



Date: 30.05.2016

Bombay Stock Exchange limited
PJ Towers, Dalal Street,
Mumbai-400001.

National Stock Exchange of India Ltd
Exchange plaza, Bandra kurla Complex,
Ex-Bandra East, Mumbai-400051

Dear Sir,

Sub: Audited Financial Results for the Year Ended 31.03.2016

Ref: 1) BSE Scrip Code: 531497, NSC Scrip code: MADHUCON

2) Regulation 33 & 52 of SEBI (Listing Obligation and disclosure Requirements)
Regulations, 21015.

The Board of Directors of Our Company at its Adjourned meeting held on 30.05.2016 had approved the audited Standalone and Consolidated financial Statements of the Company for the year ended 31.03.2016 as reviewed and recommended by the Audit committee.

Further, in accordance with the above SEBI (LODR) Regulations 2015 we enclose herewith the following for your information and record.

- a) Audited financial Statements of the Company (Standalone and Consolidated) for the year ended 31.03.2016 along with Auditors Report
- b) Statement of Assets & liabilities as at 31.03.2016 in the format Specified under SEBI (LODR) regulations, 2015 thereon and
- c) Opinion on the Said financial statements duly signed by the concerned officers in the prescribed form A & B

Please acknowledge receipt of the above

Thanks & Regards,
For Madhucon Projects Ltd


(A Chand Basha)
Company Secretary
FCS: 4176



MADHUCON PROJECTS LIMITED

CIN-L74210TG1990PLC011114

Regd. Office:1-7-70, Jublipura, Khammam - 507003, Telangana

Statement Of Standalone And Consolidated Audited Financial Results For The Quarter And Year Ended 31st March, 2016

Rs. In Lakhs

Sl. No.	Particulars	Standalone 3 Months Ended			Standalone Year Ended		Consolidated Year Ended	
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	PART-I							
1	Income from Operations:							
	(a) Net Sales/ Income from Operations	24,380.95	11,836.31	29,396.87	69,736.91	1,11,225.19	2,31,491.58	1,98,647.86
	(b) Other Operating income	705.49	409.69	697.71	2,040.65	2,514.19	2,053.96	5,158.13
	Total Income from Operations (Net)	25,086.43	12,246.00	30,094.58	71,777.56	1,13,739.38	2,33,545.54	2,03,805.99
2	Expenses:							
	(a) Cost of Materials Consumed	21,472.02	6,712.13	12,444.80	52,053.05	77,279.66	1,13,826.07	1,08,192.83
	(b) Purchase of Stock-in-trade	-	-	-	-	-	-	-
	(c) Changes in Inventory of Finished goods, Work in Progress and stock-in-trade	(825.98)	(818.62)	4,187.15	(2,696.66)	4,246.97	(1,532.56)	2,778.88
	(d) Employee benefits expense	1,170.48	966.66	1,102.97	3,805.67	3,955.23	4,047.63	3,939.38
	(e) Depreciation and amortisation expense	498.79	888.88	948.63	3,227.51	3,777.85	24,148.36	19,843.05
	(f) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	819.79	1,932.49	5,380.25	3,860.84	8,208.64	31,631.50	23,430.81
	Total Expenses	23,135.10	9,681.53	24,063.79	60,250.41	97,468.35	1,72,120.99	1,58,184.96
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	1,951.33	2,564.47	6,030.79	11,527.15	16,271.03	61,424.54	45,621.03
4	Other income	1,787.81	136.12	526.85	2,242.86	2,756.69	8,872.99	3,804.89
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	3,739.15	2,700.59	6,557.64	13,770.01	19,027.72	70,297.53	49,425.92
6	Financial Costs	2,611.68	2,238.47	4,507.54	10,548.51	12,785.18	58,547.92	51,534.63
7	Profit (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	1,127.46	462.12	2,050.10	3,221.49	6,242.54	11,749.61	(2,108.71)
8	Exceptional Items	-	-	-	-	-	-	(10,914.95)
9	Profit/ (Loss) from ordinary activities before tax (7-8)	1,127.46	462.12	2,050.10	3,221.49	6,242.54	11,749.61	8,806.25
10	Tax Expense							
	a) Current Tax	248.60	96.86	429.74	687.52	1,308.50	5,001.13	6,099.34
	b) Deferred Tax	-	-	-	-	-	-	2,138.34
11	Net Profit/ (Loss) from ordinary activities after tax (9-10)	878.87	365.26	1,620.36	2,533.98	4,934.04	6,748.48	568.57
12	Extra-ordinary Items	-	-	-	-	-	-	-
13	Net Profit(+)/ Loss (-) for the period (11-12)	878.87	365.26	1,620.36	2,533.98	4,934.04	6,748.48	568.57
14	Add:Share of profit/ (Loss) of Associates*	-	-	-	-	-	(0.20)	37.67
15	Less:Minority Interest*	-	-	-	-	-	349.41	960.46
16	Net Profit/(Loss) after tax, Minority Interest and share of profit/(Loss) of associates (13+14+15)*	878.87	365.26	1,620.36	2,533.98	4,934.04	6,398.87	(354.22)
17	Paid up equity share capital	737.95	737.95	737.95	737.95	737.95	737.95	737.95
	(Face Value of the share shall be indicated)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
18	Reserves excluding Revaluation Reserves as per the balance sheet of previous accounting year	-	-	-	76,265.39	73,731.41	(13,569.86)	(32,236.70)
19	(I) Earning per share (before extraordinary items) of Re.1/- each (not annualised)							
	(a) Basic	1.19	0.49	2.20	3.43	6.69	8.67	(0.48)
	(b) Diluted	1.19	0.49	2.20	3.43	6.69	8.67	(0.48)
	(II) Earning per share (after extraordinary items) of Rs.1/- each (not annualised)							
	(a) Basic	1.19	0.49	2.20	3.43	6.69	8.67	(0.48)
	(b) Diluted	1.19	0.49	2.20	3.43	6.69	8.67	(0.48)
	*Applicable in case of Consolidation							



Notes:

1. The above Audited Financial Results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their adjourned meeting held on 30.05.2016 and Audit Report of the same has been carried out by the Statutory Auditors.

2. Madhucon Infra Limited, Ranchi Expressways Limited, Trichy-Thanjavur Expressways Limited, Madhucon Heights Private Limited, Nama Hotels Private Limited, PT Madhucon Indonesia and Madhucon Natural Resources Limited, Subsidiaries of the Company have been incurring losses and net worth of some of these companies are fully/substantially eroded. The management is taking necessary steps/ initiatives to improve the activities/business in these companies. Upon implementation of these initiatives, the management is confident of improving the profitability in these subsidiaries. Management is also confident that the carrying values of investments in and unsecured interest free loans and advances to these subsidiaries (which included amounts given as a sub-ordinate debt in terms of Common Loan Agreement entered with Bankers as a part of promoter's contribution from time to time to its road SPVs for their project finances) are realizable at the value stated in the books.

3. The company has got allotted lease hold land to the extent of 9.04 acres at Kukatapally in SY.178&179 by Andhra Pradesh Housing Board (APHB) (the Board) (now Known as Telangana Housing Board) under development agreement dated 09.12.2005 and incorporated the following SPVs as Subsidiaries.

Name of the SPV	Facility Purpose	Area for Development In Acres
Madhucon Mega Mall Private Limited	Shopping Mall cum Multiplex	5.32
Nama Hotels Private Limited	Four Star Hotel	2.62
Madhucon Heights Private Limited	Residential/Office	0.94/0.16
	Total	9.04

Due to unavoidable circumstances, the construction of Shopping Mall cum Multiplex project could not be completed within the time by Madhucon Mega Mall Private Limited. Hence the APHB issued letter bearing No.105/Madhucon/AE/PC/2005, dated 16-12-2013 for revoking the Power of Attorney and Resumption of land to the extent of 5.32 Acres, aggrieved by the above said letter the company filed arbitration petition under sec.9 of Arbitration and conciliation Act,1996 before the XI A C J Court, CCC, Hyderabad seeking injunction against the APHB and after elaborate arguments the Hon'ble court was pleased to pass the Status quo order against the APHB and the same is pending. Further based on the internal assessment and a legal opinion, the management is confident that it will succeed the above case and the loan given to such SPV is fully realizable.

4. Unsecured Loans and advances include amounts given to Nama Investments Limited and NNR Infra Investments Private Limited. These companies have been incurring losses and the accumulated losses exceeded the net worth of these companies. As the value of investments of these companies are more than the loans and advances due from these companies, management is confident on the realisation carrying value of the assets at the values stated in the books of accounts.



5. Barasat - Krishnagar Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in West Bengal State. The Construction work is delayed due to pending approvals and rights of way to be provided by NHAI. The Company had issued notice for termination of the projects 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 termination of the projects vide its letter dated 3rd May, 2016 and has also seized all the project assets vide letter dated 13th May, 2016. Now the matter is before the arbitrator panel. In view of the above, going concern assumption is not appropriate and financial statements have been drawn accordingly.

6. Rajauli - Bakhtiyarpur Expressways Limited, a subsidiary company entered into an agreement with BSRDC, for developing road project in Bihar State. On 7th July, 2015, Bihar State Road Development Corporation (BSRDC) issued intention to terminate the projects as we have not commenced the work. We could not able to complete the financial closure due to market conditions. We have approached BSRDC once again for mutual closure of the project since we could not have complete the financial closure due to market conditions to commence the works. BSRDC has issued a letter bearing No.BSRDC/980/2012-532 dated 02.03.2016 informing pre-closure of the project and has been referred to the Cabinet for their approval. The same is still in process.

7. Vijayawada – Machilipatnam Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Andhra Pradesh State. NHAI had terminated the Concession Agreement vide letter no: NHAI/BOT-I//11019/102/2007/63 dated: 29th October 2013 and further confirmed it vide its letter no. NHAI/BOT-I/1109/102/2007/403 dated 27th August, 2014. Company preferred a claim on NHAI for an amount of Rs.118.597 crores towards expenses incurred and losses suffered on account of obtaining permits, financial costs, agency charges, and consultants fee etc. on this project by the Company and EPC Contractor.

8. The figures of the previous period have been re-arranged/regrouped wherever necessary.



Place: Hyderabad
Date: 30.05.2016

For and on behalf of the Board of Directors of
Madhucon Projects Limited

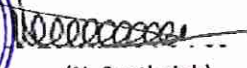



N. Seethaiah
Managing Director

Madhucon Projects Limited

Regd. Office: 1-7-70, Jublipura, Khammam - 507 003 (Telangana)

Standalone And Consolidated Statement Of Assets And Liabilities

Sl. No.	Particulars	Rs. In Lakhs			
		Standalone		Consolidated	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
A	I. EQUITY AND LIABILITIES				
1	Shareholder's Funds				
	(a) Share Capital	740.32	740.32	740.32	740.32
	(b) Reserves and Surplus	76,265.39	73,731.41	(13,569.86)	(32,236.70)
	(c) Money Received Against Share Warrants	-	-	-	-
	Sub-Total Shareholder's Funds	77,005.71	74,471.73	(12,829.54)	(31,496.38)
2	Share Application Money Pending Allotment	-	-	-	-
3	Minority Interest	-	-	18,440.95	18,393.57
4	Non-Current Liabilities				
	(a) Long Term Borrowings	2,850.75	4,904.82	4,58,647.11	5,10,334.69
	(b) Deferred Tax Liabilities (Net)	-	-	-	2,138.34
	(c) Other Long Term Liabilities	47,469.54	96,975.55	44,256.67	46,422.66
	(d) Long Term Provisions	140.60	-	13,562.67	12,769.60
	Sub-Total Non-Current Liabilities	50,460.89	1,01,880.37	5,16,466.45	5,71,665.29
5	Current Liabilities				
	(a) Short Term Borrowings	42,826.48	45,415.00	1,16,976.65	66,533.81
	(b) Trade Payables	69,359.73	19,516.80	75,064.00	28,468.67
	(c) Other Current Liabilities	75,585.18	78,551.82	1,18,352.54	1,29,861.28
	(d) Short Term Provisions	12,701.75	18,347.59	26,789.40	37,109.09
	Sub-Total Current Liabilities	2,00,473.14	1,61,831.21	3,37,182.60	2,61,972.85
	Total - Equity and Liabilities	3,27,939.75	3,38,183.31	8,59,260.45	8,20,535.31
B	ASSETS				
1	Non-Current Assets				
	(a) Fixed Assets	5,502.92	8,358.76	6,67,891.12	719,848.22
	(b) Goodwill On Consolidation	-	-	-	-
	(c) Non-Current Investments	1,52,190.20	1,55,686.40	51.00	1,221.55
	(d) Deferred Tax Asset(Net)	-	-	-	-
	(e) Long term Loans and Advances	86,079.05	33,588.03	21,843.10	11,732.49
	(f) Other Non-Current Assets	32,200.70	36,381.85	25,646.52	29,514.95
	Sub-Total Non-Current Assets	2,75,972.85	2,34,015.04	7,15,431.73	7,62,317.21
2	Current Assets				
	(a) Current Investments	-	-	-	48.06
	(a) Inventories	3,607.75	911.09	11,958.72	12,461.19
	(b) Trade Receivables	27,936.19	40,311.25	33,106.21	14,664.55
	(c) Cash and Cash Equivalents	2,575.74	1,481.74	15,122.65	8,084.03
	(d) Short Term Loans and Advances	-	47,846.17	4,825.44	4,812.69
	(e) Other Current Assets	17,847.20	13,618.02	78,815.70	18,147.58
	Sub-Total Current Assets	51,966.89	1,04,168.27	1,43,828.72	58,218.10
	Total - Assets	3,27,939.75	3,38,183.31	8,59,260.45	8,20,535.31
		Place : Hyderabad Date : 30.05.2016  For and on behalf of the Board of Directors of Madhucon Projects Limited  (N. Seethaiah) Managing Director			

FORM A

Compliance under Regulation 33 of Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1	Name of the Company	Madhucon Projects Ltd
2	Annual Standalone financial Statements for the year ended	Standalone financial results for the 4 th Quarter and for the year ended March 31,2016
3	Type of Audit Observations	Unmodified
4	Frequency of Observations	<u>Standalone financial statements</u> a) Emphasis on Matters regarding In relation to the carrying value of investments held and unsecured loans and advances given by the company in the subsidiaries or associates listed in that note, which have been incurring losses and in some of these companies, net worth was fully or substantially eroded. Frequency of Observation: 2nd time The Management is of the view that carrying value of the investments and loans and advances are realizable at the value stated in the books.



b) Emphasis on Matters regarding to the financial results, in relation to Madhucon Mega Mall Private Limited a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land taken from Andhra Pradesh Housing Board(the Board) (now known as Telangana Housing Board) at Kukatpally in Hyderabad. The Board issued letter for revoking the power of attorney and resumption of land. The Company got a status co order from court and the case is pending in that court.

Frequency of Observation: 2nd Time, The management is of the view as per the court directions, *Status co* be maintained.

The management of the company is confident in succeeding the case basing on the legal opinion and carrying values of investments and loans sanctioned to Madhucon Mega Mall Private Limited are realizable at the values stated in the books of accounts.

C) Emphasis on Matters regarding to outstanding loans and advances which were granted to Nama Investments Limited and NNR Infra Investments Private Limited in which the company's directors have significant influence 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 above closing balance as at March 31, 2016 with respect to Nama Investments Limited and NNR Investments Limited are Rs.38.86 Crores and Rs.4.73 Crores respectively



Frequency of Observation: 2nd time, The Management is Confident of Realization of Loans and Advances from Nama Investments Ltd and NNR Infra Investments Pvt Ltd During the year 2016-2017

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Hyderabad,
Dt: 30.05.2016

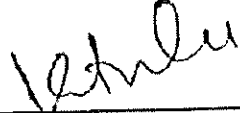
Signed By

Managing Director & CEO:

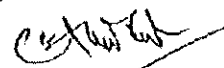

(N. Seethalah)



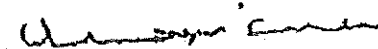
CFO/ Head of Finance:


(K Venkateswaralu- GM-F&A)

Company Secretary:


(A Chand Basha)

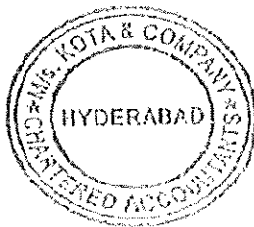
Chairman of the Audit Committee:



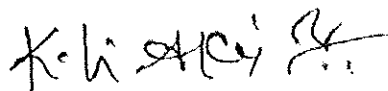
(CH Lakshmi Kumari)

Women Independent Director & Chairperson

Statutory Auditors of the Company: Refer our audit Report Dated
30.May.2016 on the Standalone
financials of the company



For KOTA & COMPANY
Chartered Accountants
ICAI Firm Regn . No. 011982S



K. S. R. K. Prasad
Partner
M.No.022964



To

The Board of Directors of Madhucon Projects Limited

1. We have audited the quarterly financial results of Madhucon Projects Limited ('the Company') for the quarter ended March 31, 2016 and the financial results for the year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31, 2016 and the published year-to-date figures up to December 31, 2015, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter and year to date ended March 31, 2016 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2015, the audited annual financial statements as at and for the year ended March 31, 2016 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirement of Regulation of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provided a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the statement:
 - i. is presented in accordance with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard and
 - ii. give a true and fair view of the net profit and other financial information for the year ended March 31, 2016.
4. Without qualifying our report, we draw attention to:
 - a. Note No. 2 to the financial results, in relation to the carrying value of investments held and unsecured loans and advances given by the company the company in the subsidiaries or associates 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's internal assessment and initiatives to be implemented to improve the profitability in the medium to long run, the management of the company is of the view that carrying value of the investments and loans and advances are realizable at the value stated in the books.

As per the books of accounts and according to information and explanations given to us, the Company has granted interest free loans and advances to these companies aggregating to Rs.15552.06 lakhs and closing balances against these loans and advances as at March 31, 2016 are aggregating to Rs.67514.73 lakhs.

- b. Note No. 3 to the financial results, in relation to Madhucon Mega Mall Private Limited (MMMPL) a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land taken from Andhra Pradesh Housing Board (the Board) (now known as Telangana Housing Board) at Kukatpally in Hyderabad. The Board issued letter for revoking the power of attorney and resumption of land. The Company got a status co order from court and the case is pending in that court. Taking in to account the 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 are realizable at the values stated in the books of accounts.

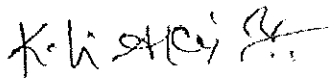
According to the books of accounts and information and explanations given to us, the closing balance as at March 31, 2016 is Rs.3633.80 Lakhs.

- c. Note No. 4 to the financial results indicates 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 significant influence 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 above.

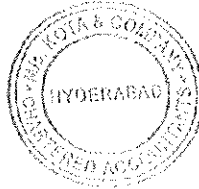
According to the books of accounts and information and explanations given to us, the closing balance as at March 31, 2016 with respect to Nama Investments Limited and NNR Investments Limited are Rs.3886.45 Lakhs and Rs.473.33 Lakhs respectively.

5. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2016 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2016 and the published year-to-date figures up to December 31, 2015, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Kota & Company
Chartered Accountants
ICAI Firm Regn. No.:0119825



K.S.R.K. Prasad
Partner
Membership No.022964

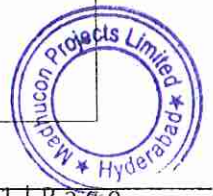


Place : Hyderabad
Date : 30th May, 2016

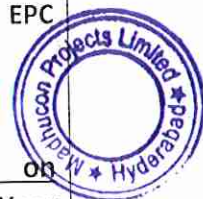
FORM B

Compliance under Regulation 33 of Securities and Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

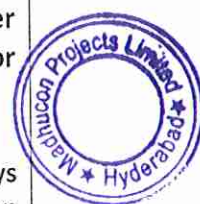
1	Name of the Company	Madhucon Projects Ltd
2	Annual Consolidated financial Statements for the year ended	Consolidated financial results for the year ended March 31, 2016
3	Type of Audit Observations	Modified
4	Frequency of Observations	<u>Consolidated financial statements</u> a) EMPHASIS ON MATTERS: "Barasat - Krishnagar Expressways Limited (BKEL), a subsidiary company entered into an agreement with NHAI, for developing road project in West Bengal State. The Construction work is delayed due to pending approvals and rights of way to be provided by NHAI. BKEL had issued notice for termination of the projects to NHAI on 31st December, 2015. BKEL and NHAI entered into a Supplementary Agreement to the 'Concession Agreement dated 20th June, 2011' on 2nd May, 2016 for inclusion of the clause of 'Society for Affordable Redressal of Disputes' (SAROD) Committee for arbitration. NHAI Had also issued notice for termination of the projects vide its letter dated 3rd May, 2016 and has also seized all the project assets vide letter dated 13th May, 2016. Now the matter is before the arbitrator panel. In view of the above, going concern assumption is not appropriate and financial statements have been drawn accordingly". Frequency of Observation: 1st time, The Management has already disputed the matter and requested the "society for affordable redressal of dispute" (SAROD) committee for arbitration and the matter is before arbitration panel



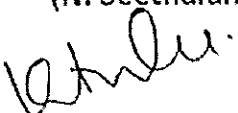
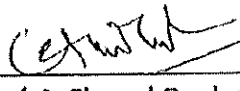
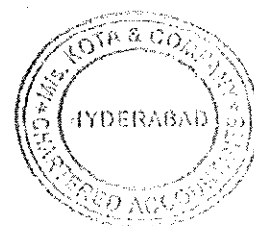
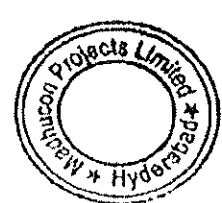
5	MODIFIED / QUALIFICATION	b) EMPHASIS ON MATTERS REGARDING to "Rajauli - Bakhtiyarpur Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Bihar State. On 7th July, 2015, Bihar State Road Development Corporation (BSRDC) issued intention to terminate the projects as we have not commenced the work. We could not able to complete the financial closure due to market conditions. We have approached BSRDC once again for mutual closure of the project since we could not have complete the financial closure due to market conditions to commence the works. BSRDC has issued a letter bearing No.BSRDC/980/2012-532 dated 02.03.2016 informing pre-closure of the project and has been referred to the Cabinet for their approval. The same is still in process". Frequency of Observation: 1st time, The Management has taken up the matter to Bihar Road Transportation limited for Closure of the Project and Settle the Claim C) EMPHASIS ON MATTERS REGARDING TO "Vijayawada - Machilipatnam Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Andhra Pradesh State. NHAI had terminated the Concession Agreement vide letter no: NHAI/BOT-I//11019/102/2007/63 dated: 29th October 2013 and further confirmed it vide its letter no. NHAI/BOT-I/1109/102/2007/403 dated 27th August, 2014. Frequency of Observation: 1st time, The Management Stated that a Claim is being Preferred on NHAI for an amount of Rs.118.597 crores towards expenses incurred and losses suffered on account of obtaining permits, financial costs, agency charges, and consultants fee etc. on this project by the Company and EPC Contractor" <u>Qualifying Report of Auditors on Consolidated financial Results for the Year ended 31.03.2016 for the company</u> A) Qualified Opinion on "Termination of the
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	project allotted by NHAI to Barasat-Krishnagar Expressways Limited ('BKEL'), which is a subsidiary to the Company, going concern assumption is not appropriate and financial statements have been drawn accordingly. Cost incurred on the project up to March 31, 2016 Rs.53034.49 lakhs instead of writing-off, has been accounted as NHAI claims receivables under the head "Other Current Assets" which is in contravention of the provisions of Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in overstatement of Current Assets Rs.53034.49 lakhs and understatement of loss to that extent". The Management Response- The Management has already disputed the matter and requested the "society for affordable redressal of dispute" (SAROD) committee for arbitration and the matter is before arbitration panel. B) The Rajouli-Bhaktiyarpur Expressways Limited ('RBEL'), which is a subsidiary to the Company, going concern assumption is not appropriate and financial statements have been drawn accordingly. Cost incurred on the project up to March 31, 2016 Rs.816.44 lakhs instead of writing-off. Has been accounted as NHAI claims receivables under the head "Other Current Assets" which is in contravention of the provisions of Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in overstatement of Current Assets Rs.816.44 lakhs and understatement of loss to that extent. The Management has taken up the matter to Bihar Road Transportation limited for Closure of the Project and Settle the Claim. C) "Vijayawada-Machilipatnam Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Andhra Pradesh State. NHAI had
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		terminated the Concession Agreement vide letter no: NHAI/BOT-I//11019/102/2007/63 dated: 29th October 2013 and further confirmed it vide its letter no. NHAI/BOT-I/1109/102/2007/403 dated 27th August, 2014. The Management Stated that a Claim was Preferred on NHAI for an amount of Rs.118.597 crores towards expenses incurred and losses suffered on account of obtaining permits, financial costs, agency charges, and consultants fee etc. on this project by the Company and EPC Contractor"
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6	Hyderabad, Dt: 30.05.2016 Managing Director & CEO: CFO/ Head of Finance: Company Secretary: Chairman of the Audit Committee: Statutory Auditors of the Company: Refer our audit Report Dated 30/May/2016 on the Standalone financials of the company	Signed By  (N. Seethalah)  (K Venkateswaralu- GM-F&A)  (A Chand Basha)  (CH Lakshmi Kumari) Women Independent Director & Chairperson  For KOTA & COMPANY Chartered Accountants ICAI Firm Regn . No. 011982S  K. S. R. K. Prasad Partner M.No.022964 
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To

The Board of Directors of Madhucon Projects Limited

1. We have audited the accompanying Consolidated financial results ('the Statement') of Madhucon Projects Limited ('the Company'), its subsidiaries, associates and jointly controlled entities (Collectively referred to as 'the Group') for the year ended March 31, 2016 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Statement have been prepared on the basis of annual consolidated financial statements which are the responsibility of the Company's management. Our responsibility is to express an opinion on these Statement based on our audit of such consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down under Section 133 of the Companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India and in compliance with requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provided a reasonable basis for our opinion.
3. We did not audit the financial statements and other financial information of ten subsidiaries included in the consolidated financial results, whose financial statements together comprise total assets of Rs.641153.15 lakhs as at March 31, 2016, total revenue of Rs.24653.93 lakhs and total loss of Rs.12345.20 lakhs for the year then ended. The financial statements and other financial information 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 statements is solely based on the reports of the other auditors.
4. In respect of the financial information pertaining to one associate considered in the consolidated financial results, whose financial statements reflect the Group's share of loss amounting Rs. 1703.99 lakhs for the year then ended on March 31, 2016 are based on the unaudited financial statements prepared by the management. These unaudited financial statements are approved by the respective Board of Directors of that company have been furnished to us by the management and our report in so far as it related to the amounts included in respect of the associates is based solely on such unaudited financial statements.
5. i) Due to termination of the project allotted by NHAI to Barasat-Krishnagar Expressways Limited ('BKEI'), which is a subsidiary to the Company, going concern assumption is not appropriate and financial statements have been drawn accordingly. Cost incurred on the project up to March 31, 2016 Rs.53034.49 lakhs instead of writing-off, has been accounted as NHAI claims receivables under the head "Other Current Assets" which is in contravention of the provisions of Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets) claims being contingent

asset in nature. This has resulted in overstatement of Current Assets Rs.53034.49 lakhs and understatement of loss to that extent.

- ii) Due to termination of the project allotted to Rajouli-Bhaktiyarpur Expressways Limited ('RBEL'), which is a subsidiary to the Company, going concern assumption is not appropriate and financial statements have been drawn accordingly. Cost incurred on the project up to March 31, 2016 Rs.816.44 lakhs instead of writing-off. Has been accounted as NHAI claims receivables under the head "Other Current Assets" which is in contravention of the provisions of Accounting Standard 29 (Provisions, Contingent Liabilities and Contingent Assets) claims being contingent asset in nature. This has resulted in overstatement of Current Assets Rs.816.44 lakhs and understatement of loss to that extent.

6. In our opinion and to the best of our information and according to the explanations given to us, subject to Para 5 above, the year to date consolidated financial statement:

- i) have been presented in accordance with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- ii) give a true and fair view of the consolidated net profit and other financial information for the year ended March 31, 2016.

7. Without qualifying our report we draw attention to:

- i) Note No. 5 to the financial results, "Barasat - Krishnagar Expressways Limited (BKEL), a subsidiary company entered into an agreement with NHAI, for developing road project in West Bengal State. The Construction work is delayed due to pending approvals and rights of way to be provided by NHAI. BKEL had issued notice for termination of the projects to NHAI on 31st December, 2015. BKEL and NHAI entered into a Supplementary Agreement to the 'Concession Agreement dated 20th June, 2011' on 2nd May, 2016 for inclusion of the clause of 'Society for Affordable Redressal of Disputes' (SAROD) Committee for arbitration. NHAI Had also issued notice for termination of the projects vide its letter dated 3rd May, 2016 and has also seized all the project assets vide letter dated 13th May, 2016. Now the matter is before the arbitrator panel. In view of the above, going concern assumption is not appropriate and financial statements have been drawn accordingly".
- ii) Note No. 6 to the financial results, "Rajauli - Bakhtiyarpur Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Bihar State. On 7th July, 2015, Bihar State Road Development Corporation (BSRDC) issued intention to terminate the projects as we have not commenced the work. We could not able to complete the financial closure due to market conditions. We have approached BSRDC once again for mutual closure of the project since we could not have complete the financial closure due to market conditions to commence the works. BSRDC has issued a letter bearing No.BSRDC/980/2012-532 dated 02.03.2016 informing pre-closure of the project and has been referred to the Cabinet for their approval. The same is still in process".
- iii) Note No. 7 to the financial results, "Vijayawada – Machilipatnam Expressways Limited, a subsidiary company entered into an agreement with NHAI, for developing road project in Andhra Pradesh State. NHAI had terminated the Concession Agreement vide letter no: NHAI/BOT-I//11019/102/2007/63 dated: 29th October 2013 and further confirmed it vide its letter no. NHAI/BOT-I/1109/102/2007/403 dated 27th August, 2014. Company preferred a claim on NHAI for an amount of Rs.118.597 crores towards expenses incurred and losses

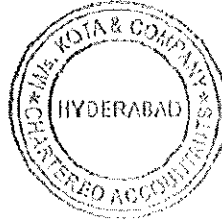
suffered on account of obtaining permits, financial costs, agency charges, and consultants fee etc. on this project by the Company and EPC Contractor”.

Our opinion is not modified in respect of these matters.

For Kota & Company
Chartered Accountants
ICAI Firm Regn. No.:0119825

K. S. R. K. Prasad

K.S.R.K.Prasad
Partner
Membership No.022964



Place : Hyderabad
Date : 30th May, 2016