



Ref.: MPL/HYD/SE/0047/2020-21

Date: 01-10-2020

To
The National Stock Exchange (NSE) of India Limited,
5th Floor, Exchange Plaza,
Bandra (East),
Mumbai- 400 051.

Dear Sir(s),

Kind Attn: Listing Department / Corporate Relationship Department

Sub.: Clarification on Consolidated Financial Results for the Quarter and year ended 31-03-2020 submitted to Stock Exchanges on 15-09-2020 - Reg.

Ref.: 1. Our Letter No. MPL/HYD/SE/0041/2020-21 dt: 15-09-2020.
2. Our Letter No. MPL/HYD/SE/0043/2020-21 dt: 15-09-2020.
3. BSE Script code: 531497 & NSE Script code: MADHUCON

With reference to your E-mail dated 24th September, 2020, regarding discrepancies in the Consolidated Financial Results for the Quarter and year ended 31st March, 2020. The Clarifications on discrepancy occurred are mentioned hereunder:

1. Financial results not submitted within 30 minutes from end of Board Meeting:

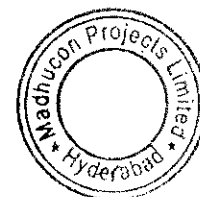
The Board of Directors' Meeting of the Company was held on 14th September, 2020 at 04:00 P.M and the same was continued to the next day i.e., 15th September, 2020 and concluded the meeting at 09:40 P.M. In the above reference No. 2, the outcome of Financial Results was submitted to the Stock Exchanges on 15-09-2020 within 30 Minutes after the conclusion of the Board Meeting of the Company.

2. Financial results submitted is not as per format prescribed by SEBI:

The notes of the Consolidated Financial Results are now corrected as per the format prescribed by SEBI. Kindly consider the Results and the same will not be repeated.

3. Statement of Cash Flow not submitted:

The statement of the Cash flow was prepared and approved in the Audit Committee and in the Board of Directors' Meeting on 15-09-2020. While scanning the documents in an overlook, the statement of the Cash flow was missed and the same is enclosed for your reference.



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4. Machine Readable Form / Legible copy of Financial Results not submitted:

The Consolidated Financial Results are now properly scanned and enclosed the same for your reference.

We now request you to kindly consider the above matters and we ensure that this kind of errors will not happen again and the corrected statement of Consolidated Financial Results for the Quarter and year ended 31st March, 2020 along with Auditors' Report is enclosed for your reference and records.

Thanking you,

For Madhucon Projects Limited


(K. Venkateswarlu)
Chief Financial Officer



Encl: As above.

MADHUCON PROJECTS LIMITED

CIN-L74210TG1990PLC011114

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

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs)

Sl. No	Particulars	Consolidated				
		Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	Audited	
I	Revenue from Operations	29,744.37	19,190.19	27,450.33	73,413.09	94,244.01
II	Other income	1,659.96	886.78	1,990.78	4,604.02	4,074.00
III	Total Income (I+II)	31,404.33	20,076.97	29,441.11	78,017.11	98,318.01
IV	Expenses:					
	(a) Cost of Materials Consumed	25,720.23	15,722.31	22,320.18	60,650.21	71,345.13
	(b) Changes in Inventory of Finished goods, Work-in-	1,394.81	0.13	3,489.78	1,496.42	3,489.78
	(c) Employee benefits expense	550.36	978.01	919.13	3,530.72	4,519.33
	(d) Other expenses	(417.53)	948.62	2,804.08	3,047.03	9,153.31
	(e) Financial Costs	5,390.01	7,747.99	16,178.54	15,028.49	27,904.87
	(f) Depreciation and amortisation expense	(12,758.06)	6,650.26	2,610.54	7,157.74	22,420.08
	Total Expenses	19,879.82	32,047.32	48,322.25	90,910.61	138,832.50
V	Profit/(Loss) Before Exceptional Items and tax (III-IV)	11,524.51	(11,970.35)	(18,881.14)	(12,893.50)	(40,514.49)
VI	Exceptional Items					
	Provision for Impairment on Investments	97,027.06			97,027.06	
VII	Profit/(Loss) Before Tax (3-4)	(85,502.55)	(11,970.35)	(18,881.14)	(109,920.56)	(40,514.49)
VIII	Tax Expense					
	a) Current Tax					
	b) Deferred Tax	(1,433.57)	1,005.75	(1,660.72)	1,583.67	(2,462.40)
	Total Tax (a+b)	(1,433.57)	1,005.75	(1,660.72)	1,583.67	(2,462.40)
IX	Profit/(Loss) from Continuing operations (VII-VIII)	(84,068.98)	(12,976.10)	(17,220.42)	(111,504.23)	(38,052.09)
X	Profit/(Loss) from discontinued operations					
XI	Tax Expense of discontinued operations					
XII	Profit/(Loss) from discontinued operations after tax (X-XI)					
XIII	Profit/Loss for the period (IX+XII)	(84,068.98)	(12,976.10)	(17,220.42)	(111,504.23)	(38,052.09)
	Attributable to:					
	- Share Holders of the Parent Company	(80,519.46)	(12,327.29)	(14,807.29)	(106,582.94)	(34,389.06)
	- Non Controlling Interest	(3,549.52)	(648.80)	(2,413.13)	(4,921.29)	(3,663.03)
XIV	Other Comprehensive Income (net of tax)					
	A) Items that will not be reclassified to profit or loss					
	(i) Re-measurement gains/(losses) on defined benefit plans	204.36		107.91	204.36	107.91
	Share of Other Comprehensive income transferred to Non Controlling interest	0.01		(13.05)	0.01	(13.05)
	(ii) Income tax relating to these items					
	B) (i) Items that will be reclassified to profit or loss					
	(ii) Incometax relating to these items					
	Share of Profit/(Loss) transferred to Non Controlling Interest					
	Total Other Comprehensive income, net of tax	204.37	-	94.86	204.37	94.86
	Attributable to:					
	- Share Holders of the Parent Company					
	- Non Controlling Interest					
XV	Total Comprehensive Income (XIII+XIV)	(80,315.09)	(12,327.29)	(14,712.43)	(106,378.57)	(34,294.20)
	Attributable to:					
	- Share Holders of the Parent Company	(80,315.09)	(12,327.29)	(14,712.43)	(106,378.57)	(34,294.20)
	- Non Controlling Interest					
XVI	Paid - up Equity Share Capital (Face value of Rs.1/- per share)	737.95	737.95	737.95	737.95	737.95
XVII	Total Reserves i.e Other equity					
XVIII	Earning per share (of Rs.1/- each) (not annualised) (for discontinued and continuing operations)					
	- Basic and Diluted	(109.11)	(16.70)	(20.07)	(144.43)	(46.60)



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Notes:

- 1 The above results have been reviewed by the Audit Committee at its meeting held on September 14, 2020 and approved by the Board of Directors of the Company at its meeting held on September 14, 2020. The Statutory Auditors have carried out limited review of the audited financial results for the Quarter and Year ended March 31, 2020.
- 2 The Financial Results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as amended prescribed under 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5th July, 2016.
- 3 The Figures for the quarter ended 31st March, 2020 and Quarter ended 31st March, 2019 as reported in these financial results are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the 3rd Quarter of the relevant financial year which were only reviewed and not subject to audit.
- 4 The Company's operations primarily consists of construction-project activities and there are no other reportable segments under Ind AS 108 "Operating Segments".
- 5 **COVID-19 related impact on the performance/ operations of the Company:**
 - a. **Impact of the CoVID-19 pandemic on the business:**

The COVID 19 outbreak has significantly impacted the Infrastructure Industry. Due to halt in construction works and Labour Crunch, we also effected during 1st quarter of Financial Year 2020-21 by almost 30 to 50 days without much progress. In the wake of COVID 19 pandemic the focus of State and Central Governments has shifted to the welfare of citizens and hence the Infrastructure activity has taken back seat. We believe that recovery in F.Y 2020-21 will be slow and will only be visible from Q3 onwards. Even though the lock down is lifted, it would take longer time for the sector to return to optimal capacity due to migration of Labour. In spite of all these odds the company is actively working to mitigate the risk. We already restarted our operations and look for the support of our stake holders and Lenders to meet the challenge of the post COVID 19 working environment.
 - b. **Schedule, if any, for restarting the operations:**

Operations were started with 33% staff from 06.05.2020 and 100% staff from 18.05.2020 as per the guidelines of Govt of India and Govt of Telangana.
MPL Subsidiary company offices are severely affected due to lockdown and office staff have stated reporting from July 2020 at their offices due to fear of increasing cases day by day after lifting of lock down.
 - c. **Steps taken to ensure smooth functioning of operations:**

Our company is following all the guidelines issued by WHO and ICMR in the day to day operations. The COVID-19 protocol also contains detailed steps for infection control and safety at our premises and several checklists to monitor adherence have been put in place.
- 6 In consolidated financial statements Simhapuri Energy Limited which is step down subsidiary of Madhucon Projects Limited is not included due to The Hon'ble NCLT passed an order dated 26.06.2020 against Simhapuri Energy Limited and admitted the corporate insolvency resolution process (CIRP). RP was also appointed. Hence Annual financials of Simhapuri Energy Limited not yet finalized for the year ended 31st March 2020.
- 7 The Company has only one segment which is "Constructions". Therefore disclosure relating to segments is not applicable and according not made.
- 8 Figures for the previous periods have been regrouped/ reclassified wherever considered necessary.



By order of the Board
for Madhucon Projects Limited


N. Seethaiah
Managing Director
DIN-00784491

Place: Hyderabad
Date : 14-09-2020

MADHUCON PROJECTS LIMITED
CONSOLIDATED BALANCE SHEET

(Rs. in Lakhs)

S. No.	Particulars	Consolidated	
		Audited	
		31.03.2020	31.03.2019
1	ASSETS		
	Non-current assets		
	(a) Property, Plant and Equipment	12,431.03	313,217.93
	Capital Work-in-Progress	15,090.00	15,106.39
	Intangible Assets	111,146.15	120,339.13
	Investment Properties	61.46	61.46
	(b) Financial Assets		
	(i) Investments	97,080.63	53.57
	(ii) Trade receivables		
	(iii) Loans	5,909.75	5,298.36
	(iv) Others Financial Assets	81,203.65	92,174.88
	(c) Deferred Tax Asset	3,180.54	4,764.21
	(d) Other non-current assets	12,415.86	22,947.00
	Sub-total Non-current assets	338,519.06	573,962.93
2	Current assets		
	(a) Inventories	2,935.20	6,288.37
	(b) Financial Assets		
	(i) Investments	43.29	210.30
	(ii) Trade receivables	11,701.02	3,666.80
	(iii) Cash and cash equivalents	8,090.85	3,344.59
	(iv) Bank balances other than (iii) above	577.65	435.64
	(v) Loans	140.91	168.34
	(vi) Others Financial Assets	94,134.87	150,362.77
	(c) Current tax asset (net)	22,199.35	14,528.15
	(d) Other current assets	18,288.15	17,561.58
	Sub-total Current assets	158,111.30	196,566.54
	Total Assets	496,630.36	770,529.47
	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity Share capital	740.32	740.32
	(b) Other Equity	(243,839.86)	(212,984.32)
	Sub-total Other Equity	(243,099.54)	(212,244.00)
	Non Controlling Interest	(6,666.02)	(4,648.58)
	Sub-total Equity	(249,765.55)	(216,892.58)
	LIABILITIES		
1	Non-current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	177,603.90	312,341.36
	(ii) Trade payables	11,635.10	8,256.33
	(iii) Other financial liabilities	6,533.31	759.75
	(b) Provisions	17,991.45	12,281.86
	(c) Deferred tax liabilities (Net)	-	5.03
	(d) Other non-current liabilities	4,798.76	7,459.52
	Sub-total Non-current liabilities	218,562.52	341,103.84
2	Current liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	219,251.41	263,408.56
	(ii) Trade payables	47,613.78	65,705.90
	(iii) Other financial liabilities	64,359.68	211,250.02
	(b) Other current liabilities	64,179.17	70,502.52
	(c) Provisions	111,029.25	21,734.48
	(d) Current tax liabilities (net)	21,400.11	13,716.72
	Sub-total Current liabilities	527,833.39	646,318.20
	Total Equity and Liabilities	496,630.36	770,529.47

For and on behalf of the Board of Directors

Place:Hyderabad
Date:14-09-2020



N. Seethanah
N. Seethanah
Managing Director
DIN: 00784491

Madhucon Projects Limited
Consolidated Cash Flow Statement for the Year ended March 31, 2020

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
A Cash flow from operating activities		
(Loss) / Profit before tax	(109,920.57)	(40,514.49)
Adjustments for:		
Depreciation and amortisation expense	7,157.74	22,420.08
Dividend Income	(0.86)	(32.70)
Interest Income	(47.16)	(144.05)
Impairment	97,027.06	(113.06)
Finance costs	15,028.49	27,904.87
	119,165.27	50,035.14
Operating Profit Before Working Capital Changes	9,244.70	9,520.65
Change in Working Capital		
(Increase)/decrease in Trade Receivables	(8,034.22)	(551.42)
(Increase)/decrease in Inventories	3,353.16	3,714.17
(Increase)/decrease in Other Financial Assets	67,202.61	4,254.50
(Increase)/decrease in Other Current and Non-Current Assets	2,133.36	(8,455.03)
Increase/(decrease) in Loans	(44,157.16)	(4.30)
Increase/(decrease) in Trade Payables	(18,092.12)	8,747.02
Increase/(decrease) in Other Financial Liabilities	(61,315.03)	(1,280.33)
	(9,033.02)	6,413.22
Increase/(decrease) in Other Current and Non-Current Liabilities		
Cash generated from operations	(58,697.72)	22,358.48
Income taxes paid	-	3,353.45
Net cash from operating activities	(58,697.72)	19,005.03
B Cash flows from investing activities		
Purchase of Property, Plant and Equipment including CWIP	293,645.55	(797.55)
Proceeds from Sale of Property, Plant and Equipment	-	(17.10)
Decrease in investments	167.01	
Due to Derecognition of Simhapuri	(9,407.19)	-
(Increase) / decrease in other bank balances	(145.49)	967.83
Dividend Received	0.86	32.70
Interest Received	47.16	144.05
Net cash used in investing activities	284,307.90	329.93
C Cash flows from financing activities		
Proceeds/(Repayment) of long term borrowings	(205,835.44)	(102,542.34)
	-	110,058.18
Interest paid	(15,028.49)	(27,904.87)
Net cash used in financing activities	(220,863.93)	(20,389.03)
Net increase/(decrease) in cash and cash equivalents	4,746.25	(1,054.07)
Cash and cash equivalents at the beginning of the financial year	3,344.58	4,398.65
Cash and cash equivalents at end of the year	8,090.83	3,344.58
Reconciliation of cash and cash equivalents as per with the Balance Sheet		
	8,090.85	3,344.58
Cash and cash equivalents at end of the year	8,090.85	3,344.58

For and on behalf of the Board



N. Seethaiah
Managing Director
DIN-00784491

Place : Hyderabad
Date :14-09-2020



P. MURALI & CO.,

CHARTERED ACCOUNTANTS
6-3-655/2/3, SOMAJIGUDA,
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Auditor's Report on Consolidated Financial Results of M/s. Madhucon Projects Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

To
The Board of Directors
M/S. MADHUCON PROJECTS LIMITED

1. We have audited the accompanying statement of consolidated financial results (the statement of M/S MADHUCON PROJECTS LIMITED ('the Company') and its subsidiaries and Associate (the Company and its subsidiaries and Associates together referred to as, 'the Group') for the year ended March 31, 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement which is the responsibility of the Company's management and have been approved by the Board of Directors of the Company, has been compiled from related consolidated financial statements which have been prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act 2013 read with relevant rules issued there under and other accounting principles generally accepted in India; Our responsibility is to express an opinion on the consolidated Ind AS financial statements as at and for the year ended March 31, 2020; and the relevant requirements of Regulation 33 Of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/ FAC/ 62/ 2016 dated July 5, 2016.

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 management. We believe that our audit provides 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 and based on the consideration of the reports of the other auditors on subsidiaries and step down subsidiaries of the Group referred to in below Paragraph 5 and except for the possible effects of the matters described in below paragraphs 5 & 6, the year to date consolidated financial statement:
 - i) Includes the results of the entities listed in Annexure,
 - ii) Are presented in accordance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
 - iii) Give a true and fair view in conformity with the aforesaid Indian Accounting standards and other accounting principles generally accepted in India of the consolidated loss and total comprehensive income and other financial information of the group for the year ended March 31, 2020.





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4. Other Matter Paragraph:

We did not audit the financial statement and other financial information of one subsidiary and eight step down subsidiaries included in the statement; whose financial statements together comprise total assets before elimination Rs. 4,29,081.76 Lakhs as at March 31, 2020, Total Revenue of Rs. 22,540.32 Lakhs, Total Loss and total comprehensive income of Rs.14,704.76 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.

5. Qualified Opinion

1. i) "the Company" has made a provision for impairment of investments of Rs. 22727 lakhs held in Simhapuri Energy Limited (SEL) a stepdown subsidiary in case of which "The Hon'ble National Company Law Tribunal "(NCLT) by an order dated 26-06-2020 admitted the Corporate insolvency resolution process (CIRP)
ii) Trade receivables of Rs.8598.04 lakhs is due from "SEL" for which no provision for expected credit losses made.
iii) Simhapuri Energy limited (SEL) which is a step down subsidiary to the company, financial statements of SEL were not included in consolidated financial results for the year ended 31st March,2020. Hence previous year consolidated financial results are not comparable with current year consolidated results.
2. The consolidated financial results, relating 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 case of some of these companies, net worth was fully or substantially eroded. In the absence of fair valuation of these investments, we are unable to comment upon the carrying value of investments and we are unable to comment whether any provision for impairment in the value of advances is required.
3. " 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 company is awaiting for government approval to start the project and carrying values of Investments in and Loans Sanctioned to MMMPL amounting to Rs.3500 lakhs and Rs.135.21 Lakhs respectively are shown as realizable at the Values Stated in the Books of Accounts.
4. the outstanding Loans and advances of Rs 4191.1 Lakhs and Rs 512.49 Lakhs granted to "Nama Investments Limited" and "NNR Infra Investments Private Limited" respectively, in which the Company's Directors have Interest. These Companies have been incurring Losses and accumulated losses exceeded the Net Worth. The management is yet to assess the risk of default and resultant expected credit loss allowance on such loans and advances.





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5. The company is yet to transfer unpaid dividend of Financial Year 2008-09 amounting to Rs. 2,16,049 and Financial Year 2009-10 Rs. 2,45,028/- from unpaid dividend account to Investor Education and Protection Fund (IEPF).
6. "the Company" has defaulted in repayment of dues to Banks and financial institutions amounting to Rs. 68,950.31 Lakhs and Rs.5339.92 Lakhs respectively as per books of account. All the loans outstanding were classified as NPA by the Banks and Financial Institutions. Interest on these loans have not been provided for the financial years 2018-19 & 2019-20 in view of "the company" approaching for one-time settlement (OTS).
7. In the absence of confirmations of Trade Payables and various advances/borrowings, we are unable to comment on the extent to which such balances are payable/recoverable.
8. The Company delayed in payment of undisputed statutory dues towards TDS, Provident Fund, Professional Tax and Goods and Service Tax for the year ended 31stMarch, 2020.
9. In view of losses incurred by "the company" and in the absence of prior approval from the lender banks and financial Institutions, managerial remuneration paid by the company during the year is in excess of the limits specified under section 197 read with schedule V of Companies Act,2013.
10. Madhucon infra Limited, which is a subsidiary to the Company, has defaulted in repayment of dues to Banks and financial institutions (excluding debentures) amounting to Rs. 17.18 Crores and Rs.16.57 Crores respectively as per books of account. All the loans outstanding were classified as NPA by the Banks and Financial Institutions. Interest on these loans have not been provided for the financial years 2018-19 & 2019-20. Borrowings from banks and financial institutions are subject to confirmation and reconciliation.
11. Madhucon infra Limited, which is a subsidiary to the Company, The IFCI Ltd had approved one-time settlement (OTS) of Rs. 70 Crores for its outstanding dues, was to be paid by the company in three installments vide its letters dated February 24th,2020. However, the company made the payment of two installments of Rs. 7 Crores up to 31st March,2020 and at the request of the company, IFCI Ltd condoned the delay and revived the OTS vide its letter dated June 09th, 2020 requiring the company to make payment of residual OTS amount of Rs.63 Crores by 15th November,2020 and interest on extended period on outstanding OTS amount @ 13.75% (simple interest) from April 1st,2020.
12. Madhucon infra Limited, which is a subsidiary to the Company,has made a provision for impairment of investments of Rs. 743 Crores held in Simhapuri Energy Limited (SEL) a subsidiary, in case of which "The Hon'ble National Company Law Tribunal "(NCLT) by an order dated 26-06-2020 admitted the Corporate insolvency resolution process (CIRP). In case of all other subsidiaries, the company has made provision of Rs. 58.66 Crores towards impairment at 5% on all investments in equity and other investments made, and in the absence of fair valuation of the same, we are unable to comment on the adequacy of the provision made.
13. Madhucon Infra Limited which is a subsidiary to the company, balances as at 31st March,2020 in respect of some subsidiaries are subject to reconciliation.





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6. The independent auditors of certain subsidiaries qualified their audit report on the financial statements for the year ended 31st March, 2020 reproduced by us here under:
- "Barasat-Krishnagar Expressways Limited ('BKEL'), which is a step-down subsidiary to the Company, Due to termination of the project of the company, going concern assumption is not appropriate and financial statements have been drawn accordingly. Cost incurred on the project upto 31-3-2020 at Rs. 5,79,42,14,742/- including the Cost and expenses incurred on and for the project [but excluding the interest not provided on the borrowings for the financial year covered under the audit report instead of writing-off to profit & loss have been accounted as NHAI Claims receivable under the head "Other Current Financial 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 and understatement of loss for the year accordingly and Cumulative loss to that extent. Further, no interest has been provided for on the borrowings from institutions.
 - Madurai Tuticorin Expressways Limited (MTEL), which is a subsidiary to the Company, as mentioned in Paragraph 7 (d) of this report the equity has been understated by Rs. 3980.12 Lacs and the profit has been understated by Rs. 3980.12 Lacs.
 - Trichy Thanjavur Expressways Limited (TTEL), which is a step-down subsidiary to the Company, as mentioned in Paragraph 7 (f) of this report the equity has been understated by Rs. 599.94 Lacs and the profit has been understated by Rs. 599.94 Lacs.
 - TN (DK) Expressways Limited (TNDK), which is a step-down subsidiary to the company, as mentioned in Paragraph 7 (g) of this report the equity has been understated by Rs. 1822.76 Lacs and the profit has been understated by Rs. 1822.76 Lacs.
7. The independent auditors of certain subsidiaries mentioned Emphasis of matter paragraph in their audit report on the financial statements for the year ended 31st March, 2020 reproduced by us here under:
- "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. The company is continuing to expect the realisation of the expenses incurred on the project recoverable within a period of 12 months. However, it is not materialised so far.
 - i) "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





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'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.
- iii) In view of the above going concern assumption is not appropriate and therefore financial statements have been drawn accordingly.
- c. "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 65,01,631/- , 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. 65,01,631/- 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.

In our opinion, the termination of the Concession Agreement and pending settlement of the claim by NHAI till date indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

- d. Madurai Tuticorin Expressways Limited (MTEL), which is a subsidiary to the Company, i) has taken loans from different financial institutions. Now those loans became NPAs. 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.

ii) Provision for Maintenance and unwinding have not been made as per IND AS provisions. The provisions should have been made at Rs.221.83 lacs instead of Rs.4201.95 lacs and its consequence effect on profit and loss accordingly, the equity has been understated by and the profit has been understated by the same amount of Rs .3980.12 lacs

No deferred tax provisions have been made in view of the estimation of inadequate revenue in future to adjust the same.

- 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





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Special Purpose Vehicle for design, build, operate, finance and transfer of 4 lining of Chhapra-Hajipur section of NH-19 from Kilometres 143.200 to kilometres 207.200 in the state of Bihar on annuity basis for a Concession Period of 15 years (2.5 years of construction period and 12.5 years of operating period). The contract was awarded by NHAI. The company shall hand over project to the NHAI on expiry of concession period. The concession agreement, on execution, will entitle the company to take a fixed sum of annuity for every 6 months, in arrears, starting from the date of commencement of commercial operations (COD) from NHAI. The construction work is in Progress. No deferred tax provisions have been made in view of the estimation of inadequate revenue in future to adjust the same.

- f. Trichy Thanjavur Expressways Limited (TTEL), which is a step- down subsidiary to the Company, i) has taken loans from different financial institutions. Now those loans became NPAs. 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.

ii) Provision for Maintenance and related unwinding have not been made as per IND AS provisions. The provisions should have been made at Rs.651.94 lacs instead of Rs.1251.88 lacs. This has resulted in the loss being declared at Rs.75.22 lacs instead of profit at Rs.524.72 lacs. Accordingly, the equity has been understated by Rs.599.94 lacs and the profit has been understated by Rs.599.94 lacs.

No deferred tax provisions have been made in view of the estimation of inadequate revenue in future to adjust the same.

- g. TN (DK) Expressways Limited (TNDK), which is a step- down subsidiary to the company, i) has taken loans from different financial institutions. Now those loans became NPAs. 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.

ii) Provision for Maintenance and related unwinding have not been made as per IND AS provisions. The provisions should have been made at Rs.1972.99 lacs instead of Rs.3795.75 lacs. This has resulted in the loss being declared at Rs.801.35 lacs instead of profit at Rs.1021.40 lacs. The equity has been understated by Rs.1822.76 lacs and the profit has been understated by Rs.1822.76 lacs.

No deferred tax provisions have been made in view of the estimation of inadequate revenue in future to adjust the same.

- h. Ranchi Expressways Limited (REL), which is a step- down subsidiary to the company, i) 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





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as One Time Fund infusion and subsequently NHAI has gone back by cancelling the already sanction OTFI amount of Rs.223 Crores. 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 30/01/2020 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 18-04-2020. The Company has submitted the claim with NHAI. The proceedings of CCIE will commence soon. Cost incurred on the project up-to 31st March, 2020 Rs. 1295,09,49,755/- 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.1295, 09, 49,765/-and understatement of cumulative loss by the same amount.In view of the above, the termination of the Concession Agreement indicates the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.


ii)CBI has filed FIR against the Company, Promoters and Directors on 12/03/2019. Under Prevention of Corruption Act and Indian Penal Code.

iii)Gains on the redemption of units of Canara Robeco Mutual Fund during the year is not ascertained and recognized in the year

- i. Madhucon Properties limited, which is anAssociate to the company, the accumulated loses 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 affect 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.

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


A Krishna Rao
Partner
Membership No:020085
UDIN: 20020085AAAAOD3892



Place: Hyderabad
Date: 15-09-2020



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Annexure to Auditors Report:

Subsidiaries

- 1 Madhucon Infra Limited
- 2 Madurai Tuticorin Expressways Limited
- 3 Madhucon Mega mall Pvt Ltd
- 4 Nama Hotels Pvt Ltd
- 5 Madhucon Heights Pvt Ltd

Step Down Subsidiaries

- 6 TN (DK) Expressways Ltd
- 7 Trichy Tanjavur Expressways Ltd
- 8 Chhaprahajipur Expressways Ltd
- 9 Barasa Krishnagar Expressways Ltd
- 10 Ranchi expressways Ltd
- 11 Madhucon Toll Highways Ltd
- 12 Vijayawada-Machilipatnam Limited
- 13 RajauliBakthiyapur Expressways Limited
- 14 PT Madhucon Indonesia

Associates

- 15 Madhucon Properties Limited

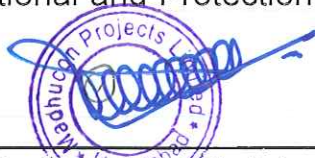


Replies to Audit Qualification:

The company has reported the Audited standalone financial results as per Indian Accounting Standard (Ind AS) read with SEBI circular dated 05.07.2016.

These financials were reviewed by the Audit committee in the meeting held on 14.09.2020 and approved by the board of directors of the company at the meeting held on 14.09.2020.

1. Madhucon Projects Limited invested in M/S. Simhapuri Energy Limited, which is one of step down subsidiary, amounting to Rs.22727 Lakhs. The Hon'ble National Company Law Tribunal (NCLT) admitted the Corporate Insolvency Resolution Process (CIRP) and an IRP was appointed by NCLT. Hence, the company has made provision for impairment on investments
2. The carrying value of investments held in and unsecured loans and advances given by the company to its subsidiaries listed in that note no 2, which have been incurring losses, the company, taking into account the internal assessment and initiatives to be implemented to improve the profitability in the medium to long term, is of the view that carrying value of investments and loans and advances are realizable at the value stated in the books.
3. The Madhucon Mega Mall Private Limited (MMMPL) a subsidiary of the company incorporated for developing shopping mall cum multiplex on leased land taken from Telangana housing Board at Kukatpally in Hyderabad. The company has invested 3500 Lakhs and awaiting the Government approval for the start of the project. The management of the company is confident in completing the project and the carrying values of investments in and loans sanctioned to MMMPL are realizable at the values stated in the Books of Account of Rs. 3500 Lakhs and Rs. 135.21 Lakhs respectively.
4. 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 taking into account the internal assessment and initiatives to be implemented to improve the profitability in the medium to long term.
5. The company is remitting the unpaid dividend from the unpaid dividend account to Investor Educational and Protection Fund (IEPF) for FY 2009-10 and FY 2010-11.



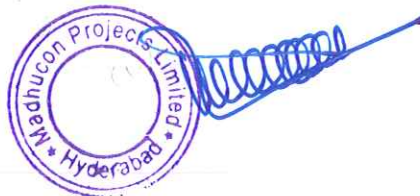
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6. The Company has defaulted in repayment of dues to Banks and financial institutions amounting to Rs.68950.31Lakhs and Rs.5339.92Lakhs respectively as per books of accounts. All the loans outstanding were classified as NPA by the Banks and financial institutions. The company is in the process of One Time Settlement (OTS) with the banks for outstanding loans from the date they are classified as NPA and is expected to close the outstanding loans shortly as the OTS proceedings are in final stages.
7. Confirmation of balances could not be obtained as at 31st March, 2020 for various trade payables, borrowings and advances though management has requested for the confirmation of balances due to various reasons including impact of Covid – 19. Management believes that no material adjustment would be required in books of account upon the receipt of these confirmations.
8. The company has made payments towards managerial remuneration which is subject to the approval of the Banks and financial institutions.
9. Madhucon Infra Limited has invested in M/S. Simhapuri Energy Limited, which is one of their subsidiary, amounting to Rs.74300 Lakhs. The Hon'ble National Company Law Tribunal (NCLT) admitted the Corporate Insolvency Resolution Process (CIRP) and an IRP was appointed by NCLT. Hence, the company has made provision for impairment on investments.
10. Madhucon Infra Limited has submitted One Time Settlement proposal with IFCI and it was agreed to accept Rs.70 Cr towards full and final settlement. The company has paid Rs.7 Cr and it was adjusted towards outstanding amount. The company has requested time to extend date upto November,2020 to pay the balance outstanding amount and accepted by IFCI with interest @13.75% p.a. payable for the extended period.
11. Madhucon Infra Limited has submitted One Time Settlement proposal to ICICI

::3::

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 project vide its letter dated 3rd May 2016 and BKEL had replied that the notice is not valid. Both BKEL and NHAI appointed arbitrators. The arbitration proceedings 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.

14. Vijayawada-Machilipatnam Expressways Limited (VMEL), which is a subsidiary to the Company, was Incorporated under the Companies Act, 1956, on 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.
15. As per the Agreement, NHAI failed to hand over 80% land within six months of the Agreement. They have failed to do so, because of which company filed claims. Reacting to that NHAI terminated the Concession Agreement on 29.10.2013 though NHAI failed to issue ROW and further confirmed vide its letter dated 27th August,2014. Company has filed a claim with NHAI and company has got arbitration award. The company filed execution petition and simultaneously NHAI also filed an appeal against award passed by arbitration tribunal. In view of the above going concern assumption is not appropriate and therefore financial statements have been done accordingly.
16. Madurai Tuticorin Expressways limited and Trichy Thanjavur Expressways Limited which are subsidiaries of the company have taken loans from different financial institutions and those loans became NPA's. Due to short fall in traffic against the estimated traffic by NHAI, interest on such loans have not been recognized for part of the year on both long term and short term portions since the company is in the process of finding investor for the project. The company has submitted One Time Settlement Proposal to Lenders which is under process.
17. TN (DK) Expressways limited Expressways Limited which is subsidiary of the company have taken loans from different financial institutions and those loans became NPA's. Due to short fall in traffic against the estimated traffic by NHAI, interest on such loans have not been recognized for part of the year on both long term and short term portions since the company has proposed OTS which is in process.



18. Ranchi Expressways Limited was incorporated under the Companies Act, 1956, on 29th Day of March, 2011 as a Special Purpose Vehicle for Design, Build, Finance, Operate and Transfer (DBFOT) of Four Laning of Ranchi-Rargaon-Jamshedpur Section of NH-33 from Km. 114.000 to Km. 277.500 in the state of Jharkhand on DBFOT (Annuity) basis for a concession period of 15 years. This contract was awarded by National Highway Authority of India. The Company shall hand over the Project Highway to NHAI on expiry of the 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 Crs as One Time Fund Infusion and subsequently NHAI has gone back by cancelling the already sanction OTFI amount of Rs.223 Crs. Lenders and the company have preferred One Time Settlement (OTS) with NHAI for the works already completed.
19. 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 vide it's letter dated 18-04-2019. The company has submitted the claim with NHAI. The proceedings were commenced."

Further the company has submitted OTS proposal to the lenders which is under process

In view of the above going concern assumption is not appropriate and therefore financial statements have been drawn accordingly.

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

**For and on behalf of the Board of Directors of
Madhucon Projects Ltd.**


(Seethaiah Nama)
Managing Director
DIN: 00784491

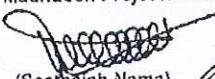
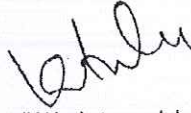
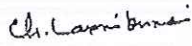




Date : 14-09-2020
Hyderabad.

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along - with Annual Audited Financial Results - Consolidated

Rs. In Lakhs

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 (Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2018)				
I	S.No.	Particulars	Audited Figures (as reported before adjusting for qualifications) In Rs.	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	78,017.11	Not Ascertainable
	2	Total Expenditure	90,910.61	Not Ascertainable
	3	Net Profit/(Loss)	(109,920.56)	Not Ascertainable
	4	Earnings Per Share	(144.43)	Not Ascertainable
	5	Total Assets	496,630.36	Not Ascertainable
	6	Total Liabilities	746,395.91	Not Ascertainable
	7	Net Worth	(249,765.50)	Not Ascertainable
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II	Audit Qualification (each audit qualification separately)			
	a	Details of Audit Qualification: Separate sheet of replies enclosed		
	b	Type of Audit Qualification : Qualified Opinion / Disclaimer-of-Opinion / Adverse Opinion		
	c	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		
	d	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
	e	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	i	Management's estimation on the impact of audit qualification: Not Ascertainable		
	ii	If management is unable to estimate the impact, reasons for the same: Not Ascertainable		
	iii	Auditors' Comments on (i) or (ii) above: Not Ascertainable		
III	Signatories:			
	For Madhucon Projects Limited			
				
	(Seethalakshmi Nama) Managing Director DIN: 00734491	(K. Venkateswarlu) Chief Financial Officer	(Ch. Lakshmi Kumari) Chairman of Audit Committee DIN: 06942473	
				
	For P. Murali & Co., Chartered Accountants FRN: 007257S			
				
	(A. Krishna Rao) Partner M.No. 020085			
	