



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on "Corporate Governance" pursuant to clause 49 of the Listing Agreement of the Stock Exchange.

1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Madhucon Projects Limited aims to maximize its contribution towards enrichment of quality of life and societal welfare by nurturing an excellent organization for nation building. To be in the league of top ten infrastructure companies of the nation and to become the most respected global infrastructure company.

Madhucon Projects Limited believes that good corporate governance is essential to achieve long term corporate goals and to enhance shareholders' value. The Company's philosophy on Corporate Governance envisages attainment of high-level transparency, accountability, disclosures and integrity in the functioning of the company. The Company believes that its systems and actions must be integrated for enhancement of Corporate Performance resulting in the maximization of shareholders value in the long run.

2. BOARD OF DIRECTORS:

i. Composition and Category of the Directors:

In terms of compliance with the requirement of clause 49(I)(A) of Listing Agreement, the Company endeavor to have an optimum combination of Executive and Non-Executive Directors to maintain the independence of the Board and separate the functions of Governance and Management through Board and Committees.

As on 31st March 2010, the Board consists of 5 (Five) Directors. There is 1(One) Managing Director, 1(One) Whole time Director, 1(One) Non-Executive Director, and 2(Two) Independent Directors of whom one is the Chairman.

ii. Attendance of each director at the Board Meeting and the last Annual General Meeting:

The particulars of attendance of Board Meeting and Annual General Meeting by Directors for the financial year ended 31.03.2010 have been set out here below:

Sl. No.	Name of the Director	Board Meetings attended during the financial year 2009-2010	Meeting attended at Previous AGM 30.09.2009
1	Sri. N.Seethaiah Managing Director	13	Yes
2	Sri. S.Vaikuntanathan Whole-time Director	13	Yes
3	Sri. K.Srinivasa Rao Non-Executive Director	11	No
4	Sri. C.Venkateswara Rao Independent Director	12	No
5	Sri. P.Madhava Rao Independent Director	2	Yes

**iii. Number of other Boards or Board Committees in which director is a member or Chairperson:**

In terms of compliance with the requirement of clause 49(I) (C) (ii) of Listing Agreement, the number of directorship and membership in Board of Directors and Committees respectively in other companies are set out 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	14	3	-
2	Sri. S.Vaikunthanathan	Whole-time Director	1	-	-
3	Sri. K.Srinivasa Rao	Non- Executive Director	13	-	-
4	Sri. C.Venkateswara Rao	Independent Director	2	1	2
5	Sri. P.Madhava Rao	Independent Director	2	2	1

None of the Directors is a Member in more than 10 Committees and Chairman in more than 5 Committees.

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

In terms of compliance with the requirement of clause 49(I) (C) of Listing Agreement, 13 (Thirteen) Board Meetings were held during the financial year ended 31.3.2010 on the following dates:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
30.04.2009	31.07.2009	10.10.2009	08.01.2010
	26.08.2009	24.10.2009	30.01.2010
	03.09.2009	28.10.2009	23.02.2010
		19.12.2009	05.03.2010
			23.03.2010

3. AUDIT COMMITTEE:**i. Brief description of terms of reference:**

In terms of compliance with the requirement of clause 49(II) of Listing Agreement, 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 Clause 49(II) (C) and 49(II) (D) of the Listing Agreement respectively read with Section 292 A of the Companies Act, 1956.

ii. Composition, name of members and Chairperson:

The Audit Committee was re-constituted on 29.04.2006 consisting of three members namely Sri.P.Madhava Rao, Independent Director as Chairman, Sri.C.Venkateswara Rao, Independent Director and Sri.K.Srinivasa Rao, Non-Executive Director as Members of the Committee.

iii. Meeting and attendance during the year:

In terms of compliance with the requirement of clause 49(II)(B) of Listing Agreement, the Audit Committee met 4 (Four) times during the financial year under review, on 30.04.2009, 31.07.2009, 28.10.2009, and 30.01.2010 and the attendance of the members of the Audit Committee as recorded is as under:



Sl.No.	Name of the Director	Position	No. of meetings attended
1	Sri. P Madhava Rao	Chairman	1
2	Sri.C.Venkateswara Rao	Member	3
3	Sri. K.Srinivasa Rao	Member	4

The Director (Finance), Head of the Internal Auditors and representative of Statutory Auditors attend the meetings of the Audit Committee as Invitees.

In terms of compliance with the requirement of clause 49(II) (E) of Listing Agreement, the Audit Committee review the information as specified in the said clause.

4. REMUNERATION COMMITTEE:

i. Brief description of terms of reference:

The terms of reference of 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 Share holders.
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, name of the members and Chairperson:

The Company has re-constituted the Remuneration Committee on 29.04.2006 consisting of three members namely Sri.C.Venkateswara Rao, Independent Director as Chairman, Sri. P. Madhava Rao, Independent Director as member and Sri. K. Srinivasa Rao, Non-Executive Director as Member.

iii. Attendance during the year:

The Remuneration Committee met 1 (one) time, during the financial year under review on 30.04.2009 and 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	Sri. C.Venkateswara Rao	Chairman	1
2	Sri. P.Madhava Rao	Member	1
3	Sri. K.Srinivasa Rao	Member	1

iv. Remuneration Policy:

The remuneration policies of the company are as follows:

1. The remuneration payable to the executive directors shall not exceed the limits prescribed by the Companies Act, 1956.
2. The remuneration payable to the executive directors is linked with their merit and performance.
3. The remuneration payable to the directors is subject to approval of Board of Directors and Share holders at their meetings.



4. No sitting fee to the Directors for attending the Board/Committee meetings.
5. Such other policy as may be decided

v. Details of Remuneration to all Directors:

Details of Remuneration of the following Directors for the financial year ended 31st March, 2010 are as follows:

Sl. No.	Name of the Director	Consolidated Salary (Value in Rs.)	Perquisites, Allowances and other Benefits	Performance bonus / Incentive / Commission / Stock Option	Sitting Fees	Total (Value in Rs.)
1	Sri N Seethaiah Managing Director	2,00,000	Nil	Nil	Nil	24,00,000
2	Sri S.Vaikuntanathan Director Finance	1,95,000	Nil	Nil	Nil	23,40,000
3	Sri.K.Srinivasa Rao Non-Executive Director	Nil	Nil	Nil	Nil	Nil

5. SHAREHOLDERS / INVESTORS GRIEVANCE 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. Name of Non-Executive Director heading the Committee:

The Shareholders/ Investors Grievance Committee was reconstituted on 29.04.2006 consisting of three members namely Sri.K.Srinivasa Rao, Non-Executive Director as Chairman, Sri.N.Seethaiah, Managing Director and Sri.C.Venkateswara Rao, Independent Director as Members of the Committee.

ii. Name and Designation of Compliance Officer:

Sri. Viswanath E.N., the Company Secretary has been designated as the Compliance Officer of the Company.

iii. Number of Share holders Complaint received as on the date of approval of Directors Report:

Nil

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

Nil

v. E-mail ID for redressal 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.

vi. Attendance during the year:

The Shareholders/Investors Grievances Committee met 4 (Four) times during the year on 30.04.2009, 31.07.2009, 28.10.2009 and 30.01.2010 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	Sri. K.Srinivasa Rao	Chairman	4
2	Sri. N.Seethaiah	Member	4
3	Sri. C.Venkateswara Rao	Member	4

vii Shares held by Non-Executive and Independent Directors:

Sl. No.	Name of the Director	Position	No. of Shares held	Percentage (%) of total shares
1	Sri. K. Srinivasa Rao	Non-Executive	954000	1.29
2	Sri C.Venkateswara Rao	Independent	Nil	Nil
3	Sri. P. Madhava Rao	Independent	Nil	Nil

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/ approved
19th AGM (2008-09)	30.09.2009, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	No
18th AGM (2007-08)	29.09.2008, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	No
17th AGM (2006-07)	01.09.2007, 03.00 PM	Regd Office: Madhu Complex, 1-7-70, Jublipura, Khammam	Yes

iii. Special Resolution passed in the last year through Postal Ballot – details of voting pattern:

Special Resolution was passed with respect to loan, investment, guarantee or security in the subsidiaries, associates and group companies of Madhucon Projects Limited as required under Section 372A of the Companies Act, 1956 vide notice of postal ballot dated 26.08.2009 and declared the results on 20.10.2009 details of voting are as under:



Sl.No.	Particulars	Number of Ballot Forms	Number of Votes
1	Votes cast in favour of the Resolution	82	2,11,79,321
2	Votes cast against the Resolution	3	56
3	Invalid Votes	14	1,155
	Total	99	2,11,80,532

iv. Person who conducted the postal ballot exercise:

Sri. U.Suryanarayana, Practicing Company Secretary, Hyderabad.

Pursuant to the shareholders consent through Postal Ballot dated 20th October, 2009 to segregate the infrastructure development projects from MPL, the following investments in 4 SPVs of Road Projects and SEPL Power Project have been transferred in two tranches dated 19th March, 2010 and 26th June, 2010 to Madhucon Infra Limited (a Subsidiary of Madhucon Projects Limited) in terms of agreement.

Name of SPV	Transferred on 19/03/2010		Transferred on 26/06/2010		Total No. of shares transferred
	No. of equity shares of Rs.10/- each	Value in Rs.	No. of equity shares of Rs.10/- each	Value in Rs.	
MAJEL	44460000	444600000	31744000	317440000	76204000
TNDK	29037000	290370000	38042000	380420000	67079000
TTEL	31520000	315200000	33000000	330000000	64520000
MTEL	30062500	300625000	-	-	30062500
SEPL	68530000	685300000	117080600	1170806000	185610600
Total	203609500	2036095000	219866600	2198666000	423476100

In consideration for the above, Madhucon Infra Limited allotted the following equity shares of Rs.10/- each at par to Madhucon Projects Limited ranking pari passu with the existing shares of the Company.

Sl. No.	Date of allotment	No. of Equity Shares	Value in Rs.
1	23rd March, 2010	203609500	2036095000
2	28th June, 2010	219866600	2198666000
	Total	423476100	4234761000

7. DISCLOSURES:

In terms of compliance with the requirement of clause 49(IV)(A), 49(IV)(B) and 49(IV)(C) of Listing Agreement, the company complies with the requirement relating to related party transactions, accounting treatment, risk management as specified therein wherever required. The clause 49(IV) (D) of Listing Agreement is not applicable since the company has not raised any proceeds from public issues, rights issues, preferential issues etc during the financial year ended 31.3.2010. Similarly, clause 49(IV) (E) of Listing Agreement relating to remuneration to Non-Executive Director is not applicable since no Non-Executive Director was paid any remuneration during the financial year ended 31.3.2010.



In terms of compliance with the requirement of clause 49(IV) (F) of Listing Agreement, information as required under Management Discussion and Analysis Report (MDA) is given in the Directors' Report forming the part of this Annual Report.

i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

None

ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or Statutory Authority on any matters relating to capital markets during the last three years

None

iii) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee

It is affirmed that no personnel has been denied to access to the Audit Committee.

iv) Details of compliances with mandatory requirements and adoption of non-mandatory requirements of Clause-49.

Complied all the requirements from time to time.

v) Pecuniary relationships or transactions with Non- Executive Directors

None

vi) Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges

Given elsewhere in the Report.

The details as given above are in conformity with the list of items to be included in the report on corporate governance in the Annual Report as specified in the Annexure IC of Clause-49 of Listing Agreement of the stock exchange.

8. MEANS OF COMMUNICATION:

i. Quarterly Results:

The quarterly financial provisional un-audited results of the company will be published in the leading daily newspaper as per the Clause-41 of the Listing Agreement.

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

Financial Reporting for the :	
1st Quarter ended 30th June, 2010	15th August, 2010
2nd Quarter ended 30th September, 2010	15th November, 2010
3rd Quarter ended 31st December, 2010	15th February, 2011
4th Quarter ended 31st March, 2011	15th May, 2011

**ii. Newspapers wherein results normally published:**

The financial provisional un-audited results will be published in all leading daily newspapers in English and in Regional language having nationwide circulation like Financial Express and Andhra Prabha.

iii. Any website where quarterly results displayed:

These financial provisional results and shareholding pattern will also be posted on SEBI's Corporate Filing & Dissemination System (CFDS) website www.corpfiling.co.in.

iv. Whether quarterly results also displays official news releases:

The performance of the Quarterly results will be released in press by the press media from time to time.

v. The presentation made to institutional investors or to the analysts:

Yes. Through video conference.

The Report of the Directors, forming part of this Annual Report and Accounts, includes Management Discussion and Analysis Report (MDAR).

9. INVESTMENTS/EQUITY PARTICIPATION IN OTHER COMPANIES:**i) Madhucon Projects Limited Investments in Equity of Subsidiary Companies as on 31.03.2010:**

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Shares (Rs)	Value of Equity shares (Rs)	Percentage (%)
1	Madhucon Infra Limited (CIN: U45200AP2006PLC049235)	22.02.2006	240939500	10	2409395000	92.35
2	TN(DK) Expressways Limited (CIN- U45200AP2006PLC048941)	31.01.2006	38142000	10	381420000	51.09
3	Trichy-Thanjavur Expressways Limited (CIN- U45200AP2006PLC049815)	13.04.2006	33100000	10	331000000	51.20
4	Madurai-Tuticorin Expressways Limited (CIN-U45203AP2006PLC050114)	11.05.2006	88561500	10	885615000	54.11
5	Madhucon Energy Limited (CIN- L45309AP2000SGC034007)	24.03.2000	100090	5	500450	99.99
6	Madhucon Mega Mall Private Limited (CIN-U45400AP2007PTC056734)	18.12.2007	20000	10	200000	66.66
7	Nama Hotels Private Limited (CIN-U55101AP2007PTC056818)	24.12.2007	27121200	10	271212000	99.96
8	Madhucon Heights Private Limited (CIN-U45209AP2007PTC056733)	18.12.2007	20000	10	200000	66.66


ii) Madhucon Projects Limited Investments in Equity of Foreign Subsidiary Companies as on 31.03.2010:

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Share	Value of Equity Shares held	Percentage (%)
01	Madhucon Natural Resources Limited, Singapore (200603264W)	09.03.2006	750	S\$ 1/-	S\$ 750 (Equivalent to Rs.21036)	75%
02	PT Madhucon Indonesia (Deed No.30) (H.R.01.01.TH 2006) Jakarta, Indonesia	19.12.2005	7125000 2375000	Rph.10,110	US\$7125000 US\$2375000 (equivalent to Rs.438694347)	95%

iii) Madhucon Projects Limited Investments in Equity of Group Companies as on 31.03.2010:

Sl. No	Name of the Company	Date of incorporation	No. of Equity Shares held by Madhucon Projects Limited	Face Value of Equity Share Rs.	Value of Equity Shares held Rs.	Percentage (%)
1	Madhucon Sugar & Power Industries Limited (CIN:U15427AP2002PLC039859)	05.11.2002	4811500	10	48115000	10.36
2	MBN Anchored Earth Limited (CIN U45200AP1998PLC029310)	28.04.1998	40000	10	400000	40.00
3	Madhucon Properties Limited (CIN:U45200AP2005PLC045366)	15.02.2005	20000	10	200000	33.33
4	Madhucon Toll Highways Limited (CIN- U93000AP2008PLC060479)	05.08.2008	30000	10	300000	37.50
5	Madhucon Agra-Jaipur Expressways Limited (CIN-U45203AP2005PLC045689)	23.03.2005	31844000	10	318440000	32.04
6	Simhapuri Energy Private Limited (CIN-U40101AP2005PTC048264)	02.12.2005	85190600	10	851906000	47.98

10. 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 by SEBI. 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.

11. Auditors' Certificate:

Auditors' Report certifying the compliance of Corporate Governance as required under clause 49 of the Listing Agreement is annexed herein forming part of Corporate Governance Report and the same has been sent to National and Mumbai Stock Exchanges along with Annual Report of the Company.



12. GENERAL SHAREHOLDER INFORMATION:

i) Date, Time and Venue of Annual General Meeting:

Date : 30th September, 2010
Day : Thursday
Time : 3:00 PM
Venue : Registered Office - Madhu Complex, 1-7-70, Jublipura
Khammam-507 003, Andhra Pradesh

ii) Financial Year:

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

iii) Date of Book Closure:

25th September 2010 to 30th September 2010 (inclusive of both days) to determine the entitlement of shareholders to receive the dividend, if any, declared for the financial year ended 31st March, 2010. Dividend will be paid to the beneficial owner of the shares as per the details provided by the Depositors.

iv) Dividend Payment Date:

On or before 30th October, 2010

v) 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.

vi) Stock Code:

INE 378D01032



vii) Market Price Data:

High, Low during each month in last financial year:

High, Low of Market Price of the Company's Equity Shares Traded on the BSE & NSE during the 12 months period ended 31st March 2010 is as under-

A) BSE

Period	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades
April 2009	83.50	55.35	426791	3417
May 2009	153.65	76.05	807780	6167
June 2009	179.95	139.95	944802	9994
July 2009	193.80	129.50	634970	10645
August 2009	251.50	150.10	2089930	34695
September 2009	274.90	213.50	1850462	32564
October 2009	275.00	211.00	757708	16818
November 2009	235.00	115.10	2434468	36546
December 2009	187.45	159.00	1203414	20311
January 2010	197.55	155.55	1743251	26163
February 2010	173.15	150.50	445064	9030
March 2010	167.00	147.00	1689593	20266

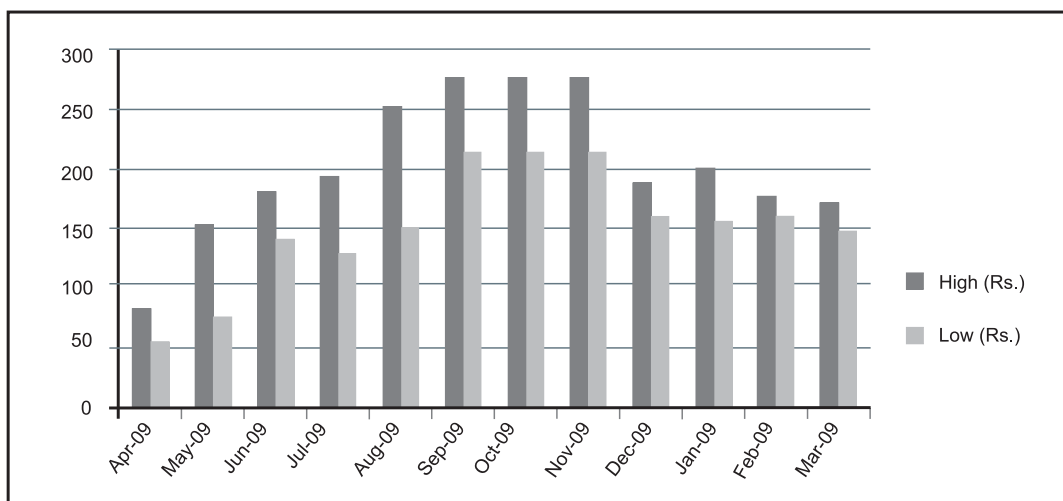
B) NSE

Period	High (Rs.)	Low (Rs.)	Traded Quantity No. of Shares
April 2009	83.40	55.40	483584
May 2009	159.40	74.15	3858840
June 2009	184.60	138.90	1868314
July 2009	193.90	130.00	1213882
August 2009	251.90	143.00	4610201
September 2009	274.95	213.30	3886514
October 2009	272.90	210.20	1829829
November 2009	235.00	115.10	5563438
December 2009	187.30	160.00	2690300
January 2010	197.50	155.00	4395146
February 2010	173.30	151.00	1170057
March 2010	166.00	145.40	4245929

The face value of equity shares was split from Rs.2/- to Re.1/-each with effect from 7th November, 2009.



Share Price Movement Diagram:



viii) Registrar and Transfer Agents (RTA):

M/s. Sathguru Management Consultants Private Limited
 Plot No. 15, Hindi Nagar
 Punjagutta, Hyderabad-500 082
 Phone Nos: 040-23356507,23350586, Fax: 040-23354042
 E-mail: sta@sathguru.com
 Contact Person Name: Sri R. Chandrasekhar, Sr. Divisional Manager - Capital Market

ix) Share Transfer System:

All the Share Transfers that are received will be processed by the Registrar and Transfer Agents (RTA) and approved and registered by the Board of Directors within 30 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.

x) A) Distribution of Shareholding as on 31st March, 2010:

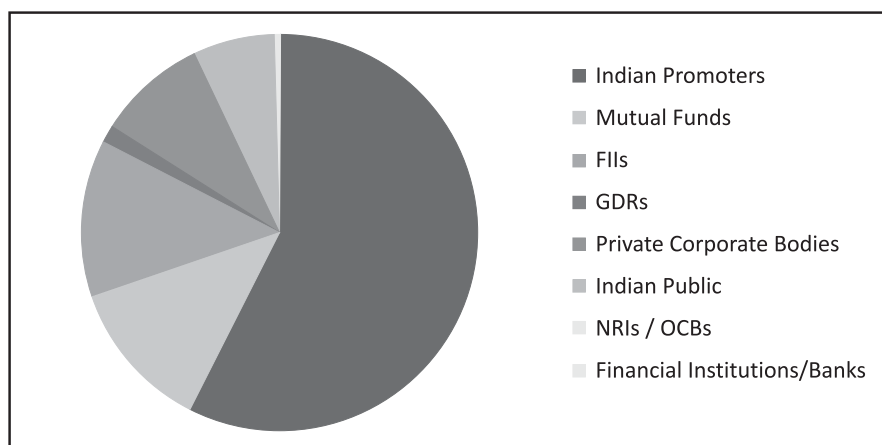
Equity Share holding of nominal Value of Rs. 1/- each	Equity Shareholders		Equity Share Amount	
		%	In Rs.	%
Up to - 5,000	10379	97.99	2666406	3.61
5,001 - 10,000	79	0.75	603447	0.82
10,001 - 20,000	45	0.42	636482	0.86
20,001 - 30,000	16	0.15	416671	0.56
30,001 - 40,000	6	0.06	216266	0.29
40,001 - 50,000	7	0.07	315597	0.43
50,001 - 1,00,000	17	0.16	1203146	1.63
1,00,001 - and above	43	0.41	67736925	91.79
TOTAL	10592	100.00	73794940	100.00


B) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010:
Shareholding Pattern for the Quarter ending 31st March, 2010 in terms of Clause 35 of Listing Agreement

Category	Sub Category	No. of Shareholders	No. of Shares	% of Shares
A) Promoter's Shareholding	Indian Promoters			
	a) Individuals/ Hindu Un-dividend family	21	30087600	40.77
	b) Bodies Corporate	4	12461438	16.89
	b) Foreign Promoters	0	0	0
	c) Persons acting in Concert	0	0	0
	Total Promoters Shareholdings (A)	25	42549038	57.66
B) Public Shareholding	1) Institutions			
	a) Mutual Funds/ UTI	12	8867032	12.02
	b) Financial Institutions/Banks	1	30000	0.04
	c) Central/State Govt.(s)	0	0	0
	d) Venture Capital Funds	0	0	0
	e) Insurance Companies	0	0	0
	f) Foreign Institutional Investors	19	9427351	12.77
	g) Foreign Venture Capital Investors	0	0	0
	2) Non- Institutions			
	a) Bodies Corporate	452	6635223	8.99
	b) Individual Shareholders holding:			
	i) Nominal share capital upto Rs.1 Lakh.	9881	3857363	5.23
	ii) Nominal share capital in excess of Rs.1Lakh	4	1024427	1.39
	c) NRI/OCB	197	350106	0.47
	Total Public Shareholding (B)	10566	30191502	40.91
C) Shares held by Custodians and against which Depository Receipts have been issued	Duetches Bank Trust Company Americas – GDR's	1	1054400	1.43
	Grand Total: (A)+(B)+(C)	10592	73794940	100



SHAREHOLDING DISTRIBUTION



C) Top Shareholders as on 31st March, 2010:

	Category	Name	No. of Shares	% of Shares
A	Promoter's Holding (holding more than 1%)			
	Indian Promoters	1) Sri. N.Nageswar Rao	10147000	13.75
		2) Sri. N.Seethaiah	6001800	8.13
		3) Smt. N.Chinnamma	5967000	8.09
		4) Sri. N.Krishnaiah	2601800	3.53
		5) Sri. N.Prithvi Teja	993000	1.35
		6) Sri. K.Srinivasa Rao	954000	1.29
		Total (A)	26664600	36.14
B	Public shareholding (holding more than 1%)			
B1	Institutional Investors			
	a) Mutual Funds	1) Reliance Capital Trustee Co. Ltd A/C Reliance Growth Fund	4229142	5.73
		2) Sundaram BNP Paribas Mutual Fund A/C Sundaram BNP	2618570	3.55
	b) Foreign Institutional Investors:	1) The Master Trust Bank of Japan, Ltd A/c HSBC Indian Equity Mother Fund.	1165170	1.58
		2) Copthall Mauritius Investment Ltd	2617236	3.55
		3) Deutsche Securities Mauritius Limited	2381955	3.23
		4) Merrill Lynch Capital Markets Espana S.A. S.V.	1381000	1.87
		Total (B1)	14393073	19.51

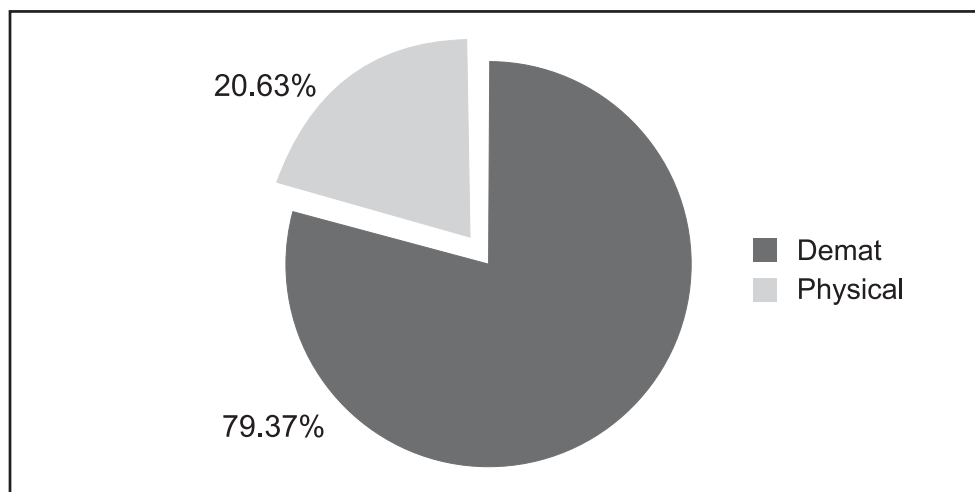


B2	Non-Institutions	Bodies Corporate –Domestic		
		1) Madhucon Granites Limited	8044000	10.90
		2) Nama Investments Limited	3633500	4.92
		3) ICICI Prudential Life Insurance Company Ltd	4346222	5.89
		4) MAX New York Life Insurance Company Ltd	1151751	1.56
		Total (B2)	17175473	23.27
		Total (B1)+(B2)	31568546	42.78

xi. Dematerialization of shares and liquidity:

5,85,70,530 Equity Shares equivalent to 79.37% of the total equity share capital have been de-materialized and 1,52,24,410 are in physical form equivalent to 20.63% as on 31st March 2010.

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).



xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

No outstanding instruments.

xiii. A) Plant Locations:

Not applicable, since the company is not engaged in manufacturing activities.

xiv. Address for 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. Sathguru Management Consultants Pvt. Ltd**

Plot No.15, Hindi Nagar, Punjagutta

Hyderabad – 500 034

Telephone: (040) 23356507, 23350586, 23356975

Fax No: 040-23354042

E-Mail: sta@sathguru.com

Contact Person – Mr. R. Chandrasekhar, Sr. Divisional Manager – Capital Market

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

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

Company Secretary & Compliance Officer:

Corp. Off: "Madhucon House", Plot No.1129/A,

Road No.36, Jubilee Hills, Hyderabad – 500 033, India.

Telephone : (040) 23556001 / 2 / 3 / 4

Fax No: (040) 23556005

E-Mail : cs@madhucon.com

13. Listing Fees:

Listing fee is promptly paid to BSE & NSE within the prescribed time limit as set in the clause 38(a) of Listing Agreement for the Financial Year 2010-2011.

14. Information to be placed before the Board of Directors:

In terms of Annexure I A of clause 49 of Listing Agreement, the required information will be placed before the Board of Directors as a part of agenda for discussion and decision wherever applicable.

In terms of compliance with the requirement of clause 49(I)(C)(iii) of Listing Agreement, the Board periodically reviews compliance of all laws applicable to the Company as prepared by the respective officers of the Company and also steps taken by them to rectify instances of non-compliances.

15. Code of Conduct:

In terms of compliance with the requirement of clause 49(I)(D) of Listing Agreement, 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 2010.

16. Secretarial Audit:

Quarterly Secretarial Audit 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.

17. Record of Dividend and Cash Bonus for the past three years (For Equity Shares):

Year	Type of Payment	Rate in %	Amount per Share(Rs.)	Total Amount(Rs.)
2008-2009	Interim	---	---	---
	Final	40	0.80	29517976
2007-2008	Interim	---	---	---
	Final	30	0.60	22138482
2006-2007	Interim	---	---	---
	Final	30	0.60	22138482



In terms of compliance with the requirement of clause 49(G) of the Listing Agreement relating to shareholders, the Profile of the Director(s) including Managing Director being appointed / reappointed at the ensuing AGM is given here-below.

18. Directors retiring by rotation:

A) Sri. K.Srinivasa Rao

Sri.K.Srinivasa Rao, aged 37 years, is a qualified Civil Engineer with vast experience in construction and project management particularly in road sector. He is a member on the Board of Directors of the following Companies:

Madhucon Granites Limited; Madhucon Sugar & Power Industries Limited; Madhucon Toll Highways Limited; Madhucon Properties Limited; Madhucon Agra-Jaipur Expressways Limited; TN(DK) Expressways Limited; Madhucon Infra Limited; Trichy-Thanjavur Expressways Limited; Madurai-Tuticorin Expressways Limited; Varalakshmi Granites Private Limited; Bima Quarrying Private Limited; Madhucon Stone Crushers Private Limited and Madhucon Mega Mall Private Limited.

He is a member in the Remuneration, Shareholders' Grievances and Audit Committee. He is the Chairman of the Shareholders' Grievances Committee as a Non-Executive Director and who looks after the redressal of shareholder and investors complaints. The Board has delegated the power of share transfer to officer of the Company in case of physical transfers.

He is holding 9,54,000 equity shares in the company representing 1.29% in the total paid up equity share capital of the company.

B) Re-appointment of Managing Director:

Sri.N.Seethaiah, aged about 44 years, is a qualified civil engineer, associated with Madhucon Projects Limited as Promoter and Executive Director since from the inception of the company and having vast experience in Construction, Engineering, Planning, Project Management and administration in Infrastructure Development Projects.

He is a member on the Board of Directors of the following Companies:

Madhucon Infra Limited; Madhucon Sugar & Power Industries Limited; Nama Investments Limited; Madhucon Estates Limited; Madhucon Land Developers Limited; Madhucon Properties Limited; TN(DK) Expressways Limited; Trichy-Thanjavur Expressways Limited; Madurai-Tuticorin Expressways Limited; Simhapuri Energy Private Limited; Nama Hotels Private Limited; NNR Infra Investments Private Limited; Rajanagaram Gas Power Private Limited and Nama Energy Private Limited.

He is a member in the Shareholders' Grievances Committee and looks after the redressal of shareholder and investors complaints. The Board has delegated the power of share transfer to officer of the Company in case of physical share transfers.

He is holding 60,01,800 equity shares in the company representing 8.13% in the total paid up equity share capital of the company.



19. CEO/CFO Certification:

In terms of compliance of requirements of clause 49(V) of the Listing Agreement, Sri N. Seethaiah, Managing Director and Sri S. Vaikuntanathan, Director-Finance of the Company as CEO and CFO respectively certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. That the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered in to by the Company during the year which is fraudulent, illegal or violative 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
 - i. Significant changes in internal control over financial reporting during the year, wherever applicable;
 - ii. Significant changes in accounting policies during the year and correct information has been disclosed in the notes to the financial statements, wherever applicable and
 - iii. 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.

For and on behalf of the Board

Place: Hyderabad
Date: 21.08.2010

N.SEETHAIAH
Managing Director

S. VAIKUNTANATHAN
Whole-time Director



20. Quarterly Compliance Report on Corporate Governance

In terms of compliance with the requirements of clause 49(VI) of Listing Agreement, the company submits to stock exchange the quarterly compliance of corporate governance report within the prescribed period and in the prescribed format.

Quarterly Compliance Report on Corporate Governance for the Quarter ending on 30th June, 2010

Particulars	Clause of Listing Agreement	Compliance Status
I. Board of Directors	49 (I)	
(A) Composition of Board	49(IA)	Yes
(B) Non-executive Director's compensation & Disclosures	49(IB)	Yes
(C) Other Provisions as to Board and Committees	49(IC)	Yes
(D) Code of Conduct	49(ID)	Yes
II. Audit Committee	49(II)	
(A) Qualified & Independent Audit Committee	49(IIA)	Yes
(B) Meeting of Audit Committee	49(IIB)	Yes
(C) Powers of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49(IID)	Yes
(E) Review of Information by Audit Committee	49(IIE)	Yes
III. Subsidiary Companies	49(III)	Yes
IV. Disclosures	(49(IV))	
(A) Basis of related party transactions	49(IVA)	Yes
(B) Disclosures of Accounting Treatment	49(IVB)	Yes
(C) Board Disclosures	49(IVC)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49(IVD)	NA
(E) Remuneration of Directors	49(IVE)	Yes
(F) Management	49(IVF)	Yes
(G) Shareholders	49(IVG)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49(VI)	Yes
VII. Compliance	49(VII)	Yes

For and on behalf of the Board

Place: Hyderabad
Date: 21.08.2010

N.SEETHAIAH
Managing Director



Auditor's Certificate on Compliance of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Madhucon Projects Limited having its Regd. Office at: Madhu Complex, 1-7-70, Jublipura, Khammam – 507 003, Andhra Pradesh for the year ended 31st March 2010 as stipulated in Clause-49 of the Listing Agreement of the Company with Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations 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, the Company has complied with the conditions of Corporate Governance as stipulated in the listing agreement.

We state in respect of investor grievances received during the year ended 31st March 2010, no investor grievances are pending against the Company as per the records maintained by the Company Registrar & Transfer Agents and presented to the investors/shareholders grievance committee. We further state that such compliance is neither an assurance as for the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For KOTA & COMPANY

Chartered Accountants

FRN 011982S

Place: Hyderabad

Date: 21.08.2010

K.S.R.K.Prasad

PARTNER

M.No. 022964



Persons constituting Group coming within the definition of “Group” as defined in erstwhile Monopolies and Restrictive Trade Practices Act, 1969, for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

1. Sri Nama Nageswar Rao and his relatives
2. Sri K Srinivasa Rao and his relatives
3. Sri T Venugopal Rao and his relatives
4. Sri M Seetharamaiah
5. Sri M Madhu
6. M/s Madhucon Granites Limited
7. M/s Nama Investments Limited
8. M/s Varalakshmi Granites Private Limited
9. M/s Madhucon Infra Limited
10. M/s Madhucon Agra-Jaipur Expressways Limited
11. M/s TN (DK) Expressways Limited
12. M/s Trichy-Thanjavur Expressways Limited
13. M/s Madurai Tuticorin Expressways Limited
14. M/s Madhucon Energy Limited
15. M/s Simhapuri Energy Private Limited
16. M/s Madhucon Mineral Resources Limited
17. M/s Madhucon Estates Limited
18. M/s Madhucon Land Developers Limited
19. M/s Madhucon Properties Limited
20. M/s Nama Properties Limited
21. M/s Madhucon Mega Mall Private Limited
22. M/s Nama Hotels Private Limited
23. M/s Madhucon Heights Private Limited
24. M/s Madhucon Sugar and Power Industries Limited
25. M/s NNR Infra Investments Private Limited
26. M/s Madhucon Infotech Limited
27. M/s Madhucon Toll Highways Limited
28. M/s MBN-Anchored Earth Limited
29. M/s Madhucon Natural Resources Limited, Singapore
30. M/s PT Madhucon Indonesia, Indonesia
31. M/s Madhucon Mauritius Limited, Mauritius
32. M/s African Natural Resources Limited, Mauritius
33. M/s Chhapra-Hajipur Expressways Limited
34. M/s Nama Energy Private Limited
35. M/s Umarwada Gas Power Project Private Limited
36. M/s Rajanagaram Gas Power Private Limited
37. M/s Agastyamuni Hydro Power Private Limited
38. M/s Rudraprayag Hydro Power Private Limited
39. M/s Tilwara Hydro Power Private Limited



AUDITOR'S REPORT

To
The Members,
Madhucon Projects Limited

- (1) We have audited the attached Balance Sheet of Madhucon Projects Limited (the "Company") as at 31st March 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of The Companies Act 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
- (4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of the Section 274 of the Companies Act, 1956;



- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said 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:
- a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the profit for the ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For KOTA & COMPANY
Chartered Accountants
FRN 011982S

Place: Hyderabad
Date: 21.08.2010

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