakhs respectively. The company has not recognized interest income for the same during current financial year. These advances, having regard to financial position of such subsidiary companies and age of such advances, in our opinion, are doubtful of recovery. The management is yet to assess the change in risk of default and resultant expected credit loss allowance on such loans and advances.

- d. Madhucon Projects limited, which is a holding company has defaulted in repayment of dues to Banks/ Financial Institutions. Borrowings from banks and financial institutions have been classified as nonperforming assets by the lenders. Loans outstanding were classified as NPA's by the banks and Financial Institutions.
- e. Note No. 2.18 the consolidated to the Financial Statements, in relation to Madhucon Projects limited, which is a holding company, In respect of non-availability of confirmations Trade Payables and various advances/borrowings. In the absence of alternative corroborative evidence, we are unable to comment on the extent to which such balances are recoverable.
- f. Madhucon Projects limited, which is a holding company, is not regular in payment of undisputed statutory dues towards TDS, Provident Fund, Professional Tax and Goods and Service Tax for the year ended 31st March, 2019.
- g. Note No. 2.17 to the consolidated to the Financial Statements, Simhapuri Energy Limited, which is a step down subsidiary to the company, has defaulted in repayment of dues to Banks and Financial Institutions for the year ended 31st March, 2019. All the loans outstanding were classified as NPA by the Banks and Financial Institutions. The Company has not provided for interest amounting to Rs.398.22 Crores (excluding penal interest, if any) for the Year ended 31st March, 2019 on its Term Loans and Working Capital Loans. The loss of the Simhapuri Energy Ltd has been understated by Rs.398.22 Crores for the year ended 31st March, 2019 in view of non-provision of Interest amount.
- h. Madhucon Infra Limited, which is a subsidiary to the company, has defaulted in repayment of dues to Banks and Financial Institutions for the year ended 31st March, 2019. All the loans outstanding were classified as NPA by the Banks and Financial Institutions. The Company has not provided for interest amounting to Rs. 1.89 Crores (excluding penal interest, if any) for the Year ended 31st March, 2019 on its Term Loans. And it has not made provision for interest amounting to Rs. 19.8 Crores in respect of 12% fully Convertible Debentures. The loss of the Company has been understated by Rs.21.69 Crores for the year ended 31st March, 2019 in view of non-provision of Interest amount on loans & debentures.

#### **Emphasis of matter Paragraph**

- a. Note No. 2.41 (iv) the consolidated to the financial Statements, "Rajauli-Bakthiyarpur Expressways Limited ('RBEL'), which is a step-down subsidiary to the Company, we draw attention to project of the company has been foreclosed with the mutual consent, therefore, going concern is not appropriate and financial statements have been drawn accordingly. As the project of the company has been foreclosed with the mutual consent, cost incurred on the project up-to 31st March, 2018 Rs 8, 15, 39,853/- instead of writing-off, has been accounted as claims receivable under the head, "other current Assets" which is in contravention of the provisions of Indian accounting standard Ind AS 37 (provisions, contingent Liabilities and contingent Assets) claims being contingent asset in nature. This has resulted in over-statement of current Assets by Rs.8, 15, 39,853/- and understatement of cumulative loss by the same amount.



- b. i) Note No. 2.41 (iii) the consolidated to the Financial Statements, "Barasat-Krishnagar Expressways Limited ('BKEL'), which is a step-down subsidiary to the Company, 'The construction work is delayed due to pending approvals and right of way to be provided by NHAI. The company had issued notice for termination of the project to NHAI on 31st December, 2015. The company 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 terminations of the project vide its letter dated 3rd May, 2016 and the company had replied that the notice is not valid. Both company and NHAI appointed arbitrators. The Arbitration proceeding are in progress with SAROD.
- ii) 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.
- c. Note No. 2.41 (v) the consolidated to the Financial Statements, "Vijayawada-Machilipatnam Expressways Limited (VMEL), which is a step-down 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 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 Highway to NHAI on the expiry of the Concession Period of 20 years. Later the agreement for the said project was terminated by NHAI. NHAI has not provided 80% of the Land. In view of the above an amount of Rs 33, 71,207/- instead of writing-off, has been accounted as Claims receivable under the head "Other Current Assets" which is in contravention of the provisions of Indian accounting standard Ind AS 37 (provisions, Contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in over-statement of Current Assets by Rs.33, 71,207 and understatement of cumulative loss by the same amount. However NHAI has terminated the contract. The Company is not confident of discharging it's liabilities in the normal course of business from the available funds. The company referred the matter with Society for Affordable Redressal of Disputes (SAROD) and got award in its favour. The NHAI has filed appeal with the Honourable High Court of Delhi against the award. However, the claim is not yet received so far. In our opinion, the termination of the Concession Agreement and pending receipt and final approval/ Settlement of the claim by the company till date indicate the existence of material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.
- d. Note No. 2.17 to the consolidated to the Financial Statements, Madurai Tuticorin Expressways Limited (MTEL), which is a subsidiary to the Company, has taken loans from different financial institutions. Now those loans became NPA. As per RBI guidelines, interest on such loans need to be recognized on cash basis and not on accrual basis. Hence, interest has not been recognized for part of the year on both long term and short term portions of loans.
- e. "Chhapra- Hajipur Expressways Limited (CHEL), which is a step- down 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 lining of Chhapra- Hajipur section of NH-19 from Kilometers 143.200 to kilometers 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.**

- f. Note No. 2.17 to the consolidated to the Financial Statements, Trichy Thanjavur Expressways Limited (TTEL), which is a step- down subsidiary to the Company, has taken loans from different financial institutions. Now those loans became NPA.As per RBI guidelines, interest on such loans need to be recognized on cash basis and not on accrual basis. Hence, interest has not been recognized for part of the year on both term and short term portions of loans.
- g. Note No. 2.17 the consolidated to the Financial Statements, TN (DK) Expressways Limited (TNDK), which is a step- down subsidiary to the company, has taken loans from different financial institutions. Now those loans became NPA.As per RBI guidelines, interest on such loans need to be recognized on cash basis and not on accrual basis. Hence, interest has not been recognized for part of the year on both long term and short term portions of loans.
- h. Note No. 2.17 the consolidated to the Financial Statements, Ranchi Expressways Limited (REL), which is a step- down subsidiary to the company, was incorporated under the companies Act, 1956, on 2nd Day of June, 2010 as a Special Purpose Vehicle for Design, Build, Operate, Finance and Transfer of 4 lining of Ranchi-Rangoan-Jamshedpur section of NH-33 from KM 114.00 to Km 277 .500 in the state of Jharkhand on annuity basis for a concession period of 15 years .This contract was awarded by NHAI. The company shall hand over the Project Highway to NHAI on expiry of concession period.The company has achieved physical progress of 50.24% and approached NHAI for one Time Fund infusion (OTFI) for completion of the remaining stretch. NHAI has initially sanctioned an amount of Rs.223 Crores as One Time Fund infusion and subsequently NHAI has gone back by cancelling the already sanction OTFI amount of Lenders and the company have preferred one Time Settlement (OTS) with NHAI for the works already completed. While negotiations are going on for OTS proposal, NHAI has terminated the concession Agreement on 30/01/2019 without following the termination procedure laid down in the Concession Agreement and called for tenders from public to complete the balance work on EPC basis. Since project got terminated, Lenders are seeking for one Time settlement. Company and Lenders agreed and requested the NHAI to refer the matter to conciliation committee of independent Engineers. The NHAI had given the consent for referring the matter of CCIE vide its letter dated 18-04-2019. The Company has submitted the claim with NHAI. The proceedings of CCIE will commence soon. Cost incurred on the project up-to 31st March, 2019 Rs. 1295,09,49,755/- instead of writing-of has been accounted as claims receivable under the head "other current Assets" which is in contravention of the provisions of Indian accounting standard Ind AS 37 (Provisions, contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in over-statement of Current Assets by Rs.1295, 09, 49,765/- and understatement of cumulative loss by the same amount.
- i. Madhucon Properties limited, which is an Associate to the company, the accumulated losses completely, eroded the Net worth of the company. The Company has suffered recurring Losses. The accounts of the company have been prepared on the basis of going concern assumption. However, the eroded Net worth will significantly affects the company's ability to continue as a going concern unless it raises capital in order to fund its operations.

**Our Opinion is not modified in respect of these matters.****Management's Responsibility for the Consolidated 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 Consolidated IND AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133



of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the Consolidated IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit Procedures that is appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the Consolidated IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the Consolidated IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated IND AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i)



planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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, 48,240 Lakhs as at March 31, 2019, Total Revenue of Rs. 24,720 Lakhs, Total Loss of Rs.21188 Lakhs and the Total Comprehensive Income of Rs. 21,188 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.

Our opinion on the statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

1. 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, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 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 pending litigations which would impact its financial position in its notes to financial statements.
- ii. The Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 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/- and FY 2009-10 Rs. 2,45,028/- 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: 28.05.2019.



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')

In conjunction with our Audit of the Consolidated Ind AS financial statements of the company as of and for the year ended 31st March 2019, we have audited the internal financial controls over financial reporting of Madhucon Projects Limited ('the Holding company') and its subsidiary companies which are incorporated in India, as of the 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.

#### **Qualified Opinion**

In our opinion except as mentioned in basis for qualified opinion to the consolidated Independent Auditor's Report, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2019, 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

Firm Registration No: 007257S

**A Krishna Rao**

Partner

M.No:020085

Place: Hyderabad

Date: 28-05-2019.





**Madhucon Projects Limited**  
**Consolidated Balance Sheet as at March 31, 2019**

(₹ in Lakhs)

|  | Note No. | As at March 31, 2019 |                     | As at March 31, 2018 |                     |
|--|----------|----------------------|---------------------|----------------------|---------------------|
| <b>ASSETS</b>                                      |          |                      |                     |                      |                     |
| <b>Non-Current Assets</b>                          |          |                      |                     |                      |                     |
| Property, Plant and Equipment                      | 2.1      | 313,217.93           |                     | 327,998.91           |                     |
| Capital Work-in-Progress                           | 2.1      | 15,106.39            |                     | 15,041.41            |                     |
| Intangible Assets                                  | 2.1a     | 120,339.13           |                     | 127,095.01           |                     |
| Investment Properties                              |          | 61.46                |                     | 81.56                |                     |
| <b>Financial Assets</b>                            |          |                      |                     |                      |                     |
| Investments  | 2.2      | 53.58                |                     | 53.58                |                     |
| Trade Receivables                                  | 2.3      | -                    |                     | -                    |                     |
| Loans  | 2.4      | 5,298.36             |                     | 5,297.83             |                     |
| Others Financial Assets                            | 2.5      | 92,174.86            |                     | 220,752.47           |                     |
| Deferred Tax Assets (Net)                          | 2.36     | 4,764.21             |                     | 2,301.81             |                     |
| Other Non-Current Assets                           | 2.6      | 22,947.01            |                     | 23,590.51            |                     |
| <b>Total Non-Current Assets</b>                    |          |                      | <b>573,962.93</b>   |                      | <b>722,213.09</b>   |
| <b>Current Assets</b>                              |          |                      |                     |                      |                     |
| Inventories  | 2.7      | 6,288.37             |                     | 10,002.53            |                     |
| <b>Financial Assets</b>                            |          |                      |                     |                      |                     |
| Investments  | 2.8      | 210.30               |                     | 57.11                |                     |
| Trade Receivables                                  | 2.9      | 3,666.80             |                     | 3,115.38             |                     |
| Cash and Cash Equivalents                          | 2.10     | 3,344.58             |                     | 4,398.66             |                     |
| Bank Balances other than above                     | 2.11     | 435.64               |                     | 1,064.12             |                     |
| Loans  | 2.12     | 168.33               |                     | 164.56               |                     |
| Others Financial Assets                            | 2.13     | 150,362.78           |                     | 25,190.71            |                     |
| Current Tax Asset (Net)                            |          | 14,528.15            |                     | 6,469.53             |                     |
| Other Current Assets                               | 2.14     | 17,561.58            |                     | 16,521.65            |                     |
| <b>Total Current Assets</b>                        |          |                      | <b>196,566.53</b>   |                      | <b>66,984.25</b>    |
| <b>Total Assets</b>                                |          |                      | <b>770,529.46</b>   |                      | <b>789,197.34</b>   |
| <b>EQUITY AND LIABILITIES</b>                      |          |                      |                     |                      |                     |
| <b>Equity</b>                                      |          |                      |                     |                      |                     |
| Equity Share Capital                               | 2.15     | 740.32               |                     | 740.32               |                     |
| Other Equity                                       | 2.16     | (212,984.36)         |                     | (177,495.81)         |                     |
| Less : Profit / (Loss) from Associates             |          | -                    |                     | -                    |                     |
| Equity Attributable to Shareholders of the Company |          |                      | (212,244.04)        |                      | (176,755.49)        |
| Non-Controlling Interests                          |          |                      | (4,648.58)          |                      | (806.13)            |
| <b>Total Equity</b>                                |          |                      | <b>(216,892.62)</b> |                      | <b>(177,561.62)</b> |
| <b>Liabilities</b>                                 |          |                      |                     |                      |                     |
| <b>Non-Current Liabilities</b>                     |          |                      |                     |                      |                     |
| <b>Financial Liabilities</b>                       |          |                      |                     |                      |                     |
| Borrowings   | 2.17     | 312,341.35           |                     | 451,636.11           |                     |
| Trade Payables                                     | 2.18     | 8,256.36             |                     | 8,318.19             |                     |
| Other Financial Liabilities                        | 2.19     | 759.76               |                     | 1,643.69             |                     |
| Provisions   | 2.20     | 12,281.87            |                     | 9,350.54             |                     |
| Deferred Tax Liabilities (Net)                     |          | 5.03                 |                     | 5.03                 |                     |
| Other Non-Current Liabilities                      | 2.21     | 7,459.52             |                     | 9,545.05             |                     |
| <b>Total Non-Current Liabilities</b>               |          |                      | <b>341,103.89</b>   |                      | <b>480,498.61</b>   |
| <b>Current Liabilities</b>                         |          |                      |                     |                      |                     |
| <b>Financial Liabilities</b>                       |          |                      |                     |                      |                     |
| Borrowings   | 2.22     | 263,408.56           |                     | 153,350.39           |                     |
| Trade Payables                                     | 2.23     | 65,705.91            |                     | 56,897.02            |                     |
| Other Financial Liabilities                        | 2.24     | 211,250.01           |                     | 171,974.59           |                     |
| Other Current Liabilities                          | 2.25     | 70,502.51            |                     | 74,096.86            |                     |
| Provisions   | 2.26     | 21,734.48            |                     | 23,929.96            |                     |
| Current Tax Liabilities (Net)                      |          | 13,716.72            |                     | 6,011.53             |                     |
| <b>Total Current Liabilities</b>                   |          |                      | <b>646,318.19</b>   |                      | <b>486,260.35</b>   |
| <b>Total Equity and Liabilities</b>                |          |                      | <b>770,529.46</b>   |                      | <b>789,197.34</b>   |

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

For P.Murali &amp; Co.

Chartered Accountants

FRN : 007257S

A.Krishna Rao

Partner

Membership Number 020085

Place : Hyderabad

Date : May 28, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



### Madhucon Projects Limited

Consolidated Statement of Profit and Loss for the Year ended March 31, 2019 (₹ in Lakhs)

|  | Note No. | Year ended "March 31, 2019 |                    | Year ended March 31, 2018 |                     |
|--|----------|----------------------------|--------------------|---------------------------|---------------------|
| <b>Revenue</b>   |          |                            |                    |                           |                     |
| Revenue from Operations  | 2.27     | 94,244.01                  |                    | 103,546.55                |                     |
| Other Income   | 2.28     | 4,074.00                   |                    | 4,820.25                  |                     |
| <b>Total Revenue</b>   |          |                            | <b>98,318.01</b>   |                           | <b>108,366.80</b>   |
| <b>Expenses</b>  |          |                            |                    |                           |                     |
| Cost of Materials and Work Expenses                                  | 2.29     | 71,345.13                  |                    | 71,154.82                 |                     |
| Changes in inventory and work-in-progress                            |          | 3,489.78                   |                    | (3,753.17)                |                     |
| Employee Benefits Expense  | 2.30     | 4,519.33                   |                    | 4,505.99                  |                     |
| Finance Costs  | 2.31     | 27,904.87                  |                    | 83,477.19                 |                     |
| Depreciation and amortization expense                                | 2.1      | 22,420.08                  |                    | 24,876.77                 |                     |
| Other Expenses   | 2.32     | 9,153.31                   |                    | 29,087.26                 |                     |
| <b>Total Expenses</b>  |          |                            | <b>138,832.50</b>  |                           | <b>209,348.86</b>   |
| <b>Profit before Exceptional and Extraordinary Items and Tax</b>     |          |                            | <b>(40,514.49)</b> |                           | <b>(100,982.06)</b> |
| Exceptional Items  |          |                            | -                  |                           | -                   |
| Share of (Loss) from Associate Company                               |          |                            | -                  |                           | -                   |
| <b>Profit Before Tax</b>   |          |                            | <b>(40,514.49)</b> |                           | <b>(100,982.06)</b> |
| Tax Expense  |          |                            |                    |                           |                     |
| (i) Current Tax  |          | -                          |                    | (1,937.22)                |                     |
| (ii) Adjustment of Tax relating to earlier periods                   |          | -                          |                    | -                         |                     |
| (iii) Deferred Tax   |          | (2,462.40)                 |                    | (2,431.46)                |                     |
|  |          |                            | <b>(2,462.40)</b>  |                           | <b>(4,368.68)</b>   |
| <b>(Loss) / Profit for the Year</b>                                  |          |                            | <b>(38,052.09)</b> |                           | <b>(96,613.38)</b>  |
| <b>Attributable to</b>   |          |                            |                    |                           |                     |
| Shareholders of the Company  |          |                            | (34,389.05)        |                           | (86,583.66)         |
| Non-Controlling Interests  |          |                            | (3,663.03)         |                           | (10,029.72)         |
| <b>Other Comprehensive Income</b>                                    |          |                            |                    |                           |                     |
| (a) Re-Classification of Employee Defined Benefit Obligation         |          |                            | 13.72              |                           | 30.53               |
| (b) Exchange differences on translation                              |          |                            | 94.18              |                           | 375.98              |
| <b>Other Comprehensive Income for the Year</b>                       |          |                            | <b>107.90</b>      |                           | <b>406.51</b>       |
| Total Comprehensive (Loss) / income for the year                     |          |                            | <b>(37,944.19)</b> |                           | <b>(96,206.87)</b>  |
| <b>Attributable to</b>   |          |                            |                    |                           |                     |
| Shareholders of the Company  |          |                            | <b>(34,294.21)</b> |                           | <b>(86,231.95)</b>  |
| Non-Controlling Interests  |          |                            | <b>(3,649.99)</b>  |                           | <b>(9,974.95)</b>   |
| Shareholders of the Company  |          |                            | 94.84              |                           | 351.72              |
| Non-Controlling Interests  |          |                            | 13.04              |                           | 54.79               |
| <b>Total Comprehensive Income</b>                                    |          |                            | <b>(34,294.21)</b> |                           | <b>(86,231.94)</b>  |
| <b>Earnings per share of Face Value of ₹1 each Basic and Diluted</b> |          |                            | (46.60)            |                           | (117.33)            |

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

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

For and on behalf of the Board

**A.Krishna Rao**  
Partner  
Membership Number 020085

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

Place : Hyderabad  
Date : May 28, 2019

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary

**Madhucon Projects Limited**  
**Statement of Changes in Equity for the Year ended March 31, 2019**  
**a) Equity Share Capital**

|                              | Number<br>of Shares | Amount |
|------------------------------|---------------------|--------|
| Balance as at April 01, 2018 | 73,794,940          | 737.95 |
| Add : Issue of Share Capital | 73,794,940          | 740.32 |
|                              | -                   | -      |
| As at March 31, 2019         | 73,794,940          | 740.32 |

b) Equity Share Capital

(₹ in Lakhs)

|  | Reserves and Surplus  |                    |                      |                              | Other Items<br>of other<br>comprehensive<br>Income | Equity<br>attributable<br>to the<br>Shareholders<br>of the company | Non<br>Controlling<br>interests |
|--|-----------------------|--------------------|----------------------|------------------------------|--|--|---------------------------------|
|  | Securities<br>Premium | General<br>Reserve | Retained<br>Earnings | Reserves on<br>Consolidation |  |  |                                 |
| <b>Opening Balance as at April 01, 2018</b>                    | <b>29,313.07</b>      | <b>5,061.53</b>    | <b>(227,597.79)</b>  | <b>16,110.50</b>             | <b>(383.12)</b>                                    | <b>(177,495.81)</b>  | <b>(806.13)</b>                 |
| (Loss) / Profit for the year                                   |                       |                    | (34,389.05)          |                              |  | (34,389.05)  | (3,663.03)                      |
| Dividend (Inclusive of Tax on Dividend)                        |                       |                    | -                    | -                            |  | -  |                                 |
| Transfer to Reserves   |                       |                    | -                    | -                            |  | -  |                                 |
| Adjustments on account of Consolidation                        |                       |                    | -                    | (1,194.34)                   |  | (1,194.34)   | (192.46)                        |
| Other comprehensive income / (loss) for the year, "net of tax" |                       |                    |                      |                              | 94.84  | 94.84  | 13.04                           |
| <b>Closing Balance as at March 31, 2019</b>                    | <b>29,313.07</b>      | <b>5,061.53</b>    | <b>(261,986.84)</b>  | <b>14,916.16</b>             | <b>(288.28)</b>                                    | <b>(212,984.36)</b>  | <b>(4,648.58)</b>               |

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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



**Madhucon Projects Limited**  
**Consolidated Cash Flow Statement for the Year ended March 31, 2019** (₹ in Lakhs)

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>A Cash flow from operating activities</b>                               |                              |                              |
| <b>(Loss) / Profit before tax</b>  | <b>(40,514.49)</b>           | <b>(100,982.06)</b>          |
| <b>Adjustments for:</b>  |                              |                              |
| Depreciation and amortisation expense                                      | 22,420.08                    | 24,876.77                    |
| Dividend Income  | (32.70)                      | (1.51)                       |
| Interest Income  | (144.05)                     | (254.46)                     |
| (Profit) / Loss on sale of Assets  | (113.06)                     | (113.06)                     |
| Finance costs  | 27,904.87                    | 83,477.19                    |
|  | 50,035.14                    | 107,984.93                   |
| <b>Operating Profit Before Working Capital Changes</b>                     | <b>9,520.65</b>              | <b>7,002.87</b>              |
| <b>Change in Working Capital</b>   |                              |                              |
| (Increase)/decrease in Trade Receivables                                   | (551.42)                     | 20,347.84                    |
| (Increase)/decrease in Inventories   | 3,714.17                     | (3,472.14)                   |
| (Increase)/decrease in Other Financial Assets                              | 4,254.50                     | (24,650.05)                  |
| (Increase)/decrease in Other Current and Non-Current Assets                | (8,455.03)                   | 12,447.94                    |
| Increase/(decrease) in Loans   | (4.30)                       | (1,483.89)                   |
| Increase/(decrease) in Trade Payables                                      | 8,747.02                     | (3,010.95)                   |
| Increase/(decrease) in Other Financial Liabilities                         | (1,280.33)                   | 22,542.95                    |
| Increase/(decrease) in Other Current and Non-Current Liabilities           | 6,413.22                     | 27,356.27                    |
| <b>Cash generated from operations</b>                                      | <b>22,358.48</b>             | <b>57,080.84</b>             |
| Income taxes paid  | 3,353.45                     | 5.46                         |
| <b>Net cash from operating activities</b>                                  | <b>19,005.03</b>             | <b>57,075.38</b>             |
| <b>B Cash flows from investing activities</b>                              |                              |                              |
| Purchase of Property, Plant and Equipment including CWIP                   | (797.55)                     | (2,306.80)                   |
| Proceeds from Sale of Property, Plant and Equipment                        | (17.10)                      | 1,505.77                     |
| Purchase of Investments  | -                            | 358.88                       |
| (Increase) / decrease in other bank balances                               | 967.83                       | -                            |
| Dividend Received  | 32.70                        | 1.51                         |
| Interest Received  | 144.05                       | 254.46                       |
| <b>Net cash used in investing activities</b>                               | <b>329.93</b>                | <b>(186.18)</b>              |
| <b>C Cash flows from financing activities</b>                              |                              |                              |
| Proceeds/(Repayment) of long term borrowings                               | (102,542.34)                 | 10,826.51                    |
| Proceeds from short term borrowings (net)                                  | 110,058.18                   | 13,811.80                    |
| Interest paid  | (27,904.87)                  | (83,477.19)                  |
| <b>Net cash used in financing activities</b>                               | <b>(20,389.03)</b>           | <b>(58,838.88)</b>           |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                | <b>(1,054.07)</b>            | <b>(1,949.68)</b>            |
| Cash and cash equivalents at the beginning of the financial year           | 4,398.65                     | 6,348.35                     |
| <b>Cash and cash equivalents at end of the year</b>                        | <b>3,344.58</b>              | <b>4,398.67</b>              |
| "Reconciliation of cash and cash equivalents as per with the Balance Sheet |                              |                              |
| "Cash and cash equivalents"  | 3,344.58                     | 4,398.66                     |
| <b>Cash and cash equivalents at end of the year</b>                        | <b>3,344.58</b>              | <b>4,398.66</b>              |

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

In term of our report attached

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

**A.Krishna Rao**  
Partner  
Membership Number 020085

Place : Hyderabad  
Date : May 28, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary



## 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) and companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

### 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:

- o Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- o 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
- o 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 decimals 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 31st March 2019.

#### 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 when 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.

- (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 consolidated 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 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.

### 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.

### 1.10 Toll 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 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 assets which 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.

### **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 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.

### **1.16 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 unallocable. 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,
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.

#### 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.

### 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

**Madhucon Projects Limited**  
Notes forming part of the Consolidated Financial Statements  
**2.1 Property, Plant, Equipment and Capital Work-in-Progress**

| Particulars                | (₹ in Lakhs)     |                  |                    |                  |                 |                      |                      |                       |                  |               |                   |                           |
|----------------------------|------------------|------------------|--------------------|------------------|-----------------|----------------------|----------------------|-----------------------|------------------|---------------|-------------------|---------------------------|
|                            | Land             | Buildings        | Plant & Machinery" | Tipper & Trucks" | Vehicles        | Centering Materials" | Temporary Structures | Furniture & Fixtures" | Office Equipment | Computers     | Total             | Capital Work-in-Progress" |
| <b>Cost</b>                |                  |                  |                    |                  |                 |                      |                      |                       |                  |               |                   |                           |
| <b>As at 1 April, 2017</b> | 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)                   |
| <b>As at 31.03.2018</b>    | <b>11,306.28</b> | <b>68,912.08</b> | <b>314,980.94</b>  | <b>13,087.71</b> | <b>2,720.61</b> | <b>2,196.66</b>      | <b>3,428.03</b>      | <b>1,389.91</b>       | <b>166.09</b>    | <b>645.66</b> | <b>418,833.97</b> | <b>15,041.41</b>          |
| Additions                  | 9.52             | -                | 499.95             | -                | 142.82          | 19.74                | 9.82                 | 33.79                 | 15.76            | 21.54         | 752.94            | 64.98                     |
| Disposals / Adjustments    | -                | -                | (895.39)           | (324.00)         | (84.45)         | -                    | -                    | -                     | (1.33)           | (1.30)        | (1,306.47)        | -                         |
| <b>As at 31.03.2019</b>    | <b>11,315.80</b> | <b>68,912.08</b> | <b>314,585.50</b>  | <b>12,763.71</b> | <b>2,778.98</b> | <b>2,216.40</b>      | <b>3,437.85</b>      | <b>1,423.70</b>       | <b>180.52</b>    | <b>665.90</b> | <b>418,280.44</b> | <b>15,106.39</b>          |
| <b>Depreciation</b>        |                  |                  |                    |                  |                 |                      |                      |                       |                  |               |                   |                           |
| <b>As at 1 April 2017</b>  | -                | 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 / Adjustments    | -                | (0.60)           | (5,929.22)         | (688.10)         | (14.48)         | -                    | -                    | (3.09)                | -                | -             | (6,635.49)        | -                         |
| <b>As at 31.03.2018</b>    | <b>-</b>         | <b>8,771.88</b>  | <b>62,509.16</b>   | <b>10,609.38</b> | <b>2,023.03</b> | <b>2,008.29</b>      | <b>3,173.78</b>      | <b>1,069.55</b>       | <b>86.65</b>     | <b>583.34</b> | <b>90,835.06</b>  | <b>-</b>                  |
| Depreciation               | -                | 2,920.58         | 12,057.94          | 166.41           | 91.01           | 20.70                | 97.38                | 79.15                 | 28.92            | 30.82         | 15,492.91         | -                         |
| Disposals                  | -                | -                | (863.99)           | (324.00)         | (75.40)         | -                    | -                    | -                     | (2.07)           | -             | (1,265.46)        | -                         |
| <b>As at 31.03.2019</b>    | <b>-</b>         | <b>11,692.46</b> | <b>73,703.11</b>   | <b>10,451.79</b> | <b>2,038.64</b> | <b>2,028.99</b>      | <b>3,271.16</b>      | <b>1,148.70</b>       | <b>113.50</b>    | <b>614.16</b> | <b>105,062.51</b> | <b>-</b>                  |
| <b>Net Block</b>           |                  |                  |                    |                  |                 |                      |                      |                       |                  |               |                   |                           |
| As at 31 March 2018        | 11,306.28        | 60,140.20        | 252,471.78         | 2,478.33         | 697.58          | 188.37               | 254.25               | 320.36                | 79.44            | 62.32         | 327,998.91        | 15,041.41                 |
| <b>As at 31 March 2019</b> | <b>11,315.80</b> | <b>57,219.62</b> | <b>240,882.39</b>  | <b>2,311.92</b>  | <b>740.34</b>   | <b>187.41</b>        | <b>166.69</b>        | <b>275.00</b>         | <b>67.02</b>     | <b>51.74</b>  | <b>313,217.93</b> | <b>15,106.39</b>          |



## 2.2 Investments

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>1) Investment in Equity Instruments</b>   |                         |                         |
| <b>(i) Subsidiaries:</b>   |                         |                         |
| In Shares of ₹10 each, fully paid up (otherwise specified)<br>Madhucon Natural Resources Limited (Singapore)<br>Shares of S\$ ₹1/-each | 0.21                    | 0.21                    |
| <b>(ii) Associates</b>   |                         |                         |
| In Shares of ₹10 each, fully paid up (otherwise specified)<br>Madhucon Agra Jaipur Expressways Limited<br>Madhucon Properties Limited  | 3.12<br>-               | 3.12<br>-               |
| <b>(iii) Others</b>  |                         |                         |
| In Shares of ₹10 each, fully paid up (otherwise specified)<br>Rajanagaram Gas Power Private Limited<br>Canara Bank Limited             | 48.81<br>1.44           | 48.81<br>1.44           |
| <b>Total</b>   | <b>53.58</b>            | <b>53.58</b>            |

## 2.3 Trade Receivables

₹ in Lakhs

|                             | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|-----------------------------|----------------------|-----------------|----------------------|-----------------|
|                             | Non-Current          | Current         | Non-Current          | Current         |
| Un Secured, Considered good |                      |                 |                      |                 |
| From Others                 | -                    | 3,666.80        | -                    | 3,115.38        |
| <b>Total</b>                | <b>-</b>             | <b>3,666.80</b> | <b>-</b>             | <b>3,115.38</b> |

## 2.4 Loans

₹ in Lakhs

|                            | As at March 31, 2019 |               | As at March 31, 2018 |                  |
|----------------------------|----------------------|---------------|----------------------|------------------|
|                            | Non-Current          | Current       | Non-Current          | Current          |
| Unsecured, considered good |                      |               |                      |                  |
| Security Deposits          | 596.20               | 168.33        | 596.09               | 164.56           |
| Others                     | 4,702.16             | -             | 4,701.74             | -                |
| <b>Total</b>               | <b>5,298.36</b>      | <b>168.33</b> | <b>5,297.83</b>      | <b>164.562.5</b> |

## 2.5 Other Financial Assets

₹ in Lakhs

|  | As at March 31, 2019 |                   | As at March 31, 2018 |                  |
|--|----------------------|-------------------|----------------------|------------------|
|  | Non-Current          | Current           | Non-Current          | Current          |
| Unsecured, considered good                       |                      |                   |                      |                  |
| Bank Deposits with maturity more than 12 months  | 551.35               | -                 | 890.71               | -                |
| Earnest Money Deposits                           | 188.22               | -                 | 500.36               | -                |
| Retention Money Deposit                          | 2,907.41             | -                 | 1,398.50             | -                |
| Receivable under service concession arrangements | 82,469.36            | -                 | 210,665.05           | -                |
| Advances Recoverable                             | 6,058.52             | -                 | 7,297.85             | -                |
| Receivable From Others                           | -                    | 18,482.92         | -                    | 18,053.08        |
| Receivable From NHAI                             | -                    | 4,434.91          | -                    | 4,488.80         |
| Claims Receivable from NHAI                      | -                    | 123,902.72        | -                    | -                |
| Retention Money Deposit                          | -                    | 3,542.23          | -                    | 2,648.83         |
| <b>Total</b>                                     | <b>92,174.86</b>     | <b>150,362.78</b> | <b>220,752.47</b>    | <b>25,190.71</b> |



## 2.6 Other Non-Current Assets

₹ in Lakhs

|  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | Non-Current          | Current          | Non-Current          | Current          |
| Capital Advances                         | 5,698.85             | -                | 6,524.98             | -                |
| Advance to suppliers and Sub-contractors | 28.28                | 17,336.32        | 5,743.12             | 16,166.09        |
| Others                                   | 17,219.88            | -                | 11,322.41            | -                |
| Prepaid Expenses                         | -                    | 30.90            | -                    | 124.86           |
| Prepaid Insurance                        | -                    | 59.04            | -                    | 88.76            |
| Interest Accrued on Deposits             | -                    | -                | -                    | 8.62             |
| Statutory Dues Receivable                | -                    | 135.32           | -                    | 133.32           |
| <b>Total</b>                             | <b>22,947.01</b>     | <b>17,561.58</b> | <b>23,590.51</b>     | <b>16,521.65</b> |

## 2.7 Inventories

₹ in Lakhs

|                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------|-------------------------|-------------------------|
| Raw Materials     | 3,860.92                | 3,839.77                |
| Stores and Spares | 1,392.56                | 1,418.29                |
| Coal Stock        | 456.08                  | 3,936.94                |
| Work-in-Progress  | 578.81                  | 807.53                  |
| <b>Total</b>      | <b>6,288.37</b>         | <b>10,002.53</b>        |

## 2.8 Investments

₹ in Lakhs

|                         | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------------|-------------------------|-------------------------|
| In Gold Bonds           | 5.20                    | 5.20                    |
| In Immovable Properties | 20.10                   | -                       |
| In Mutual Funds         | 185.00                  | 51.91                   |
| <b>Total</b>            | <b>210.30</b>           | <b>57.11</b>            |

## 2.9 Trade Receivables

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Un Secured, Considered good<br>From Others | 3,666.80                | 3,115.38                |
| <b>Total</b>                               | <b>3,666.80</b>         | <b>3,115.38</b>         |

## 2.10 Cash and Cash Equivalents

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Cash on hand   | 111.13                  | 90.07                   |
| <b>Balances with Banks</b>                           |                         |                         |
| In Current Accounts                                  | 2,747.19                | 3,749.44                |
| In Deposit Accounts with Maturity less than 3 months | 462.32                  | 462.32                  |
| Unpaid Dividend Accounts                             | 23.94                   | 96.83                   |
| <b>Total</b>   | <b>3,344.58</b>         | <b>4,398.66</b>         |



## 2.11 Bank Balance other than above

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Margin money and other deposits with banks | 435.64                  | 1,064.12                |
| <b>Total</b>                               | <b>435.64</b>           | <b>1,064.12</b>         |

## 2.12 Loans

₹ in Lakhs

|                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b> |                         |                         |
| Security Deposit                  | 168.33                  | 164.56                  |
| Others                            | -                       | -                       |
| <b>Total</b>                      | <b>168.33</b>           | <b>164.56</b>           |

## 2.13 Other Financial Assets

₹ in Lakhs

|                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|
| Receivable From Others      | 18,482.92               | 18,053.08               |
| Receivable From NHAI        | 4,434.91                | 4,488.80                |
| Claims Receivable from NHAI | 123,902.72              | -                       |
| Retention Money Deposit     | 3,542.23                | 2,648.83                |
| <b>Total</b>                | <b>150,362.78</b>       | <b>25,190.71</b>        |

## 2.14 Other Current Assets

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Prepaid Expenses                                 | 30.90                   | 124.86                  |
| Prepaid Insurance                                | 59.04                   | 88.76                   |
| Interest Accrued on Deposits                     | -                       | 8.62                    |
| Advance to suppliers, sub-contractors and others | 17,336.32               | 16,166.09               |
| Statutory Dues Receivable                        | 135.32                  | 133.32                  |
| <b>Total</b>                                     | <b>17,561.58</b>        | <b>16,521.65</b>        |

## 2.15 Equity Share Capital

₹ in Lakhs

|  | Number of<br>Shares | As at<br>March 31, 2019 | Number of<br>Shares | As at<br>March 31, 2018 |
|--|---------------------|-------------------------|---------------------|-------------------------|
| <b>Authorised</b>                                |                     |                         |                     |                         |
| 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                |
| <b>Total</b>                                     |                     | <b>5,000.00</b>         |                     | <b>5,000.00</b>         |
| <b>Issued, Subscribed and Called up Capital</b>  |                     |                         |                     |                         |
| Equity Shares of ₹1 each                         | 74,268,940          | 742.69                  | 74,268,940          | 742.69                  |
| <b>Fully paid up Capital</b>                     |                     |                         |                     |                         |
| 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                    |
| <b>Total</b>                                     |                     | <b>740.32</b>           |                     | <b>740.32</b>           |




**b) Reconciliation of the Number of Equity Shares Outstanding at beginning and at end of the year** ₹ in Lakhs

|   | As at March 31, 2019 |               | As at March 31, 2018 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | 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 | -                    | -             | -                    | -             |
| <b>Balance at the end of the year</b>       | <b>73,794,940</b>    | <b>737.95</b> | <b>73,794,940</b>    | <b>737.95</b> |

**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%** ₹ in Lakhs

|                                  | As at March 31, 2019 |                    | As at March 31, 2018 |                    |
|----------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                  | No of Shares Held    | % of Share Holding | No. 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:** ₹ in Lakhs

- (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, 2019 |                     | As at March 31, 2018 |                     |
|--|----------------------|---------------------|----------------------|---------------------|
| (a) Securities Premium   |                      | 29,313.07           |                      | 29,313.07           |
| (b) General Reserve  |                      |                     |                      |                     |
| Opening Balance  | 5,061.53             |                     | 5,061.53             |                     |
| Add: Additions during the year   | -                    |                     | -                    |                     |
| <b>Closing Balance</b>   |                      | <b>5,061.53</b>     |                      | <b>5,061.53</b>     |
| (c) <b>Surplus in Statement of Profit and Loss</b>                                 |                      |                     |                      |                     |
| Opening Balance  | (227,597.79)         |                     | (146,047.07)         |                     |
| Add: Profit for the Year   | (34,389.05)          |                     | (86,583.66)          |                     |
| Add: Capital Grant Defferment  | -                    |                     | 5,121.75             |                     |
| Less: Appropriations   |                      |                     |                      |                     |
| Proposed Dividend  | -                    |                     | (73.79)              |                     |
| Dividend Distribution Tax  | -                    |                     | (15.02)              |                     |
| Transfer to Reserves   | -                    |                     | -                    |                     |
| <b>Closing Balance</b>   |                      | <b>(261,986.84)</b> |                      | <b>(227,597.79)</b> |
| <b>Other Components of Equity</b>  |                      |                     |                      |                     |
| Remeasurements of the defined benefit plans and others                             | (220.31)             |                     | (234.59)             |                     |
| Exchange differences in translating the financial statements of foreign operations | (67.97)              |                     | (148.53)             |                     |
|  |                      | 288.28)             |                      | (383.12)            |
| (d) <b>Reserves on Consolidation</b>   |                      | <b>14,916.16</b>    |                      | <b>16,110.50</b>    |
| <b>Total</b>   |                      | <b>(212,984.36)</b> |                      | <b>(177,495.81)</b> |



## 2.17 Borrowings

₹ in Lakhs

|                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|
| <b>Secured:</b>             |                         |                         |
| <b>Term Loans</b>           |                         |                         |
| From Banks                  | 270,342.94              | 378,488.69              |
| From Others                 | 33,429.71               | 64,625.43               |
| <b>Unsecured:</b>           |                         |                         |
| From Banks                  | 7,435.33                | 7,427.33                |
| From Financial Institutions | 1,133.37                | 1,094.66                |
| <b>Total</b>                | <b>312,341.35</b>       | <b>451,636.11</b>       |

**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 /<br>Financial Institution       | No.of<br>Instalments<br>Outstanding | Rate of<br>Interest | Outstanding<br>(₹in Lakhs) | Repayment<br>Terms/Period<br>of Maturity |
|---|-------------------------------------|---------------------|----------------------------|--|
| SREI Equipment Finance Limited                    | 44                                  | 10.00%              | 4,294.90                   | " Monthly "<br>May 22 "                  |
| Mahindra & Mahindra Financial<br>Services Limited | 24                                  | 11.26%              | 1,354.82                   | " Monthly "<br>June 20 "                 |

**Madhucon Infra Limited**

Security on Term Loans

Term Loans from Banks

**i) Term Loan of ICICI Bank is secured by**

Subservient charge on current assets (Stock in Trade) and Moveable fixed assets of promoter.

**ii) Term Loan of IFCI Non Convertible Debentures is secured by**

Equity Shares of Simhapuri Energy Limited and Madhucon Infra Limited so as to provide minimum security cover of 2.5 times of outstanding Non Convertible Debentures at all the time during the tenure of facility.

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.

Post Dated cheques of Interest and Principal Repayments



### Chhapra - Hajipur Expressways Limited

|                       | Effective interest rate | Terms of repayment   |
|-----------------------|-------------------------|--|
| Term loans from banks | 10.40%                  | The loan is repayable in 17 semi annual 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, 2019.

The applicable interest rate shall be subject to RBI policy with regard to Base Rate, as applicable from time to time. All the loans are 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.

#### 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.

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 Limited

Due to various reasons the company could not achieve PCOD and the project is still under construction. Term loan Accounts has become NPA and the bankers has not charged Interest on term loan I & II and only some bankers have charged interest on term loan III. On achievement of PCOD, repayment schedule will be revised.No interest has been provided on term loan during the Year.

### Ranchi 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 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 if 51% of shares of the paid up equity capital of the company held by the Promotes.

The company has not provided Interest on term loan during this F.Y 2018-19.



## Trichy-Thanjavur Expressways Limited

### TN (DK) Expressways Limited

#### Terms of Repayment

Indian Rupees Term Loans consists of Loans borrowed from a consortium of 7 bank. During the Financial Year 2012-2013 the company went for Restructuring of Term Loans for Rs.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 Rs.26,90,49,784 of current year repayment of the loan amount was repaid. During the year banks has charged 13% interest on loan.

#### 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 , until the currency of the loan.
- 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 , the following personal and company guarantees have been stipulated in view of the proposed restructuring package:
  - a) Personal guarantee of 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 - Secured Loans

Indian Rupee 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 on 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.

#### Terms of Security

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)

First charge on all intangible assets of the Company, including but not limited to goodwill, undertaking and uncalled capital of the Borrower

First charge/assignment of all receivable/revenues of the Borrower from the project.

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.

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.

Assignment in favour of Lenders of all Insurance Policies.

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.

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.1,122.40 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.1,204.41 Crs.

The security offered was:

Charges / Mortgages (on pari passu basis)

- a) 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.
- 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. 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).
  - 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;
  - A first charge/assignment of all the receivables/revenues of the Borrower from the project, i.e. Phase II;
  - 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.
  - A first charge / assignment of insurance policies in respect of phase II.
  - 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.
  - 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.
  - 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 title 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 in connection with the commercial building at Kukatpally, Hyderabad and charge on the Designated Account opened 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 quarterly instalments 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.

#### 2.18 Trade Payables

₹ in Lakhs

|                          | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--------------------------|----------------------|------------------|----------------------|------------------|
|                          | Non-Current          | Current          | Non-Current          | Current          |
| For supply and Services  | 2,112.50             | 54,824.90        | 2,029.34             | 47,431.91        |
| Retention Money Deposits | 5,168.24             | 6,869.64         | 4,695.16             | 5,891.15         |
| Others                   | 975.62               | 4,011.35         | 1,593.69             | 3,573.96         |
| <b>Total</b>             | <b>8,256.36</b>      | <b>65,705.89</b> | <b>8,318.19</b>      | <b>56,897.02</b> |

Confirmation of balances could not be obtained as at 31st March 2019 for Trade Payables, various advances and borrowings, though, the management has requested for the confirmation of balances. Management believes that no material adjustment would be required in books of accounts upon receipt of these confirmations.

#### 2.19 Other Financial Liabilities

₹ in Lakhs

|  | As at March 31, 2019 |                   | As at March 31, 2018 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | Non-Current          | Current           | Non-Current          | Current           |
| Current Maturities of Long Term Borrowings | -                    | 131,199.81        | -                    | 94,447.41         |
| Interest Accrued and due on Borrowings     | -                    | 59,314.48         | -                    | 56,903.05         |
| Interest accrued but not due               | -                    | -                 | -                    | 2,906.76          |
| Other Payables                             | 759.76               | 20,712.01         | 1,643.69             | 17,620.77         |
| Unpaid Dividends                           | -                    | 23.71             | -                    | 96.60             |
| <b>Total</b>                               | <b>759.76</b>        | <b>211,250.01</b> | <b>1,643.69</b>      | <b>171,974.59</b> |

#### 2.20 Provisions

₹ in Lakhs

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Provision for Employee Benefits             |                         |                         |
| Gratuity                                    | 210.74                  | 176.06                  |
| Compensated absences                        | 84.41                   | 88.55                   |
| Provision for Major Maintenance and Repairs | 11,986.72               | 9,085.93                |
| <b>Total</b>                                | <b>12,281.87</b>        | <b>9,350.54</b>         |



## 2.21 Other Non-Current Liabilities

₹ in Lakhs

|                              | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|------------------------------|----------------------|------------------|----------------------|------------------|
|                              | Non-Current          | Current          | Non-Current          | Current          |
| Mobilization Advance         | 7,450.80             | 2,709.68         | 9,536.33             | 3,071.55         |
| Material Advance             | 8.72                 | 1,930.36         | 8.72                 | 2,118.92         |
| Machinery Advance            | -                    | 316.26           | -                    | 316.26           |
| Statutory Dues Payable       | -                    | 4,854.96         | -                    | 6,986.40         |
| Other Liabilities            | -                    | 60,536.32        | -                    | 61,440.66        |
| Revenue Received in Advances | -                    | 154.93           | -                    | 163.07           |
| <b>Total</b>                 | <b>7,459.52</b>      | <b>70,502.51</b> | <b>9,545.05</b>      | <b>74,096.86</b> |

## 2.22 Borrowings

₹ in Lakhs

|                                  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| <b>Secured:</b>                  |                         |                         |
| <b>Loans repayable on demand</b> |                         |                         |
| From Banks                       | 238,615.09              | 141,161.52              |
| From Others                      | 24,793.47               | 12,188.87               |
| <b>Total</b>                     | <b>263,408.56</b>       | <b>153,350.39</b>       |

Cash Credit facilities availed from banks are secured by:

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

Details of delay in repayment of principal and interest to Banks and Financial Institutions as on March 31, 2019

| Name of the Bank /<br>Financial Institution | Principal<br>(₹in Lakhs) | Period of delay | Interest<br>(₹in Lakhs) | Period of delay |
|---|--------------------------|-----------------|-------------------------|-----------------|
| Bank of India                               | 1,715.13                 | 990 - 993 days  | -                       | -               |
| IDBI Bank                                   | -                        | -               | 348.19                  | 395 - 485 days  |
| Oriental Bank of Commerce                   | -                        | -               | 249.40                  | 365 - 486 days  |
| ICICI Bank                                  | -                        | -               | 3,652.51                | 365 - 973 days  |

## Simhapuri Energy Limited

- The Phase – I Working Capital lenders are: Canara Bank and Central Bank of India. The WC sanctioned amount was Rs.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 Rs.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<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| For Supplies and Services | 54,824.90               | 47,431.91               |
| Retention Money Deposits  | 6,869.64                | 5,891.15                |
| Others                    | 4,011.35                | 3,573.96                |
| <b>Total</b>              | <b>65,705.91</b>        | <b>56,897.02</b>        |

### 2.24 Other Financial Liabilities

₹ in Lakhs

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Current Maturities of Long Term Borrowings | 131,199.81              | 94,447.41               |
| Interest Accrued and due on Borrowings     | 59,314.48               | 56,903.05               |
| Interest accrued but not due               | -                       | 2,906.76                |
| Other Payables                             | 20,712.01               | 17,620.77               |
| Unpaid Dividends                           | 23.71                   | 96.60                   |
| <b>Total</b>                               | <b>211,250.01</b>       | <b>171,974.59</b>       |

### 2.25 Other Current Liabilities

₹ in Lakhs

|                              | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------------|-------------------------|-------------------------|
| Statutory Dues Payable       | 4,854.96                | 6,986.40                |
| Other Liabilities            | 60,536.32               | 61,440.66               |
| Material Advance             | 1,930.36                | 2,118.92                |
| Machinery Advance            | 316.26                  | 316.26                  |
| Mobilization Advance         | 2,709.68                | 3,071.55                |
| Revenue Received in Advances | 154.93                  | 163.07                  |
| <b>Total</b>                 | <b>70,502.51</b>        | <b>74,096.86</b>        |



## 2.26 Provisions

₹ in Lakhs

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Provision for Employee Benefits</b>      |                         |                         |
| Gratuity                                    | 41.26                   | 17.96                   |
| Compensated absences                        | 40.67                   | 38.25                   |
| Provision for Taxation                      | -                       | 3,465.55                |
| Provision for Expenses                      | 3,526.73                | 468.03                  |
| Provision for Major Maintenance and Repairs | 10,187.25               | 11,527.04               |
| Provision for Periodic Maintenance          | 7,938.57                | 8,413.13                |
| <b>Total</b>                                | <b>21,734.48</b>        | <b>23,929.96</b>        |

## 2.27 Revenue from Operations

₹ in Lakhs

|                                    | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|------------------------------------|------------------------------|------------------------------|
| <b>Operating Income</b>            |                              |                              |
| Income from Contracts and Services | 70,013.70                    | 72,228.77                    |
| Revenue from Sale of Power         | 4,317.20                     | 3,217.68                     |
| Toll Fee Collection                | 17,622.19                    | 19,504.87                    |
| Finance Income                     | -                            | 7,142.10                     |
| <b>Other Operating Income</b>      |                              |                              |
| Sale of Metal, Scrap & Others      | 2,290.92                     | 1,453.13                     |
| <b>Total</b>                       | <b>94,244.01</b>             | <b>103,546.55</b>            |

## 2.28 Other Income

₹ in Lakhs

|                          | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--------------------------|------------------------------|------------------------------|
| Interest Income          | 144.05                       | 254.46                       |
| Miscellaneous Income     | 2,834.58                     | 3,501.61                     |
| Capital Grant Defferment | 1,062.67                     | 1,062.67                     |
| Dividend Income          | 32.70                        | 1.51                         |
| <b>Total</b>             | <b>4,074.00</b>              | <b>4,820.25</b>              |

## 2.29 Cost of Materials and Work Expenses

₹ in Lakhs

|                   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|-------------------|------------------------------|------------------------------|
| Coal & Gas        | 113.95                       | 4,003.67                     |
| Other Materials   | 4,562.24                     | 2,958.23                     |
| Stores and Spares | 4,375.45                     | 4,251.65                     |
| Work Expenses     | 62,293.49                    | 59,941.28                    |
| <b>Total</b>      | <b>71,345.13</b>             | <b>71,154.83</b>             |

## 2.33 Changes in Work-in-progress and Stock

₹ in Lakhs

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Opening Stock                                  | 9,041.12                     | 4,219.70                     |
| Opening Work-in-Progress                       | -                            | 470.13                       |
| Closing Stock                                  | (5,551.34)                   | (7,635.47)                   |
| Closing Work-in-Progress                       | -                            | (807.53)                     |
| <b>(Increase)/Decrease in Work-in-Progress</b> | <b>3,489.78</b>              | <b>(3,753.17)</b>            |



## 2.30 Employee Benefits Expense

₹ in Lakhs\*

|   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries & Wages Bonus and Provident Fund | 4,216.60                     | 4,266.71                     |
| Staff Welfare Expenses                    | 302.73                       | 239.28                       |
| <b>Total</b>                              | <b>4,519.33</b>              | <b>4,505.99</b>              |

## 2.31 Finance Cost

₹ in Lakhs

|                           | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---------------------------|------------------------------|------------------------------|
| Interest Expense          | 27,571.87                    | 82,596.53                    |
| Bank Guarantee Commission | 333.00                       | 880.66                       |
| <b>Total</b>              | <b>27,904.87</b>             | <b>83,477.19</b>             |

## 2.32 Other Expenses

₹ in Lakhs

|                               | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|-------------------------------|------------------------------|------------------------------|
| Travelling Expenses           |                              |                              |
| Security Expenses             |                              |                              |
| Administrative Expenses       | 4,721.40                     | 8,913.07                     |
| Insurance Charges             | 310.92                       | 689.08                       |
| Consultancy charges           | 574.59                       | 523.54                       |
| Rent                          |                              |                              |
| Rent, Rates & Taxes           | 606.56                       | 567.20                       |
| Trade Receivables written off | -                            | 11,447.65                    |
| Advances written off          | 1,910.36                     | 6,918.39                     |
| Foreign Exchange Loss         | 1,029.48                     | 28.33                        |
| <b>Total</b>                  | <b>9,153.31</b>              | <b>29,087.26</b>             |



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.

**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%                            | 76.10%                 | 23.70%                         |
| 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%                 | -                              |

- 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.
- 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 31.03.2019         | As at 31.03.2018         |
|--|--------------------------|--------------------------|
| Bank Guarantees**  | 40,173.00                | 54,866.00                |
| Disputed Sales Tax (on appeal)   | 6,906.52                 | 12,471.29                |
| Income-tax demand contested in appeal  | 7,138.61                 | 7,138.61                 |
| 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**

**Agreement with PTC India Limited (formerly Power Trading Corporation Limited)**

- 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 25 years 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 & decided not to pursue the same.

#### **Agreement with Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL)**

1. As a result of the above situation arising out of inoperative nature of PPA with PTC, Company decided to pursue for a Long Term Power Purchase Agreement. Company initiated 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 : 4.439 per 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 facilities to the respective investee companies.**

| S.No | Name of the entity                       | No of Shares pledged as at 31.03.2019 | No of Shares pledged as at 31.03.2018 |
|------|--|---------------------------------------|---------------------------------------|
| 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                           | 715,220,236                           |
| 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)

(in Lakhs)

## Significant components of deferred tax Asset / (Liabilities) for the year ended March 31, 2019:

|   | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| <b>Deferred Tax Liabilities</b>                               |                     |                     |
| Timing difference on account of Depreciation and amortization | 1,608.49            | (231.39)            |
| <b>Deferred Tax Asset</b>                                     |                     |                     |
| Business loss/Unabsorbed depreciation                         | 3,150.69            | 2,528.16            |
| <b>Deferred Tax Asset / (Liability) (net)</b>                 | <b>4,759.18</b>     | <b>2,296.78)</b>    |

## 2.37 Disclosure in accordance with Ind AS 11 Construction contracts

|   | 2018-19    | 2017-18    |
|---|------------|------------|
| Contract revenue recognized   | 64,661.38  | 65,156.99  |
| Aggregate of contract costs incurred and recognised profits (less recognised losses) up to the reporting date for Contracts in progress | 468,060.93 | 413,116.57 |
| Amount of advances received for contracts in progress   | 11,002.46  | 26,796.40  |
| Amount of retention money for contracts in progress   | 8,693.40   | 11,695.00  |
| Gross amount due from customers for contracts in progress   | 14,290.58  | 8,245.49   |

## 2.38 Micro &amp; 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 March 31, 2019 has been made in the Financial Statements based on the information received and such amount outstanding as on March 31, 2019 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<br>31.03.2019 | Year ended<br>31.03.2018 |
|---|--------------------------|--------------------------|
| Net Loss after tax available for equity shareholders (Rs. in Lakhs) | (34,389.05)              | (86,583.66)              |
| 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 (Rs.)  | 1.00                     | 1.00                     |
| Basic and Diluted EPS * (Rs.)                                       | (46.60)                  | (117.33)                 |

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

## 2.40 Related Party Transactions:

## I. Following are the list of related parties and relationships

| S.No.     | Particulars   |
|-----------|---|
| <b>A.</b> | <b>Enterprises where significant influence exists</b> |
| 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. SrinivasaRao  
 16 Sri Md Shafi  
 17 Sri Nama Krishnaiah  
**D. Relatives of Key Management Personnel**  
 18 Sri Nama Nageswara Rao  
 19 Sri Nama Rama Rao

₹ in Lakhs

## II. Related party transactions during the year as follows

|  | 2018-19   | 2017-18  |
|--|-----------|----------|
| <b>Revenue from Contracts and Services</b>   |           |          |
| Jointly Controlled/entities and ventures   | 13,217.75 | 9,686.51 |
| <b>Rent Paid</b>   |           |          |
| Key Management Personnel   |           |          |
| <b>Remuneration</b>  |           |          |
| Key Management Personnel   | 114.00    | 174.00   |
| <b>Loans/Advances Given</b>  |           |          |
| Associates   | 0.20      | 0.46     |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 3.55      | 3.65     |
| <b>Loans/Advances Received</b>   |           |          |
| Jointly Controlled/entities and ventures   | 104.60    | 646.41   |
| <b>Retention Money</b>   |           |          |
| Jointly Controlled/entities and ventures   | 799.74    | 503.11   |



### III. Related Party balances outstanding at the end of the year as follows

₹ in Lakhs

|  | 2018-19  | 2017-18  |
|--|----------|----------|
| <b>Trade Receivables</b>   |          |          |
| Jointly Controlled/entities and ventures   | 80.50    | 57.46    |
| <b>Outstanding Receivables</b>   |          |          |
| Jointly Controlled/entities and ventures   | 4,364.84 | 3,565.10 |
| Key Management Personnel   | 83.97    | 25.89    |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 9,290.35 | 9,287.22 |
| <b>Outstanding Payables</b>  |          |          |
| Associates   | 401.17   | 401.37   |
| Jointly Controlled/entities and ventures   | 1,921.6  | 2,026.20 |
| Key Management Personnel   | 131.31   | 187.81   |
| Enterprises owned or significantly influenced by key management personnel or their relatives | 482.64   | 483.07   |

- 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 & 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, 2019 with respect to Nama Investments Limited and NNR Infra Investments Limited are ₹4,189.97 Lakhs and Rs. 512.19 Lakhs respectively. Hence no interest has been considered for current financial year.
- (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 and cost incurred on the project upto March 31, 2019 Rs. 57,869.94 Lakhs instead of writing off has been accounted as NHAI claims receivable under the head "other current Financial assets".
- (iv) Rajauli-Bakhtiyarpur Project of the company has been foreclosed with mutual consent, cost incurred on the project upto March 31, 2019 ₹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. Later, the agreement for the said project was terminated by NHAI. NHAI has not provided 80% of the Land.

Cost incurred on the project upto March 31, 2019 ₹ 33.71 Lakhs instead of writing off has been accounted as claims receivable under the head "other current assets". However NHAI has terminated the contract. The company is not confident of discharging its liabilities in the normal course of business from the available funds. The company referred the matter with 'Society for Affordable Redressal of Disputes' (SAROD) and got award in its favor. The NHAI has filed appeal with the Honorable High Court of Delhi against the award. However, the claim is not yet received so far.

- (vi) Ranchi Expressways Limited (REL), a Public Limited Company, was incorporated under the Companies Act, 1956, on 2nd day of June, 2010 as a Special Purpose Vehicle for Design, Operate, Finance and Transfer of 4 laning of Ranchi-Rangoan-Jamshedpur section of NH-33 from KM 114 to km 277.500 in the state of Jharkhand on annuity basis for a concession period of 15 years. This contract was awarded by NHAI. The company shall hand over the project Highway to NHAI on expiry of concession period.

The company has achieved physical progress of 50.24% and approached NHAI for One Time Fund Infusion (OTFI) for completion of the remaining stretch. NHAI has initially sanctioned an amount of Rs. 223.00 Crs as One Time Fund Infusion and subsequently NHAI has gone back by cancelling the already sanctioned OTFI amount of Rs. 223.00 Crs. Lenders and the company have preferred One Time Settlement (OTS) with NHAI for the works already completed.

While negotiations are going on for OTS proposal, NHAI has terminated the Concession Agreement on 30.01.2019 without following the termination procedure laid down in the Concession Agreement and called for tenders from public to complete the balance work on EPC basis. Since project got terminated, Lenders are seeking for One Time Settlement. Company and Lenders agreed and requested the NHAI to refer the matter to Conciliation Committee of Independent Engineers.

The NHAI had given the consent for referring the matter of CCIE vide its letter dated 18.04.2019. The company has submitted the claim with NHAI. The Proceedings of CCIE will commence soon.

Cost incurred on the project upto March 31, 2019 ₹ 129,509.50 Lakhs instead of writing off has been accounted as claims receivable under the head "other current assets"

## 2.42 Segment Reporting

The details of primary segment information for the year ended March 31, 2019 and March 31, 2018 are given below:

The Group is currently focused on three business segments Construction, Power and Toll Collection ₹ in Lakhs

|  | As at<br>31.03.2019 | As at<br>31.03.2018 |
|--|---------------------|---------------------|
| <b>Segment Revenue</b>                           |                     |                     |
| Construction                                     | 68,185.84           | 67,523.04           |
| Energy   | 4,317.20            | 3,218.55            |
| Toll Highways                                    | 17,630.16           | 19,513.05           |
| Others   | 5,352.32            | 39,918.33           |
| Less : Inter Segment Revenue                     | (1,241.51)          | (26,626.42)         |
| <b>Total</b>                                     | <b>94,244.01</b>    | <b>103,546.55</b>   |
| <b>Segment Results before Interest and Taxes</b> |                     |                     |
| Construction                                     | 1,543.06            | 10,345.85           |
| Energy   | (20,762.25)         | (39,818.27)         |
| Toll Highways                                    | 6,633.87            | 4,562.25            |
| Others   | (24.31)             | 7,405.32            |
| <b>Total</b>                                     | <b>(12,630.90)</b>  | <b>(17,504.85)</b>  |





|                                  |                    |                     |
|----------------------------------|--------------------|---------------------|
| Less : Interest Expenses         | 27,904.86          | 83,477.19           |
| <b>Profit Before Tax</b>         | <b>(40,535.76)</b> | <b>(100,982.04)</b> |
| <b>Segment Assets*</b>           |                    |                     |
| Construction                     | 226,304.52         | 207,023.80          |
| Energy                           | 357,949.18         | 380,428.18          |
| Toll Highways                    | 133,422.42         | 137,017.91          |
| Others                           | 243,078.08         | 246,920.41          |
| Less : Inter Segment Elimination | (215,038.41)       | (169,472.23)        |
|                                  | <b>745,715.78</b>  | <b>801,918.07</b>   |
| <b>Segment Liabilities**</b>     |                    |                     |
| Construction                     | 377,822.37         | 362,290.76          |
| Energy                           | 341,908.96         | 342,961.52          |
| Toll Highways                    | 129,228.23         | 129,257.09          |
| Others                           | 211,812.46         | 215,789.75          |
| Less : Inter Segment Elimination | (96,159.25)        | (86,746.25)         |
|                                  | <b>964,612.78</b>  | <b>963,552.87</b>   |

\*Segment Assets excludes current and non-current investments, deferred tax assets

\*\*Segment Liabilities excludes deferred tax liabilities

2.43 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, 2019

For and on behalf of the Board

**N. Seethaiah**  
Managing Director  
DIN-00784491

**Mohammad Shafi**  
Whole-time Director  
DIN-07178265

**Deepakbhai K Joshi**  
Chief Financial Officer & Company Secretary