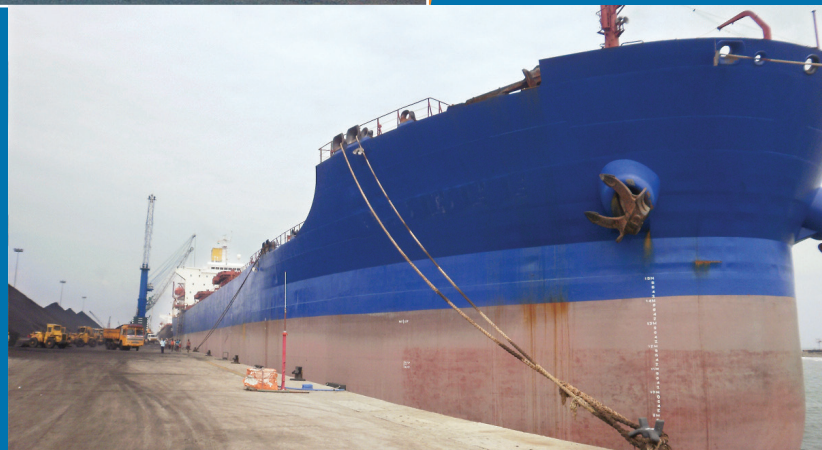




**MARG**  
Spirit of Visioneering



MARG LIMITED  
**ANNUAL REPORT**  
2013-2014





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# Corporate Information

## Chairman & Managing Director

Mr. G R K Reddy

## Directors

Mrs. V P Rajini Reddy

Mr. Karanjit Singh Jasuja

Mr. Bahushrut Lugani

## Company Secretary

Mr. Rabindra Kumar Samal

## Auditors

M/s. K Ramkumar & Co.,

Chartered Accountants,

A-1, 7<sup>th</sup> Floor, Tower III, Sakthi Towers,

766, Anna Salai, Chennai – 600 002

## Registered Office

'MARG Axis', 4/318, Rajiv Gandhi Salai, Kottivakkam,  
Chennai – 600 041

## Corporate Office

Anjali Towers, 392 & 393, Rajiv Gandhi Salai,  
Kottivakkam, Chennai – 600 041

## Website

[www.marggroup.com](http://www.marggroup.com)

## Stock Exchanges

Where the Company's shares are listed:

i) Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai 400 001

ii) Madras Stock Exchange Limited

Exchange Building, 30, Second Line Beach Road,  
Chennai 600 001

## Registrar & Share Transfer Agent

M/s. Cameo Corporate Services Limited

Subramanian Building, No. 1 Club House Road,  
Chennai – 600 002



# Directors' Report

To  
The Members of  
MARG Limited

Your Directors are presenting the 19<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2014.

## 1. FINANCIAL RESULTS:

(₹ in Crores)

Particulars	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
Income from operations	304.66	761.54
Non-operating Income	4.17	72.00
Total Income	308.83	833.54
Profit/(Loss) before Depreciation, Finance Cost and Tax Expense (EBDIT)	(51.18)	40.66
Depreciation	11.42	11.58
Interest & Finance charges	171.91	89.11
Profit/(Loss) before tax	(234.51)	(60.03)
Tax Expense	29.29	(24.00)
Profit/(Loss) after tax	(263.80)	(36.03)
Balance in Profit & Loss Account	305.89	341.92
Amount available for appropriation	42.09	305.89
Dividend	Nil	Nil
Dividend Tax	Nil	Nil
Amount transferred to General Reserve	Nil	Nil
Balance in Profit and Loss Account	42.09	305.89

During the Financial Year 2013-14, total revenue of the Company stands at ₹ 308.83 Crores as against ₹ 833.54 Crores in the previous year. The EBDIT is ₹ (51.18) Crores, compared to previous year of ₹ 40.66 Crores. The Company incurred a loss before tax of ₹ 234.51 Crores and a net loss of ₹ 263.80 Crores during the financial year ended March 31, 2014 as compared to a loss before tax of ₹ 60.03 Crores and a net loss of ₹ 36.03 Crores in the previous year. This is primarily due to economic slowdown, depressed market condition and increase in borrowing and raw material cost.



## 2. DIVIDEND

Due to losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2014.

## 3. BUSINESS HIGHLIGHTS 2013-14

- A. MARG Revenue Stands at ₹ 308.83 Crores in FY13-14 and EPC Current order book at around ₹ 2,795.08 Crores.
- B. Karaikal Port Private Limited (KPPL), a subsidiary of your Company has successfully handled 6.23 MMT of cargo in FY13-14 and reported a top line of ₹ 262 Crores and EBITDA ₹ 113 Crores.

## 4. DIRECTORS

Mrs. V P Rajini Reddy, Director retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting.

Mr. Arun Kumar Gurtu, Independent Director, passed away on 22nd November 2013. The Board pays tribute and condolence to the bereaved family and places on record its appreciation for the services provided by him during the tenure as Director of the Company.

Pursuant to Section 161(1) of the Companies Act, 2013 and Articles of Association of the company, Mr. Bahushrut Lugani who was appointed as an Additional Director (Non Executive – Independent) of the company w.e.f 26.05.2014 and who holds office upto the ensuing Annual General Meeting and in respect of whom the company has received requisite notice under section 160 of Companies Act 2013 in writing from a member proposing Mr. Bahushrut Lugani as director of the company be and is hereby appointed as independent director of the company to hold office for period of 5 years.

As per Section 149(10) of the Companies Act, 2013 the Independent Director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment by passing of special resolution in the company and disclosure of such appointment shall be made in the Board's report. However they shall not be considered for director liable to retire by rotation.

Further as Section 149(11) of the Companies Act, 2013 no Independent Director shall be eligible to hold office for more than two consecutive terms of five years.

## 5. AUDITORS

M/s. K Ramkumar & Co., Chartered Accountants, Statutory Auditors of the Company retires at the ensuing Annual General Meeting and offer themselves for re-appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received their Consent Letter to the effect that their re-appointment if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013.

## 6. COST ACCOUNTING RECORD

During the FY13-14, your Company has maintained cost accounting records in accordance with the provisions of Companies (Cost Accounting Record) Rules, 2011. The Company shall file the Compliance Report as certified by the Cost Accountant for the FY13-14 with Central Government as prescribed under Companies (Cost Accounting Record) Rules, 2011, in due course.

## 7. SUBSIDIARY COMPANIES STATUS

Your Company has total of 58 Subsidiaries as on 31<sup>st</sup> March 2014, out of which 5 Non Wholly-owned Companies and 53 Wholly-owned Companies, including 25 Step-down Subsidiaries.

Pursuant to the Government of India's General Circular No: 2 /2011 (No: 51/12/2007-CL-III) dated 8<sup>th</sup> February, 2011 issued by Ministry of Corporate Affairs, the Company has been exempted from attaching the accounts and other information of subsidiaries as required under Section 212 (1) of the Companies Act, 1956. However, a statement is attached in Consolidated Balance Sheet providing the stipulated financial information for each subsidiary. As per the conditions of the above Circular, the same forms part of the annual accounts of the Company.

The Consolidated Financial Statements duly audited are presented along with the Accounts of your Company in this Report. The annual accounts of subsidiary companies are kept at the Company's Registered Office and also at the respective registered offices of the subsidiaries and shall be made available for inspection to the members/ investors of the Company/any subsidiary, seeking such information at any point of time.



## 8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 478,226/- to Investor Education and Protection Fund, in compliance with the provisions of erstwhile Section 205C of the Companies Act, 1956. The said amount represents dividend for the financial year 2006-07 which remained unclaimed by the members of the Company for a period exceeding 7 years from its due date of payment.

## 9. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements under Clause 49 of Listing Agreement. The Corporate Governance Report approved by the Board of Directors of the Company, forms part of this report and a certificate from the auditors of the Company is set out in the Annexure to this Report.

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, forms part of this annual report is provided in a separate section as stipulated under Clause 49 of Listing Agreement.

## 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

Your Company has taken adequate measures to conserve energy and the Company believes that productivity from all its workforces can be achieved with interface of latest technology.

Your Company is not an industrial undertaking in terms of Section 217(1)(e) of the Companies Act, 1956 read along with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and hence, particulars regarding conservation of energy, technology absorption and adaptation are not applicable and hence the same are not provided.

The information on Foreign Exchange Earnings and Outgo is contained in the Note 44 to the Notes on Account. A separate statement is also attached as Annexure I to this Report.

## 12. PARTICULARS OF EMPLOYEES U/S 217(2A)

Particulars of employees of the Company, who were in receipt of remuneration, which in aggregate exceeds the limit fixed under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this Directors Report. However, as per the provisions of Sec. 219 (i) (b) (iv) of the Companies Act, 1956, the Annual Report and accounts excluding the aforesaid information are being sent to the shareholders of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company for the same.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, Your Directors confirm that;

- i) In the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2014, the applicable accounting standards has been followed and there were no material departures;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss account of the Company for the year under review;
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March 2014 on a "going concern basis".

## 14. EXPLANATION TO THE OBSERVATIONS MADE IN AUDITOR REPORT

The Directors submit their explanation to the Observation made by the Auditors in their report for the FY13-14. The relevant Paragraphs of the report and reply are as under:

Refer Paragraph (Basis of Qualified Opinion) of the Auditors' Report on Consolidated Financial Statements:



In respect of M/s Mukta Infrastructure Private Limited, the respective company is of opinion that price of Land shall appreciate in future and hence no provision for impairment loss is made.

In respect of M/s. Arohi Infrastructure Private Limited, the debenture holder has not exercised the put option during the FY 2013-14, hence the respective company has not provided any premium on redemption during the FY 2013-14.

In respect of M/s. Riverside Infrastructure (India) Private Limited, the management is taking efforts for resuming the Mall project and is in discussion with strategic partners for this purpose. Further, considering the latest valuation of the property of the company, the management considers it appropriate to capitalise the interest of ₹ 41.84 Crores and overheads of ₹ 3.32 Crores during the year ended 31-Mar-2014. Note No.38 of the consolidated financial statements is self explanatory.

In respect of M/s. Marg Logistics Private Limited, the subsidiary had availed equipment loan and there is an unreconciled amount of ₹ 0.60 crores. The reconciliation of the loan account is under process. Pending such reconciliation the management considers it appropriate to classify the same under "other advances" in the Balance Sheet as on 31-Mar-2014. Note No.40 of the consolidated financial statements is self explanatory.

**Refer Emphasis of Matter of the Auditors' Report on Consolidated Financial Statements.**

a) In respect of the investments in and advances receivable due from some of its subsidiaries reference is drawn to note 32 which is self explanatory.

b) In respect of preparing financial statements on 'Going concern' basis reference is drawn to note 33 which is self explanatory.

c) In respect of property of the subsidiary companies provided security for various loans reference is drawn to note 34 which is self explanatory.

d) In respect of property of the subsidiary companies provided security for various loans reference is drawn to note 35 which is self explanatory.

e) In respect of deductions made/amount withheld by some customers reference is drawn to note 39 which is self explanatory.

f) In respect of Status change of Subsidiaries reference is drawn to note 41 which is self explanatory.

**Refer Emphasis of Matter of the Auditors' Report on Standalone Financial Statements.**

a) In respect of preparation of financial statements on 'Going Concern' basis reference is drawn to note 29 which is self explanatory.

b) In respect of the investments in and advances receivable due from some of its subsidiaries reference is drawn to note 30 which is self explanatory.

c) In respect of deductions made/amount withheld by some customers reference is drawn to note 31 which is self explanatory.

**Reply to the qualification made in Annexure to the Standalone Audit Report**

Point No.3(c) Due to depressed market conditions and strained financial situation in the group, the Company felt it prudent not to charge interest on loans advanced to wholly owned subsidiaries.

Point No.7 In respect of internal audit system During the Financial Year the Company was carrying out the internal Audit function as inhouse. Due to rotational of Internal Audit staffs and lack of availability of trained staffs, also recommendation by the Board the Company has taken steps for appointing External Chartered Accountants who has expert knowledge and adequate manpower to carry out the Internal Audit. The Company is in the process of appointing the Internal Auditors hence the appointment will be done shortly

Point 9(a) & 9(b) of Annexure to Standalone Auditors' report: The delay in the payment of Provident fund, Employee's State Insurance, Income Tax, Wealth Tax, Custom Duty, Cess, Sales Tax, Service Tax and other material statutory dues were due to lower cash inflows from the existing projects and the company is arranging to make the payments shortly.

Point No.10 : Due to inordinate delay and uncertainty in implementation of the dry port project, of two subsidiary





Companies Marg Swarnabhoomi Port Private Limited and MARG Aviations Private Limited subsidiary companies, has called off the projects hence the huge cash loss was incurred. Point 11 of Annexure to Standalone Auditors' report: Due to slow down in the Infrastructure and Real estate sector and the resultant impact on the performance of your Company there were defaults in repayments of principle and interest dues to the Banks and Financial Institutions. However, the management opines that with improved business scenario, your Company will be able to meet its obligation.

## 15. FIXED DEPOSITS

During the year under review, your Company has not invited or accepted fixed deposits from the public.

## 16. EMPLOYEE STOCK OPTION SCHEME

Your Company has implemented Employee Stock Option Scheme for the benefit of the employees of the Company and its Subsidiaries, and is being governed by the Compensation Committee of the Board of Directors. During the FY13-14, the Company has not granted any option under the Employee Stock Option Scheme. Further, No employee has exercised any option during the year.

The Disclosures required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is given as Annexure II to this report.

## 17. JOINT VENTURE

Your Company has following major joint venture companies:

- (i) M/s. Future Parking Private Limited (in which MARG holds 51% of paid-up share capital), is a joint venture with M/s. Apollo Hospitals Enterprise Limited for the development of Multi Level Car Parking (MLCP) at Wallace Garden, Chennai on BOT basis, with a provision of right for development of commercial complex along with the MLCP facility for the entire BOT period.
- (ii) Signa Infrastructure India Limited (in which MARG holds 74% of paid-up share capital), is a joint venture with M/s. Housing and Urban Development Corporation Limited (HUDCO) for Techno-Financial collaboration.
- (iii) M/s. Rajakamangalam Thurai Fishing Harbour Private Limited (in which MARG holds 39% of paid-up share capital), is into joint venture with M/s. Rajakamangalam Thurai Development Trust to develop a fishing Harbour at Rajakamangalam Thurai in Kanyakumari District of Tamil Nadu.

## 18. CORPORATE SOCIAL RESPONSIBILITY – APPROACH TOWARDS SOCIETY

MARG has been making steady progress in the field of CSR and Societal interventions. During the reporting year, MARG has made significant progress in various fields such as health, education, women empowerment and welfare measures for the communities in and around our operational areas. At MARG Swarnabhoomi, the company endeavors to make a positive contribution to the underprivileged people by supporting a wide range of educational and socio economic initiatives. Community projects and programs are driven by active participation of MARG employees at the respective project sites. The Company is continuing to help the tsunami affected people of Nagapattinam districts and company is helping to unprivileged women in rural areas in the filed of Basic courses in Beautician and Tailoring Classes, Mehandi Course and Candle Making Classes have been organized in collaboration with Jana Shikshan Shansthan, Kanchipuram.

## 19. EMPLOYEE RELATIONS

The Directors place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company at all levels to meet the company's objectives. The employee relations at all projects and other locations continues to be cordial.

## 20. BUILDING A STRONG CUSTOMER CONNECT

Customer intimacy is one of your Company's strategic priorities to reach its ambition of being the leading reference in Infrastructure and Real Estate.

## ACKNOWLEDGEMENT

The Directors wish to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors, Employees and members during the year under review.

For and on behalf of the Board of Directors

G R K Reddy  
Chairman & Managing Director

Place: Chennai  
Date: 30<sup>th</sup> May, 2014



## ANNEXURE TO THE DIRECTORS' REPORT

### Annexure I

Activity in:-Foreign Currency Transactions

Expenditure:- (₹ in Crores)

	Particulars	2013-14	2012-13
a	Value of Imports Calculated on CIF Basis		
	i Components, Embedded goods and spare-parts	-	2.33
	ii. Capital goods	-	-
b	Expenditure in Foreign Currencies		
	i Travelling Expenses	0.43	0.06
	ii. Technical /Professional & Conference Expenses	-	-
	iii. Hire Charges	-	22.09
	<b>Total</b>	<b>0.43</b>	<b>24.48</b>

Income:- (₹ in Crores)

	Particulars	2013-14	2012-13
a	Income in foreign currencies		
	Dividend from Subsidiary	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

For and on behalf of the Board of Directors

G R K Reddy  
Chairman & Managing Director

Place: Chennai  
Date: 30<sup>th</sup> May, 2014

## Annexure - II

Statement as at 31.03.2014 of ESOP Scheme 2006, pursuant to Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

SL. No.	Description
A	<b>Options granted:</b> During the year no options have been granted
B	<b>Pricing formula:</b> Options granted to Eligible Employees under this Scheme carry an Exercise Price at a discount of 20% - 50% to the Market price of the shares determined with respect to the date of Grant.
C	<b>Options vested (including lapsed after vesting):</b> 28,319
D	<b>Options exercised:</b> 107,278
E	<b>Total number of Ordinary Shares arising as a result of exercise of Options:</b> 107,278
F	<b>Options lapsed:</b> 351,588
G	<b>Variation of terms of Options:</b> Nil
H	<b>Money realized by exercise of Options:</b> ₹ 9,587,550 (During the year no money realized by exercise of Option)
I	<b>Total number of Options in force:</b> 28,319
J	<b>Details of Options granted to</b> a) Senior Management Personnel : Nil b) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year: Nil c) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil
K	<b>Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share':</b> ₹(69.21)
L	i) Method of calculation of employee compensation cost: Intrinsic Value ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options: If the Company had used fair value of options, the calculation of employee cost would have decreased by ₹(0.24) crores.



SL. No.	Description									
	<p>iii) <b>The impact of this difference on Profits and on EPS of the Company (on standalone financial statements):</b> The effect of adopting the fair value method on the net income and earnings per share is presented below:</p>									
	(₹ In Crores)									
	Net Income/(Loss) as reported (263.80)									
	Add: Intrinsic Value Compensation Cost (0.33)									
	Less: Fair Value Compensation Cost (Black Scholes Model) (0.57)									
	Adjusted Net Income/(Loss) (263.56)									
	<table border="1"> <thead> <tr> <th>Earning per share</th> <th>Basic (₹)</th> <th>Diluted (₹)</th> </tr> </thead> <tbody> <tr> <td>As reported</td> <td>(69.21)</td> <td>(69.21)</td> </tr> <tr> <td>As adjusted</td> <td>(69.14)</td> <td>(69.14)</td> </tr> </tbody> </table>	Earning per share	Basic (₹)	Diluted (₹)	As reported	(69.21)	(69.21)	As adjusted	(69.14)	(69.14)
Earning per share	Basic (₹)	Diluted (₹)								
As reported	(69.21)	(69.21)								
As adjusted	(69.14)	(69.14)								
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price is less than the market price of the shares: NA									
N	A description of the method and significant assumption used during the year to estimate the fair values of Options: The fair value of each options estimated using the Black Scholes Options Pricing Model for non-dividend paying stock after applying the following key assumptions (weighted values for options granted during the year)									
	i) Risk free interest rate NA									
	ii) Expected life NA									
	iii) Expected volatility NA									
	iv) Expected dividend NA									
	v) The price of the underlying shares in market at the time of option grant NA									

For and on Behalf of the Board of Directors

G R K Reddy  
Chairman & Managing Director

Place: Chennai  
Date: 30<sup>th</sup> May, 2014

# Management Discussion and Analysis Report

MARG Limited is a developing Infrastructure organization focused on achieving holistic regional development and integrated approach towards project execution. This involves constructing as well as operating and maintaining activities. Towards this end, the company by itself and through its subsidiaries is undertaking the development and operation of infrastructure projects in the area of marine infrastructure and urban & industrial infrastructure, thereby pioneering the development of economic growth centers and regional prosperity and creating inclusive & sustainable growth models in south India. The Development Business is focused primarily on the development of affordable residential projects and certain strategically located commercial projects. The Company also offers commercial spaces. Besides this, the Company is developing and executing various commercial & residential projects in other states, which have gained momentum in recent years.

## Economic Environment

In the last couple of years, the Indian economy witnessed a slowdown across various sectors, resulting in the GDP growth slipping to 4.7% in 2013 from 9.7% in 2010. The impact of monetary policy in boosting GDP growth is contingent upon resolution of supply bottlenecks, governance issues impeding investments and the government's efforts towards fiscal consolidation. Domestic energy price adjustments, inadequate supply response and sustained wage pressures on inflation are expected to drag down growth for some more time. Such economic downdraft was largely attributed to slowdown in policy initiatives. Besides that, high interest regime, enforced to rein in inflation had an impact on slowing down of investments. These factors, coupled with subdued domestic business confidence, are likely to keep recovery in 2014-15.

The new government has provided signals of moving along development agenda that will push for reforms that were so far left on the back burner and are much needed to revitalize the economy. With the legislature and the executive getting back to the business of good governance, investments in various businesses and sectors of the economy are expected to pick up pace, all of which will bode well for the real estate sector.

## Business Verticals Overview, Business Segment Review and Outlook

### EPC VERTICAL

The EPC division of the Company has an order book of ₹ 2,795.08 Crores. Further local and international bids are being planned leveraging the experience gained through execution of Marine, Infrastructure and Industrial EPC. To achieve 'Customer Delight' through innovative, cost effective and value added consulting, Design & Detailed Engineering Services contract and EPC services the Company is developing finding means for achieving the same.

Some prestigious projects like HAL project MPRDC of Rs 32.62 crores is in the advanced stage of construction and EICOT for Government of Tamilnadu for a value of Rs 16.5 Crores is under completion. MARG is in the process of building a healthy pipeline of additional EPC contracts - bidding for mega contracts in the specialized areas like marine, industrial projects, urban infrastructure and solar & alternate energy sector. Further the EPC divisions of MARG will increase the turnover in the forthcoming years.

MARG EPC has been appreciated for safety practices, a notable achievement as the present accident frequency across all project sites is very less compared to other companies projects.



## PORT

Karaikal Port – a deep draft, all weather port is owned and operated by Karaikal Port Private Limited - a subsidiary of MARG Limited. The Port is now in the sixth successful year of operations. The Port has handled 6.23 MMT of cargo in Financial Year 2014 as against 6.61 MMT in Financial Year 2013, which is a drop of 5.75 per cent. Revenue for the Financial Year 2014 drop by 4.77 per cent, from ₹ 277 crores to ₹ 262 crores. EBIDTA for the Financial Year 2014 is ₹ 113 crores and ₹ 133 crores for Financial Year 2013. This year, the port successfully handled MV Mangan Trader II with a parcel size of 74,574 MT in June 2013. During Financial Year 2014, handled 1184 rakes as against 1,231 rakes handled in Financial Year 2013. A total of 4,274 rakes have been handled since the commencement of railway operations. The company has signed MOU with IL & FS on 27th February 2014 for a period of 10 years for handling of coal cargo, in first year around 1.25 MMTPA, from TNEB awarded PO on 19th May 2014 for discharge of coal around 2 MMTPA for one year and many major cement companies like Chettinad Cement, Dalmia Cement, Madras Cements and The India Cements for handling their coal imports. Karaikal Port added new cargos to the portfolio like Timber logs to bring additional cargo to the port. With the iron ore mining ban in Karnataka, JSW has started importing domestic iron ore in the forms of fines and lumps for its Mecheri Plant through Karaikal Port. The cargo is expected to continue through the next year as well. With IL & FS and TNEB mettur the company will get additional cargo of coal around 3 million tones in Financial Year 2015 over and above the cargo in Financial Year 2014.

Karaikal Port has adjudged the “Business Leader & Visionary of the Year” award at 5th Edition of South East – Cargo And Logistics Awards 2013 on 19th July, 2013 at Chennai.

## SEZ

MARG is developing two special economic zones in the field of Engineering Services and Multi Services spread over 612 acres as part of ‘MARG Swarnabhoomi – The Land of New Thinking’. This Project is developed by New Chennai Township Private Limited, a wholly owned subsidiary. MARG Swarnabhoomi is located on the scenic East Coast Road, midway between Chennai and Puducherry.

Engineering Services SEZ is promoted at MARG Swarnabhoomi with the objective of attracting clients in various segments like Auto Components, Fasteners, Valves, Pumps, Power components, Electronic components, Electronic meters, Renewable Energy, etc. M/s Grundfos Pumps, M/s Virgo Engineers, M/s P.H. Hydraulics and Pneumatics, M/s Eswari Electricals, M/s Kwik patch Ltd and M/s Twin Disc (Far East) Pte Ltd are operating in Engineering services SEZ. M/s Tecpro Energy Systems has registered lease deed and is in advanced stages of setting up their premises in MARG Swarnabhoomi. Total exports from the engineering SEZ in Financial Year 2013-'14 was ₹ 76.73 crores.

The Multi Services SEZ is promoted in MARG Swarnabhoomi to attract clients in various segments like IT/ITES, Knowledge Hub, BPO, KPO, Animation, Medical Tourism, R&D, Publishing etc. M/s Biophenolika Polymers Private Limited an Indian unit of Italian firm Cimteclab a research and development company with international manufacturing facilities specialized in the field of high performance polymers, biopolymers, protective coatings, and flame retardants have signed an agreement to set up their premises at the Multi Services SEZ. Swarnabhoomi Academy of Music (SAM) is the first professional college of music in India offering a range of programs in contemporary music that includes rock, jazz, classical and world music. Till Date 509 cumulative Diploma and Camp students from 6 countries have been in enrolled in SAM. SAM has signed the Initial twining partner agreement with McNally Smith an international music school based out of Minnesota.

MARG Navjyothi Vidyalaya School is operational in Swarnabhoomi with a count of 400 students. The school is affiliated with CBSE and fully equipped with Audio/Science and Math lab and offers courses up to 10th Std. The first batch of students has successfully passed their 10th standard Board examination.

MARG Institute of Design and Architecture Studies (MIDAS) situated in Swarnabhoomi offers five year undergraduate program - Bachelor of Architecture approved by Council of Architecture, New Delhi and affiliated to Anna University. 108 students have enrolled in the course offered by MIDAS in 2013-'14 and the total number of students stands at 247.



## REAL ESTATE DEVELOPMENT

MARG ProperTies – residential arm of MARG, since its inception from October 2009 has emerged as one of the leading real estate developers in Chennai. MARG's residential development is moving forward as lot of infrastructure growth is happening in Tamilnadu and the company has a strong presence in Chennai where there is a huge demand for residential space. To cater to the housing demand and leverage the economic growth drivers, the company has a strong project pipeline and land bank near the suburban micro-markets. The company's project portfolio is primarily skewed towards mid and low income segment which forms the bulk of the residential demand.

As the South & West Chennai is getting developed rapidly, MARG ProperTies projects which are located in these areas are benefitted more. Second phase of Nemmeli Desalination Plant and the proposed Country's longest elevated corridor (45km) in OMR augurs well for South Chennai residents. The upcoming industrial parks and the proposal of doubling the Sriperumbudur – Guduvanchery rail line adds spur to the West Chennai residents. Apart from this, Home-loan interest rate also favours home buyers. Planned satellite cities, improved connectivity and social infrastructure will further drive growth.

MARG ProperTies is consistently unique in its marketing and customer service approach. The company always reaches out to its customer in an innovative way by creating events like Connexions (customer meet), user-friendly website, quarterly communication newsletters on latest company and project updates.

MARG ProperTies has further created an avenue to get closer to its customers through ProperTies Shoppe at Kottivakkam, OMR. It is the first of its kind in the real estate industry to create more touch points and offer the company's wide range of products to customers through experience and consultative selling. Interactive touch screen kiosk is another unique innovation from MARG ProperTies to touch base with its customers.

MARG ProperTies won the "Innovative Marketing Campaign of the Year" award during the 'Realty Plus Excellence Awards (REPA) 2012', acknowledging the iconic and path breaking "Mr Joy" campaign that created a stir in advertising circles. A

special mention was made of the campaign for its two-fold innovation:

- A Real Estate marketing first in terms of a brand mascot – a thought innovation
- Innovation in media – capped by high impact outdoor innovations.

Chennai witnessed drop in sales volume to the tune of 33 per cent during 2013 making it as one of the worst performing years for the residential sector in the history of the city Factors such as slowing economic growth, rising interest rates by banks, high inflation and the weak rupee among others have contributed towards building a negative sentiment among home buyers. MARG properties also witnessed a slowdown in the projects and sales drop highly because of above mentioned economic downturn.

However, research findings of leading International Property Consultants indicate that 2014 will be a very important period for Chennai's real estate market, owing to the impending formation of a new central government and implementation of new government policies in the real estate sector. Also, the budget plan for the FY 2014-2015 with 70.6 billion allocated for 100 smart cities is again a boost up for infra growth in India. To capitalize the residential demand for new cities and with a clear understanding of the real estate business backed by scale, people, process and technology coupled with innovation MARG ProperTies is poised to garner a large market share across a wide product range.

Proposed Integrated Ascendas Township, on OMR: This is Singaporean based developer Ascendas, Japanese Engineering and Construction company JGC and Mizuho Corporate bank will be developing the integrated township will house a Multiservice SEZ, attracting industries such as IT / ITES, Manufacturing and Logistics etc., It will be developed to facilitate the entry of Japanese companies in India. The total area of the projects is 1450 Acres and the phase one will be 450 Acres.

TN Government announcement on linking the Thoraipakkam & ECR road, Widening of ECR as 6 way lane together can be added advantage on over all south residential belt



development. With increasing demand in the ECR stretch, MARG properties is coming up with new residential plotted developments in the ECR Highway in a large scale.

Real Estate – Retail & Commercial: MARG Junction, a 1.8 million sqft. integrated mixed use commercial project comprising of a mall (6.76 lacs sqft), Serviced Apartments (2 towers - 3.2 lacs sqft with 295 keys) and Club (50,000 sq.ft) is being developed by the company's subsidiary, Riverside Infrastructure (India) Private Limited (RI(I)PL).

As on 31st March 2013 around 2, 67,705 sq.ft of mall space has been leased and received EOI's from brands for around 1,19,803 sqft. Over 57%(both signed & EOI's) of the Gross Leasable Area (GLA) is now finalized, Apart from the anchors signed in FY10-11, EOI's were obtained from key mini-anchor brands like Blu-O, Time zone, Reliance Trends & Reliance Digital during the year, Top Vanilla brands like Levis, Titan, Nike, Puma, Lee, Wrangler were signed. The average rental achieved of Signed & EOI agreements as on 31st March 2014 is ₹ 76/- psft p.m. The hotel component is now being converted to Serviced Apartments with 295 keys along with 50,000 sq.ft business center and 65,000 sq.ft of banquet facility.

## OPPORTUNITIES, THREATS, RISKS AND CONCERNS

### Outlook

Your Company has implemented risk management policies and guidelines that set out the tolerance for risk and your Company's general risk management philosophy. Accordingly, your Company has established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner. Government of India is attempting to improve the country's infrastructure as a top policy priority and some of the positive changes which took place in near future.

### Opportunities

There is a substantial gap between the expectation of the Seller and the Potential Buyer of the Projects and thereby did not culminate into any acquisition last year. Going forward, the Company would like to focus on new projects. The experienced manpower also helps the Company to manage the entire tolling and maintenance functions inhouse during operations phase.

### Threats

The infrastructure and construction market in India is particularly affected in an atmosphere of lack of complete inertia in new project development and execution. Issues like environment clearances and financial difficulties for large developers have led to very little new opportunities in terms of infrastructure related development. The gradual increase in the cost of servicing debt is a risk affecting the Company. Easing, inflation continues to be at a fairly high level. This results in increase in operating costs for the Company particularly in terms of input material and wage costs to meet this inflationary environment.

### Risks and concerns

Your Company is exposed to a number of risks such as economic, regulatory, taxation and environmental risks and also the investment outlook towards Indian real estate sector. Some of the risks that may arise in its normal course of business and impact its ability for future developments include inter-alia, credit risk, liquidity risk, counterparty risk, regulatory risk, commodity inflation risk and market risk. Your Company's chosen business strategy of focusing on certain key products and geographical segments is also exposed to the overall economic and market conditions.

### Internal Controls

The Company has an adequate internal control system that are embedded in the business process in order to ensure and safeguard all immovable, movable assets, licenses etc, from unauthorized use or disposition. The internal control systems are embedded in business process in order to safeguard all immovable, movable assets, licenses etc., from unauthorized use or disposition. The company's internal controls are exercised by independent external/internal auditors and internal audit reports are reviewed by the management. The internal control is designed to ensure effective and efficient functioning of various business verticals. All the financial and internal audit reports are reviewed by the Audit Committee of the Board.



## Financial Performance

During the year, The financial highlights are:

- The income from operations was ₹ 304.66 Crores in FY 2013-14
- The EBDIT was ₹ (51.18) Crores in FY 2013-14
- The Company incurred a Net Loss of ₹ 263.80 Crores in FY 2013-14

## EMPLOYEE WELLNESS

The Company believes that the employees are the valuable asset of the Company. MARG aims at creating inclusive working environment that attracts and retains the best employees which enhances their capability, flexibility and motivation. In view of this, Company has evolved different measures to identify and Rewards high achievers and significant contributors of MARG. The Company continues to enjoy healthy industrial relations during the year.

## HUMAN RESOURCE DEVELOPMENT

Human Resource Management is an important function in MARG, in view of the large set up of organization, diverse lines and staff functions. MARG takes pride in the commitment, competence and dedication shown by its employees at all areas of business. MARG concentrates on providing opportunities for high performers and ensured that critical talents are retained. MARG has entertained multitasking among employees and provide Job enrichment for employees.

## CAUTIONARY STATEMENT

The above Management Discussion and Analysis contains certain forward looking statements within the meaning of applicable security laws and regulations. These pertain to the Company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, economic growth in India, ability to attract and retain highly skilled professionals, time and cost over runs

on contracts, government policies and actions with respect to investments, fiscal deficits, regulation, etc. In accordance with the Code of Corporate Governance approved by the Securities and Exchange Board of India, Shareholders and readers are cautioned that in the case of data and information external to the Company, no representation is made on its accuracy or comprehensiveness though the same are based on sources thought to be reliable. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time on behalf of the Company.

For and on Behalf of the Board of Directors

G R K Reddy  
Chairman & Managing Director

Place: Chennai  
Date: 30<sup>th</sup> May, 2014



# Report on Corporate Governance

## 1. Statement on Company's Philosophy on Code of Governance

A good Corporate Governance creates values through entrepreneurship, innovation, developments, exploration and provides accountability, transparency and meets its shareholders aspirations and social expectations.

MARG believes in good Corporate Governance, which is based on good corporate practices and guidelines issued by Government of India (GOI) from time to time. MARG is committed to focus on financial prudence, transparency, fairness and commitment to values. The Company is constantly engaged in improving more value creation to its stakeholders, namely shareholders, customers, employees, lenders, Government, suppliers and the society.

## 2. Board of Directors

The Board is the supreme authority constituted by the shareholders of the Company for managing the entire affairs of the Company. The Board provides and evaluates the policies, targets and performance, and ensures the interests of all the stakeholders. The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors which includes independent professionals.

The board presently consists of FOUR directors comprising of Managing Director, who is also the Chairman of the board and THREE Non-Executive Directors out of which TWO are independent Directors.

The Composition of the Board of Directors and the number of directorships and committee positions held by them during the financial year 2013-14 are as follows:

Sl. No	Name(s) of Director(s)	Executive / Non-Executive/ Independent	Number of Directorship in other Public Companies <sup>1</sup>		Number of Committee positions in other Public Companies <sup>2</sup>	
			Member	Chairman	Member	Chairman
1	Mr. G R K Reddy	PD/ ED	14	1	2	2
2	Mrs. V P Rajini Reddy	PD/ NED	12	Nil	2	Nil
3	Mr. Karanjit Singh Jasuja	ID/ NED	3	Nil	3	1
4	Mr. Bahushrut Lugani <sup>#</sup>	ID/ NED	3	Nil	4	3
5	Mr. Arun Kumar Gurtu <sup>*</sup>	ID/ NED	Nil	Nil	Nil	Nil

PD – Promoter Director; ED - Executive Director; NED - Non Executive Director; ID – Independent Director

1. The directorship does not include directorship in Private Limited Company which are not subsidiary of Public Limited Company, Section 25 Companies and Companies Incorporated outside India.

2. In accordance with clause 49 of the Listing Agreement, membership/chairmanship of only Audit Committee and Shareholders/ Investor Grievance Committee has been considered.

3. <sup>#</sup>Mr. Bahushrut Lugani, appointed as Additional Director w.e.f. 26th May 2014.

4. <sup>\*</sup> Mr. Arun Kumar Gurtu, Director passed away on 22nd November 2013.

## Directors' Profile

Brief Resume of all the Directors are given below:

**Mr. G R K Reddy, Chairman & Managing Director (DIN: 00903778) (Executive, Non-Independent)** aged 54 years, is a Post-Graduate in Commerce and alumni of Kellogg School of Management. He started his career in 1985 as a Merchant Banker and gained rich experience in advising and structuring various financial instruments. Later in 1994, he moved to the Constructions & Infrastructure industry, and promoted 'MARG'. He made MARG among India's fastest growing infrastructure organisations and a premier group operating in South India providing Marine Infrastructure, Industrial Clusters, Real Estate, Power, Civil, Residential and Commercial Projects. GRK is actively involved with Confederation of Indian Industry (CII) and is a member on a number of prestigious committees like Steering Committee, City Connect Program – CII task force on Building Inclusive Cities; CII Tamil Nadu, CEO Forum, Indian Institute of Technology, Chennai, Rural Technology & Business Incubator (RTBI), Academic Council of the Anna University, Chennai. He is currently the President of Indo-Australian Chamber of Commerce.

**Mrs. V P Rajini Reddy, Director (DIN: 00904123) (Non-Executive, Non-Independent)** aged 47 years, AMP (Advanced Management Program) from Harvard Business School and she holds an Engineering Degree (Civil). Mrs. V P Rajini Reddy has an impressive 18 years of experience under her belt in high-caliber management. She is the Founder and Managing Director of Exemplarr Worldwide Limited. In 1999 she founded M/s. Exemplarr Worldwide Limited (Formerly RR Infotech Limited) an ITES (Information Technology Enabled Services) company with a vision of generating rural employment and initially the Company was offering services to health care in the US and later diversified into various other domains like e-publishing, e-learning, legal services and Architectural & Engineering services. She is one of the founding members of Empowering Women in IT – popularly referred as eWIT. She was invited to become one of the panel members for the CII-Publishing BPO Forum and has been a regular speaker in their annual conference. She was a steering committee member of the conclave on 'Women@75', a CII (Confederation of Indian Industry). She has been a keynote speaker on various conferences and forums and has been widely quoted in the media regarding IT, outsourcing, talent management, rural employment and women empowerment.

**Mr. Karanjit Singh Jasuja, Director (DIN: 01563933) (Non-Executive, Independent)** aged 53 years is a Fellow Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He is a practicing Chartered Accountant and has been authoring articles and delivering lectures on various professional topics. He acts as an Advisor to corporates and is an expert in taxation and finance.

**Mr. Bahushrut Lugani, Director (DIN: 00052387) (Non-Executive, Independent)** Aged 58 years is a Chartered Accountant, Financial and Management Consultant. He brings with him a rich experience of 33 years experience in the field of Accounts, Finance, Management Consultancy, Income Tax, Setting up of new projects etc. He has been the Managing Partner of M/s. B. Lugani & Associates since August 1980. He serves as an Independent & Non-Executive Director and also a Chairman and Member of Audit Committee of Amtek Auto Ltd, Ahmednagar Forgings Limited and IFFCO-TOKIO General Insurance Company Limited. Mr. Lugani also a member of Nomination and Remuneration Committee of Ahmednagar Forgings Limited and serves as a Director at Vishal Mechanical Works (P) Limited.

### Attendance of Directors at Board Meetings and at Last Annual General Meeting (AGM)

During the financial year 2013-14, FIVE meetings of Board of Directors were held on 30th May 2013, 14th August 2013, 27th September 2013, 8th November 2013, and 12th February 2014.

Sl. No	Name(s) of Director (s)	Board Meetings attended	Attendance at Previous AGM
1	Mr. G R K Reddy	4	No
2	Mrs. V P Rajini Reddy	5	Yes
3	Mr. Karanjit Singh Jasuja	5	Yes
4	Mr. Arun Kumar Gurtu*	3	No
5	Mr. Bahushrut Lugani#	-	-

\* Mr. Arun Kumar Gurtu, Director passed away on 22<sup>nd</sup> November 2013

# Mr. Bahushrut Lugani, appointed as Additional Director w.e.f. 26<sup>th</sup> May 2014



## Appointment and Tenure of Independent Directors

As regard to the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013.
- The Independent Director will serve a maximum of two terms of five years each from the date of commencement of the Companies Act, 2013.
- In the transition to the Companies Act, 2013, which is effective from 1st April 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years.
- With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment tenure will be governed by the provisions of the Companies Act, 2013 and Listing agreement.

## Code of Business Conduct

The Board of Directors have laid down the Code of Conduct for all the Board Members and Senior Management Personnel of the Company, which is also uploaded on the website of the company, ([www.marggroup.com](http://www.marggroup.com)). All Board Members and senior Management personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Managing Director affirming the compliance with the Code of Conduct by the Board of Members and Senior Management Personnel of the Company is attached and forms part of this Report.

## 4. Committee of Directors

The Board has constituted several committees, both mandatory and non mandatory. Mandatory Committees are Audit Committee, Stakeholders Relationship Committee (Formerly Shareholders'/ Investors' Grievance Committee), Nomination and Remuneration Committee (Formerly Remuneration Committee) and Compensation Committee. The non mandatory Committees have been constituted to deal with specific matters and have been delegated with powers for different functional areas.

The Board has constituted the following EIGHT Committees namely:-

- I. Audit Committee
- II. Nomination and Remuneration Committee (Formerly Remuneration Committee)
- III. Stakeholders Relationship Committee (Formerly Shareholders'/ Investors' Grievance Committee)
- IV. Business Review Committee
- V. Capital Issues and Allotment Committee
- VI. Banking and Legal Matters Committee
- VII. Compensation Committee
- VIII. Corporate Social Responsibility Committee

The Board is authorised to constitute additional functional Committees from time to time depending on the business needs.

### I. Audit Committee

The Audit Committee comprises of THREE Non-Executive Directors out of which TWO are Independent Directors. All the Committee members have sound knowledge in finance and accounts. Mr. Karanjit Singh Jasuja and Mr. Bahushrut Lugani possess expert knowledge in finance and accounts. Mr. Karanjit Singh Jasuja, Independent Director is the Chairman of the Committee.

Mr. Bahushrut Lugani, was appointment as Additional Director in place of Mr. Arun Kumar Gurtu, who is also appointed as member of audit committee, through Circular Resolution passed by the Board of Directors on 26th May 2014.

### Composition of the Audit Committee and Attendance of each member in the Committee Meetings are given below:

During the financial year 2013-14, FOUR meetings of Audit Committee were held on 30th May 2013, 13th August 2013, 8th November 2013 and 12th February 2014.

Sl. No	Name	Category/ Status	Meetings Attended
1	Mr. Karanjit Singh Jasuja	NED/ID/Chairman	4
2	Mrs. V P Rajini Reddy	NED/PD/ Member	4
3	Mr. Arun Kumar Gurtu*	NED/ID/ Member	3
4	Mr. Bahushrut Lugani#	NED/ID/Member	Nil

\* Mr. Arun Kumar Gurtu, Director passed away on 22<sup>nd</sup> November 2013

# Mr. Bahushrut Lugani, appointed as Additional Director w.e.f. 26<sup>th</sup> May 2014



In accordance with Section 177(1) of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 30<sup>th</sup> 2014, have approved new terms of reference for the Audit Committee and thereupon the revised terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 (III)(D) of the revised Listing Agreement and Section 177(1) of the Companies Act, 2013. Further the Audit Committee has been granted powers as prescribed under Clause 49 (III)(C) of the Listing Agreement.

### Terms of reference

#### The terms of reference of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### The Audit Committee shall mandatorily review the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of Significant Related Party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;



4. Internal Audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

## II. Nomination and Remuneration Committee (formerly termed as Remuneration Committee)

Pursuant to the provisions of Clause 49 of the Listing Agreement, Board has constituted Nomination and Remuneration Committee (formerly termed as Remuneration Committee). The Committee determines and recommends to the Board of Directors, the remuneration payable to the Board of Directors. The resolution for the appointment and remuneration payable to the Board of Directors are approved by the shareholders of the Company.

### Composition of the Nomination and Remuneration Committee and Attendance of each member in the Committee Meetings are given below.

During the financial year 2013-14, ONE meeting was held on 30th May 2013.

Sl. No	Name(s) of Director(s)	Category/ Status	Meetings Attended
1	Mr. Arun Kumar Gurtu*	NED/ID/Chairman	1
2	Mrs. V P Rajini Reddy	NED/PD/ Member	1
3	Mr. Karanjit Singh Jasuja	NED/ID/ Member	1
4	Mr. Bahushrut Lugani#	NED/ID/Member	Nil

\* Mr. Arun Kumar Gurtu, Director passed away on 22<sup>nd</sup> November 2013

# Mr. Bahushrut Lugani, appointed as Additional Director w.e.f. 26<sup>th</sup> May 2014

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:

### Terms of reference

The revised role of the Nomination and Remuneration Committee, inter-alia, includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity;

### Remuneration to Directors

Non-Executive Directors were paid a sitting fee of Rs. 20,000/- for each Board or Committee Meeting attended by them and out of pocket expenses.

The Committee, has not recommended, any remuneration to be paid to the Managing Director due to loss incurred for this current financial year 2013-14.

Further due to Loss incurred by the company, the Committee has suggested that the commission should not be paid to Managing Director and Non - Executive Directors.

### Shareholding of Directors

Details of Shares held by the Directors in the Company as on 31st March 2014 are as follows:

Name	Number of Shares
Mr. G R K Reddy	1,253,057
Mrs. V P Rajini Reddy	423,000
Mr. Karanjit Singh Jasuja	Nil
Mr. Bahushrut Lugani	Nil



### III. STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY TERMED AS SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE)

In accordance with Section 178(5) of the Companies Act, 2013 and as per the requirements of SEBI Circular dated April 17, 2014 for amendment to Equity Listing Agreement (which is effective from October 1, 2014), the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the change in nomenclature of the Shareholders Grievances Committee to Stakeholders Relationship Committee and enhanced their role.

Presently the Committee consists of THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee has delegated the authority for share transfers to the Managing Director. The Committee oversees performance of Registrars and Share Transfer Agents of the Company and recommends remedial measures to improve quality of investors services and reviews all matters connected with transfer/transmission of securities of the Company and approves issue of duplicate certificates. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividend etc.

**The composition of the Stakeholders Relationship Committee (formerly termed as Shareholders'/ Investors' Grievance Committee) and attendance of each member in the Committee Meetings are given below:**

During the year FOUR meetings were held on 30th May 2013, 13th August 2013, 8th November 2013 and 12th February 2014.

Sl. No	Name(s) of Director(s)	Category/ Status	Meetings Attended
1	Mrs. V P Rajini Reddy	NED/PD/Chairperson	4
2	Mr. Karanjit Singh Jasuja	NED/ID/Member	4
3	Mr. Arun Kumar Gurtu*	NED/ID/Member	3
4	Mr. Bahushrut Lugani#	NED/ID/Member	Nil

\* Mr. Arun Kumar Gurtu, Director passed away on 22<sup>nd</sup> November 2013

# Mr. Bahushrut Lugani, appointed as Additional Director w.e.f. 26<sup>th</sup> May 2014

#### Compliance Officer

Mr. Rabindra Kumar Samal, Company Secretary acts as Compliance Officer. Further, the Company Secretary has been authorized to deal with all correspondence and complaints of the investors. He apprises the Committee about the status of Complaints/Grievances.

#### Investors' Grievance Redressal

During the year, no complaints were received from the shareholders/Investors of the Company during the financial year ended 31st March 2014.

#### IV. Business Review Committee

This Committee presently consists of THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee reviews the progress of various projects inter-alia operations, finances and execution.

The members of the Business Review Committee are

- (i) Mrs. V P Rajini Reddy
- (ii) Mr. Karanjit Singh Jasuja and
- (iii) Mr. Bahushrut Lugani#
- (iv) Mr. Arun Kumar Gurtu\*

# Mr. Bahushrut Lugani appointed w.e.f. 26th May 2014

\*Mr. Arun Kumar Gurtu, Director passed away on 22nd November 2013

#### V. Capital Issues and Allotment committee

The Capital Issues and Allotment Committee was constituted for issue of capital and allotment of Shares/ convertible instruments and allotment of Equity Shares upon conversion of such instruments. The Committee consisted of ONE Executive and THREE Non- Executive Directors out of which TWO are Independent Directors.

The members of the Capital Issues and Allotment Committee are

- (i) Mr. G R K Reddy - Chairman
- (ii) Mrs. V P Rajini Reddy and
- (iii) Mr. Karanjit Singh Jasuja
- (iv) Mr. Arun Kumar Gurtu \*



## VI. Banking and Legal Matters Committee

The Banking and Legal Matters Committee consists of ONE Executive and THREE Non-Executive Directors out of which TWO are Independent Directors. The Committee has been constituted with a view to expedite various banking, legal and other statutory or non statutory issues which otherwise requires the approval of Board.

The members of the Banking and Legal Matters Committee are

- (i) Mr. G R K Reddy - Chairman
- (ii) Mrs. V P Rajini Reddy
- (iii) Mr. Karanjit Singh Jasuja and
- (iv) Mr. Arun Kumar Gurtu\*

\*Mr. Arun Kumar Gurtu passed away on 22nd November 2013

## VII. Compensation Committee

The Board has constituted Compensation Committee for the purpose of Employee Stock Option Plans of the Company. The Committee presently consists of TWO Non-Executive Directors out of which ONE is Independent Director (ID).

The members of the Compensation Committee are

- (i) Mrs. V P Rajini Reddy - Chairperson
- (ii) Mr. Karanjit Singh Jasuja and
- (iii) Mr. Arun Kumar Gurtu\*

\*Mr. Arun Kumar Gurtu passed away on 22nd November 2013

## VIII. Corporate Social Responsibility (CSR) Committee:

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on May 30, 2014, have approved the constitution of the CSR Committee which comprises three directors viz. Mrs.V P Rajini Reddy, Mr. Karanjit Singh Jasuja and Mr. Bahushrut Lugani and defined the role of the Committee, which is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy
- Monitor the CSR Policy of the Company and its implementation from time to time.
- Such other functions as the Board may deem fit.

## 5. Subsidiary Companies and its Management:

There are FIFTY EIGHT subsidiary Companies of MARG Limited as on 31st March 2014. All the Subsidiaries are Board Managed Companies and the Company monitors the performance of the subsidiaries with reference to their functions, finance and management. Out of the above 58 Companies 5 are Non-wholly owned and balance 53 are wholly owned subsidiaries including 25 Step down Subsidiaries.

The details of shareholding in of the subsidiary companies (non-wholly owned) are given below:

Name of the Subsidiary	Instrument	Face/Paid up Value in ₹	Paid - up Capital		MARG Ltd Shareholding	
			No.of. Shares	₹ in Crores	No.of. Shares	% of holding
Karaikal Port Private Limited	Equity Shares	10.00	313,539,883	313.54	211,889,530	67.58%
	Preference Shares	10.00	384,900,000	384.90	37,900,000	9.85%
Riverside Infrastructure (India) Private Limited	Equity Shares	10.00	163,000,000	163.00	120,500,000	73.93%
Future Parking Private Limited	Equity Shares	10.00	4,900,000	4.90	2,499,000	51.00%
Signa Infrastructure India Limited	Equity Shares	10.00	50,000	0.05	37,000	74.00%
MARG Swarnabhoomi Port Private Limited	Equity Shares	10.00	12,500	0.01	11,250	90.00%



## 6. General Body Meeting

Date, time and location for the Annual General Meetings of the Company held in last three years:

Financial Year	Date	Time	No. of Special Resolution passed
2012-13	27.09.2013	3.00 PM	Nil
2011-12	29.09.2012	3.00 PM	1
2010-11	29.09.2011	3.00 PM	1

2010-11 & 2011-12 meetings were held at Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai - 600 096 and 2012-13 meeting held at Auditorium of Exemplar Worldwide Limited, 141, Rajiv Gandhi Salai, Kottivakkam, Chennai - 600 041.

## 7. Postal Ballot

No resolution was passed through Postal Ballot during the Financial Year 2013-14. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

## 8. Disclosures

- I. None of the transactions with any of the related parties viz., Promoters, Directors or the Senior Management, their Subsidiaries or relatives were in conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS 18) relating to "Related Party Transactions" have been made separately in the Annual Report.

The related party transactions with Subsidiary Companies are at arm's length and are based on consideration of business necessity and strategy for investments, profitability, legal requirements and the like.

- II. Company has complied with all the requirements of the Listing Agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. There has been no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Regulatory Authorities, on any matters related to capital markets during the last three years.
- III. Company has established Whistle Blower Policy and no personnel is denied the access to the Audit Committee.
- IV. The Company complies with the mandatory requirements and non-mandatory requirements of Corporate Governance as provided under Clause 49 of Listing Agreement. The Disclosure relating to the compliance has been provided separately in this report. The Company has obtained a certificate from its auditors regarding compliance of conditions of Corporate Governance and the certificate forms part of this report.

## 9. Insider Trading

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for prevention of Insider Trading. All the employees including the Directors of the Company complies with the Insider Trading Regulations framed by the Company.

## 10. Management Discussion and Analysis Report

A detailed Report on Management Discussion and Analysis Report forms part of the Director's Report.

## 11. Means of Communication

- I. The Un-audited Financial Results on quarterly basis along with Limited Review Report of the Auditors of the Company are approved by the Board of Directors at its meeting for every quarter, as per the Listing requirement and the same are furnished to all the Stock Exchanges where the Company's shares are listed within fifteen minutes of close of the meeting. The Un-audited Financial Results along with the Limited Review Report of the Auditors are placed before the Audit Committee. The same along with recommendation of the Audit Committee are forwarded to the Board of Directors for their consideration.
- II. The Financial results as per the requirement of Clause 41 of the Listing Agreement are published within 48 hours in two newspapers, one in English daily - News Today, and one in Regional (Tamil) Language daily - Malai Sudar. Additionally, it is also published in magazines and financial newspapers having national circulation.
- III. The quarterly results, shareholding pattern and other mandatory information are also available at the website of Company, i.e. [www.marggroup.com](http://www.marggroup.com). The Company's website provides all necessary information and contains news releases. The presentations made to Institutional Investors or to/by analysts are also put on the website of the Company.
- IV. In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website i.e [www.marggroup.com](http://www.marggroup.com) and contains information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, all necessary information and contains news releases and the presentations made to Institutional Investors or to/by analysts are also put on the website of the Company. The contents of the said website are updated from time to time.





V The shareholders can also write to this email id investor@marggroup.com about their issues for correspondence.

## 12. CEO / CFO Certification

As required under Clause 49 of the Listing Agreement, a certificate duly signed by Mr. G R K Reddy, Chairman & Managing Director and Mr. R Suresh, CFO of the Company was placed at the meeting of the Board of Directors of the Company and is appended as an Annexure to this Report.

## 13. Report on Corporate Governance

As required under Clause 49 of the Listing Agreement, this section forms part of Annual Report relating to Corporate Governance containing detailed compliance report on Corporate Governance for both mandatory and non-mandatory requirements as provided in Annexure- I C and Annexure – I D to the Listing Agreement. The Company also submits a quarterly Compliance Report to the Stock Exchanges within 15 days from the close of every quarter as per the format provided in Annexure I B of the Listing Agreement.

## 14. Compliance

The Company is compliant with the requirements as prescribed in clause 49 of the listing Agreement. A certificate from the Statutory Auditors of the Company as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchange(s) is annexed and forms part of this Annual Report.

As far as adoption of non-mandatory requirements, No separate Chairman's Office is maintained since Chairman is Executive. The Company has set up the Remuneration Committee of the Board of Directors, the details of which have been provided under the section "Committee of the Directors", The Company has also formulated a comprehensive whistle blower policy for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. During the year under review, the Management has given its reply in the Directors' Report for the observations made in the Auditors report. The Company has not adopted any other non-mandatory requirement specified in Annexure 1 D of Clause 49 of the listing agreement.

## 15. General Shareholder Information:

### I. Information about 19<sup>th</sup> Annual General Meeting

Date and Time : Tuesday, the 30<sup>th</sup> September 2014 at 3:00 PM  
Venue : Auditorium of Exemplarr Worldwide Limited,  
141, Rajiv Gandhi Salai, Kottivakkam,  
Chennai - 600 041.

## II. Financial Year

The financial year of the Company commences from 1<sup>st</sup> April every year and ends with 31<sup>st</sup> March in the succeeding year. The financial year 2013-14 started on 1<sup>st</sup> April 2013 and ended on 31<sup>st</sup> March 2014. The current financial year 2014-15 started on 1<sup>st</sup> April 2014 and would end on 31<sup>st</sup> March 2015.

### Financial Calendar (Tentative)

**First Quarter 30<sup>th</sup> June 2014** : on or before 14<sup>th</sup> August 2014

**Second Quarter 30<sup>th</sup> September 2014** : on or before 14<sup>th</sup> November 2014

**Third Quarter 31<sup>st</sup> December 2014** : on or before 14<sup>th</sup> February 2015

**Fourth Quarter 31<sup>st</sup> March 2015** : on or before 30<sup>th</sup> May 2015

### Revalidation of Dividend Warrants

In respect of members who have either not opted for NECS/ECS mandate or do not have such a facility with their banker and who have not encashed earlier dividends paid by the Company, are requested to write to Company's Share Transfer Agents for revalidation of expired dividend warrants and failing their encashment for a period of seven years, they stand to lose the right to claim such dividend owing to transfer of unclaimed.

### Unclaimed Dividend

Section 124 of the Companies Act, 2013 (Erstwhile 205A read with 205C of the Companies Act, 1956) mandates companies to transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to the IEPF.

Financial Year	Date of Declaration of Dividend	Last date for transfer to IEPF
2007-2008	25-Sep-08	25-Oct-15
2008-2009	29-Sep-09	29-Oct-16
2009-2010	30-Sep-10	30-Oct-17
2010-2011	29-Sep-11	30-Oct-18



The dividend declared during the financial year 2006-07 was due on 14.05.2014 for transferring to IEPF. The Company sent a communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders were cautioned that once unclaimed dividend is transferred to IEPF, no claim would lie in respect thereof with the Company.

On 14th May 2014 the Company has transferred a unclaimed dividend amount of Rs.478,226/- ( Rupees Four Lakhs Seventy Eight Thousand Two Hundred and Twenty Six only) to Investor Education and Protection Fund.

### E-Voting Facility to members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 19th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

Pursuant to the amendments made in Clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

### III. Date of Book Closure

The Register of Members and Share Transfer Books shall be closed for a period of 7 days starting from 24th September 2014 to 30th September 2014 (Inclusive of Both Days) for the purpose of Annual General Meeting (AGM) to be held on 30th September 2014.

### IV. Listing on Stock Exchanges

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited and Madras Stock Exchange Limited and the Equity Shares are admitted for trading in National Stock Exchange Limited under Permitted Securities category with effect from 5th November 2009.

### V. Stock Code/Symbol

- i) Bombay Stock Exchange Limited  
Stock Code: 530543 (For Equity Shares of the Company)

- ii) Madras Stock Exchange Limited  
Stock Code: MARGCONST (For Equity Shares of the Company)

- iii) National Stock Exchange Limited  
Stock Code: MARG (For Equity Shares of the Company)

- iv) DEMAT ISIN in NSDL and CDSL for equity shares is INE941E01019

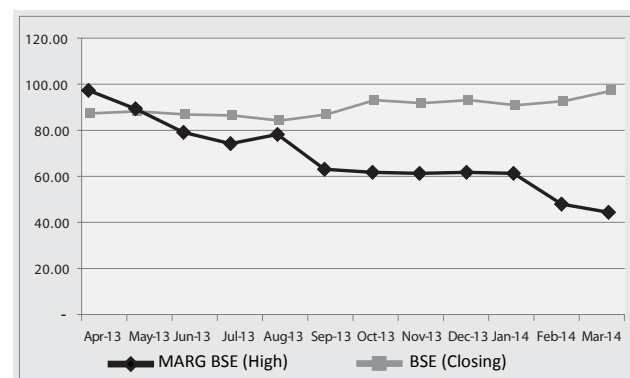
### VI. Market Price Data

Following are the monthly High / Low Price & Trading Volume of Equity Shares of Company at Bombay Stock Exchange Limited:

Year	Month	High (₹)	Low (₹)	Monthly Volume
2013	April	27.50	20.10	429,670
2013	May	24.80	18.35	340,769
2013	June	21.20	16.65	311,754
2013	July	19.45	12.45	178,262
2013	August	20.85	11.25	705,291
2013	September	15.54	13.31	206,419
2013	October	15.17	13.39	204,480
2013	November	14.98	12.85	160,790
2013	December	15.11	12.20	311,209
2014	January	14.90	10.15	227,656
2014	February	10.24	6.64	346,046
2014	March	9.00	6.30	1,314,093

### VII. Performance vis a vis BSE SENSEX

The share prices of Equity Shares of Company vis a vis SENSEX has been provided in graphic presentation as below:



Note: The chart has share prices and indices indexed to 100 as on the first working day of 2013-14



### VIII. Registrar and Share Transfer Agents

M/s. Cameo Corporate Services Limited acts as Registrars and Share Transfer Agent. The Company has also entered into agreements with both the depositories NSDL and CDSL. Following is the address of the Registrar and Share Transfer Agents:

M/s. CAMEO CORPORATE SERVICES LIMITED  
Subramanian Building, No. 1, Club House Road,  
Chennai – 600 002  
Ph: +91 44 2846 0390, Fax: +91 44 2846 0129.  
Email: investor@cameoindia.com

### IX. Share Transfer System

As on 31<sup>st</sup> March 2014, shares representing 98.63% of total Paid-Up Capital of the Company are in electronic form. As regards transfer of shares in physical form, the transfer documents can be lodged with M/s. Cameo Corporate Services Limited at the above address. The physical transfers are normally processed within 7-10 days from the date of receipt of documents, complete in all respects.

### X. Share holding as on 31<sup>st</sup> March 2014

#### Categories of Shareholding as on 31<sup>st</sup> March 2014

S. No	Category	No. of Shares Held	% of Shareholding
<b>A</b>	<b>Promoter's Holding</b>		
1	Promoters	12,909,855	33.87%
2	Persons acting in Concert	-	-
	<b>Sub Total (A)</b>	<b>12,909,855</b>	<b>33.87%</b>
<b>B</b>	<b>Non Promoters Holding</b>		
1	Mutual funds/ FIs/Banks	2,992,000	7.85%
2	FII's	130,000	0.34%
3	Bodies Corporate	5,894,843	15.46%
4	Indian Public (Individuals/HUF)	13,596,775	35.67%
5	NRI/ Foreign Nationals/Foreign Corporate Bodies	1,933,119	5.07%
6	Trusts	224,000	0.59%
7	Others-(Clearing Members)	438,334	1.15%
	<b>Sub Total (B)</b>	<b>25,209,071</b>	<b>66.13%</b>
	<b>Grand Total (A+B)</b>	<b>38,118,926</b>	<b>100.00%</b>

### Distribution of Shareholding as on 31<sup>st</sup> March 2014

No of Shares held between	No of Share holders	% of Total No of Share holders	Total Shares held in the category	% of Share holding
1 - 100	10,319	53.31%	537,267	1.41%
101 - 500	5,429	28.05%	1,548,205	4.06%
501 - 1000	1,535	7.93%	1,265,235	3.32%
1001 - 2000	842	4.35%	1,307,645	3.43%
2001 - 3000	344	1.78%	882,787	2.32%
3001 - 4000	182	0.94%	650,778	1.71%
4001 - 5000	150	0.77%	704,617	1.85%
5001 - 10000	253	1.31%	1,829,712	4.80%
> 10000	301	1.56%	29,392,680	77.11%
<b>Total</b>	<b>19,355</b>	<b>100.00%</b>	<b>38,118,926</b>	<b>100.00%</b>

### XI. Dematerialization of Equity Shares and Liquidity

DEMAT ISIN in NSDL and CDSL for equity shares is INE941E01019.

The Authorised Capital of Rs.500,000,000 (Rupees Fifty Crores only) comprising of 50,000,000 (Five Crores) equity shares of Rs.10 each. The paid up Capital of the Company as on 31<sup>st</sup> March 2014 is Rs. 381,189,260 (Rupees Thirty Eight Crores Eleven lacs Eighty Nine Thousand Two Hundred and Sixty only) consists of 38,118,926 (Rupees Three Crores Eighty One Lacs Eighteen Thousand Nine Hundred and Twenty Six only) Equity shares of Rs.10 each. Out of the above shares, 516,005 Equity Shares representing 1.35% are held in physical form and balance 37,602,921 Equity Shares representing 98.65% are held in dematerialised form.

### Reconciliation of Share Capital Audit

As per the requirement under SEBI (Depositories and Participants) Regulations, 1996 the Reconciliation is being done by a Practicing Company Secretary on quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained a Reconciliation of Share Capital Audit Report for all the four quarters during the year ended 31<sup>st</sup> March 2014 and same has been forwarded to Stock Exchanges. The audit confirms that the total Issued/Paid Up Capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.



## XII. ESOP

The Company has granted ESOP to employees of the Company and its subsidiaries as per the ESOP Scheme 2006. Under this scheme, a total of 487,185 options were granted to the employees. No options granted during the year and no employees exercised the options during the year. As on 31.03.2014, a total of 107,278 options have been converted into equity shares on exercise of options by employees and 72,821 options are in force.

## XIII. Location of projects

The Company is engaged in business of Constructions and Infrastructure Development. Accordingly the activities are carried on at the concerned location where the projects are being undertaken.

## XIV. Address for Correspondence

The Registered Office of the Company is situated in the following address. All correspondences should be addressed to:

The Company Secretary  
MARG Limited  
'Marg Axis' No.4/318, Rajiv Gandhi Salai  
Kottivakkam, Chennai – 600 041  
Ph: +91 44 3221 1944  
Email: investor@marggroup.com

For shareholders' grievance, the communication should be addressed to the Registrar and Transfer Agents at the following address:

M/s CAMEO CORPORATE SERVICES LIMITED  
Subramanian Building, No. 1, Club House Road,  
Chennai – 600 002.  
Ph: +91 44 2846 0390. Fax: +91 44 2846 0129  
Email: investor@cameoindia.com

## Non-Mandatory Requirements

### (1) The Board

No separate Chairman's office is maintained since Chairman is Executive.

### (2) Nomination and Remuneration Committee (formerly termed as Remuneration Committee)

The Company has constituted a Nomination and Remuneration Committee (formerly termed as Remuneration Committee) full

details are furnished under in this Report.

### (3) Shareholder's Rights

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

### (4) Audit qualifications

Whenever the auditor makes any observation/emphasize any matter, the Board of Directors provides explanation to the same in the Board's Report.

### (5) Training of Board Members

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavour to keep themselves updated with changes in global economy & legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment. The company briefs its directors the risk profile of the business parameters of the company so as to make them effectively discharge their responsibilities as directors.

### (6) Mechanism for evaluating non-executive Board Members

The Company has adopted a policy for evaluation of Non-Executive Board Members primarily based on the attendance and few other factors including contribution at the Board Meeting and at Audit Committee Meeting of the Board.

### (7) Whistle Blower Policy

The Board adopted the revised Whistleblower Policy that adopts global best practices. We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allow direct access the Chairperson of the Audit Committee in exceptional cases. We further affirm that no employees have been denied access to the audit committee during the financial year 2014.

For and on behalf of the Board of Directors

G R K Reddy  
Chairman & Managing Director

Place: Chennai

Date: 30<sup>th</sup> May, 2014



## **DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I, G R K Reddy, Chairman and Managing Director of MARG Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel of MARG Limited have affirmed Compliance with Code of Conduct for the year ended 31<sup>st</sup> March, 2014.

For and on behalf of the Board of Directors

**G R K Reddy**  
Chairman & Managing Director

Place: Chennai

Date: 30<sup>th</sup> May, 2014.

## **CEO and CFO Certification**

**To**  
**The Board of Directors,**  
**MARG Limited**

We, G R K Reddy, Chairman & Managing Director and R Suresh, Chief Financial Officer of the Company responsible for the finance function certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2014 and that to the best of our knowledge and belief :
- (i) These 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 into by the company during the year ended 2013-14 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee that:
  - (i) There were no significant changes in internal controls during the year 2013-14;
  - (ii) There has not been any significant change in accounting policies during the year 2013-14; and
  - (iii) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.

**Place: Chennai**  
**Date: 30<sup>th</sup> May, 2014**

**G R K Reddy**  
**Chairman & Managing Director**

**R Suresh**  
**Chief Financial Officer**

# Auditors' Certificate on Corporate Governance

To  
The Members of  
MARG Limited

1. We have examined the compliance of conditions of Corporate Governance by MARG Limited (the Company) for the year ended 31<sup>st</sup> March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as on 31<sup>st</sup> March 2014 as per the records maintained by the Shareholders / Investors Grievances Committee of the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For K RAMKUMAR & CO**  
**Chartered Accountants**  
**Firm Regn No. 02830S**

**Place : Chennai**  
**Date : 30<sup>th</sup> May 2014**

**(R M V BALAJI)**  
**Partner**  
**Membership No. 27476**

# Independent Auditors' Report

To  
The Members of MARG LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of MARG Limited ("the Company"), which comprise the Balance Sheet as at 31-Mar-2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31-Mar-2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to the following notes to financial statements:

- a) Note 29, regarding preparing financial statements on 'Going concern' basis. The accompanying financial statements have been prepared on a going concern basis, after giving due considerations to all matters more fully explained in the said note.
- b) Note 30, regarding investments in and advances and receivables due from some of its subsidiaries aggregating to ₹ 901.75 Crores as on 31st March, 2014. No provision for diminution/recoverability is considered necessary for reasons stated therein.
- c) Note 31, regarding deductions made/amount withheld by some customers aggregating to ₹ 2.62 Crores which are being carried as trade receivables. The company is also carrying work-in-progress inventory of ₹ 15.03 Crores and assets withheld at site of ₹ 4.15 Crores relating to these customers. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required there against.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For K RAMKUMAR & CO.,**  
Chartered Accountants  
**Firm's Reg No:02830S**

**(R M V Balaji)**  
Partner  
Membership No: 27476

Place : Chennai  
Date : 30-May-2014



## ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 6 OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF MARG LIMITED

1.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a programme of Physical verification of Fixed assets over a period of three years which is, in our opinion, reasonable having regard to the size of the company and the nature of its assets. No serious discrepancies have been noticed on such verification.
  - c) During the year, the company has not disposed off substantial part of fixed assets.
2.
  - a) As explained to us, physical verification of inventory has been conducted by the management, at the end of the year.
  - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The company is maintaining proper records of inventory and the discrepancies noticed on verification between physical stocks and book stocks were not material.
3.
  - a) The Company has taken unsecured loans from six parties, covered in the register maintained under section 301 of the Companies Act. The maximum amount involved during the year was ₹ 24.58 Crores (PY ₹ 20.60 Crores) and the year-end balance of loans granted to such companies was ₹ 22.43 (PY ₹ 19.62 Crores).
  - b) The Company has granted unsecured loans to 39 parties, covered in the register maintained under section 301 of the Companies Act. The maximum amount involved during the year was ₹ 512.57 Crores (PY ₹ 510.01 Crores) and the year-end balance of loans granted to such companies was ₹ 439.71 Crores (PY ₹ 456.27 Crores).
  - c) *The Company did not charge interest on loans given to its wholly owned subsidiaries, excepting three companies, for the period under review, which in our opinion, is prima facie prejudicial to the interests of the company.* According to the information and explanations given to us, other terms and conditions of the loans given/taken are not prima facie, prejudicial to the interest of the company.
- d) According to the information and explanations given to us, the principal amount of the loan along with interest in respect of loan granted to the Subsidiary Companies, except three subsidiaries, is repayable on call. The Subsidiaries have made repayments during the year as and when calls were made by the Company. In respect of three subsidiaries, the loan given by the company is sub-ordinated to the secured loans from Banks and Financial Institutions availed by such subsidiaries and accordingly the obligation to repay does not arise during the pendency of said secured loans.
4. In our opinion and according to the explanation given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us the transaction in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at rates or value which are reasonable having regard to the prevailing market rates or values at the relevant time.
6. The Company has not accepted any deposits from the public in terms of provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Rules framed there under.
7. *In our opinion, the Company has an internal audit system, which is not commensurate with the size of the company and nature of its business.*
8. On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been maintained. We have not carried out a detailed examination of such accounts and records, as we are required to conduct only a general review of the cost records.

9. a) According to the information and explanations given to us and as per the records produced by the company, the company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Tax deducted at source, Value added Tax, Service Tax, and other material statutory dues applicable to it.
- b) According to the information and explanations given to us and as per the records produced by the company, undisputed amounts payable in respect of Tax deducted at source, Service Tax, Value added Tax and Works Contract Tax, Provident fund and Professional Tax to the extent of ₹ 2.01 crores (PY ₹ 6.71 Crores), ₹ 0.93 Crores (PY ₹ 18.55 Crores), ₹ 1.91 Crores (PY ₹ 3.92 Crores), Nil (PY ₹ 0.20 Crores) and ₹ 0.07 (PY ₹ 0.14 Crores) respectively, were in arrears as at 31st March 2014, for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanation given to us, the dues of Income Tax/Customs Duty/Cess, that are in dispute are as follows:- (Amount in ₹)

Asst. Year	Demand Raised by Dept.	Amount Paid under Protest			Forum Where Dispute is Pending
		Till 31-Mar-13	During 2013-14	Till 31-Mar-14	
2002 - 03	89,26,848	96,59,367	-	96,59,367	CIT (A) (V)
2008 - 09	52,76,990	52,76,990	-	52,76,990	CIT (A) (V)
2009 - 10	38,96,457	38,96,457	-	38,96,457	CIT (A) (V)
2011 - 12	10,80,37,110	-	-	-	CIT (A) (V)
<b>Total</b>	<b>12,61,37,405</b>	<b>1,88,32,814</b>	<b>-</b>	<b>1,88,32,814</b>	

**Income Tax Deducted At Source:** (Amount in ₹)

Asst. Year	Department Demand	Amount paid under protest	Forum where Dispute is pending
1996-97	21,503	4,931	ITO-TDS
1997-98	2,368,619	2,317,682	ITO-TDS
1998-99	1,628,830	842,934	ITO-TDS
1999-00	1,857,640	581,282	ITO-TDS
2000-01	442,820	65,440	ITO-TDS

10. The Company has no accumulated losses as on 31st March, 2014. The company has incurred cash loss of ₹ 223.09 Crores during the financial year covered by audit and ₹ 48.45 Crores in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the records produced by the company, the company has defaulted by delaying the repayment of principal/interest to Banks and Financial institutions during the year to the extent of ₹ 105.60 Crores (PY ₹ 30.32 Crores) for a period less than 90 days and

₹ 20.73 Crores (PY ₹ 25.31 Crores) for a period exceeding 90 days. The outstanding defaults as on 31st March, 2014 were ₹ 227.49 Crores (₹ 15.03 Crores) for a period less than 90 days and ₹ 56.72 Crores (PY ₹ 15.67 Crores) for a period exceeding 90 days.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/Society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has given guarantees aggregating to ₹ 3290.54 Crores (PY ₹ 3170.22 Crores) for loans raised by others from Banks. In our opinion, the terms and conditions of the guarantees are prima facie not prejudicial to the interests of the company.
16. In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations and on an overall examination of the Balance Sheet of the Company we report that no funds raised on short-term basis have been used for Long Term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Companies Act, 1956 during the year.
19. During the year, the company has not issued any debentures and therefore the question of creating security or charge in respect thereof does not arise.
20. The Company has not made any public issue during the year covered under audit.
21. Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company was noticed or reported during the year.

**For K RAMKUMAR & CO.,**  
Chartered Accountants  
**Firm's Reg No:028305**

**(R M V Balaji)**

Partner

Membership No: 27476

Place : Chennai

Date : 30-May-2014



BALANCE SHEET

Particulars	Note	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	2	38.12	38.12
Reserves & Surplus	3	387.36	651.49
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	4	541.82	759.79
Deferred Tax Liability ( Net )	5	9.10	-
Other Long-Term Liabilities	6	157.91	169.86
Long-Term Provisions	7	0.82	1.13
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	8	223.05	180.35
Trade Payables	9	259.52	296.70
Other Current Liabilities	10	672.71	497.84
Short-Term Provisions	11	12.79	11.63
		<b>2,303.20</b>	<b>2,606.91</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets:	12		
Tangible Assets		148.55	159.95
Intangible Assets		1.00	1.77
Capital Work In Progress		12.80	12.57
Non-Current Investments	13	568.67	568.65
Deferred Tax Assets (Net)	5	-	18.51
Long-Term Loans and Advances	14	270.79	263.36
<b>CURRENT ASSETS</b>			
Current Investments	15	0.08	0.07
Inventories	16	163.20	207.91
Trade Receivables	17	358.26	493.55
Cash & Cash Equivalents	18	16.07	40.80
Short-Term Loans & Advances	19	763.78	839.77
		<b>2,303.20</b>	<b>2,606.91</b>

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-14

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



## PROFIT &amp; LOSS ACCOUNT

Particulars	Note	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>INCOME</b>			
Income from Operations	20	304.66	761.54
Other Income	21	4.17	72.00
		<b>308.83</b>	<b>833.54</b>
<b>EXPENDITURE</b>			
Cost of Projects / Operating Expenses	22	265.93	756.09
Personnel Expenses	23	7.00	9.38
Depreciation and Amortisation	12	11.42	11.58
Finance Cost	24	171.91	89.11
Other Expenses	25	87.08	27.41
		<b>543.34</b>	<b>893.57</b>
<b>PROFIT (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(234.51)</b>	<b>(60.03)</b>
Exceptional Items		-	-
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(234.51)</b>	<b>(60.03)</b>
<b>TAX EXPENSE</b>			
Current Tax		1.68	-
Deferred Tax	26	27.61	(24.00)
<b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (A)</b>		<b>(263.80)</b>	<b>(36.03)</b>
Profit from Discontinuing Operations		-	-
Tax Expense of Discontinuing Operations		-	-
<b>PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUING OPERATIONS (B)</b>		<b>-</b>	<b>-</b>
<b>PROFIT (LOSS) FOR THE PERIOD (A+B)</b>		<b>(263.80)</b>	<b>(36.03)</b>
<b>EARNINGS PER SHARE</b>			
Basic (Face Value ₹ 10/-)		<b>(69.21)</b>	<b>(9.45)</b>
Diluted (Face Value ₹ 10/-)		<b>(69.21)</b>	<b>(9.45)</b>

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

As per our Report of even date attached

**For K RAMKUMAR & CO.,****Regn No: 02830S**

Chartered Accountants

**R M V BALAJI****Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-14

For and on behalf of Board of Directors

**G R K REDDY***Chairman & Managing Director***V P RAJINI REDDY***Director***KARANJIT SINGH JASUJA***Director***R SURESH***CFO***RABINDRA KUMAR SAMAL***Company Secretary*



## CASH FLOW STATEMENT

S No	Particulars	Year Ended 31-Mar-14 (₹ in Crores)	Year Ended 31-Mar-13 (₹ in Crores)
<b>A</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
	<b>Net Profit (Loss) before Taxation and Extraordinary Items</b>	<b>(234.51)</b>	<b>(60.03)</b>
	<b>Adjustment for:</b>		
	Depreciation	11.66	11.85
	Net Unrealised (Gain) Loss on Exchange Rate Difference	1.20	0.04
	Net Unrealised Loss (Profit) on Decline in Investments	(0.01)	-
	Dividend Income	(0.01)	(0.01)
	Profit on Sale of Investment	-	(69.39)
	Profit on Sale of Assets	(0.05)	(0.05)
	Loss on Sale of Fixed Assets	0.29	0.14
	Compensation for Employee Stock Options	(0.33)	(0.25)
	Finance Cost (Net)	171.92	89.11
	<b>Operating Profit (Loss) before Working Capital Changes</b>	<b>(49.84)</b>	<b>(28.59)</b>
	Decrease (Increase) in Inventories	44.71	27.04
	Decrease (Increase) in Trade Receivables	135.32	107.07
	Decrease (Increase) in Short-term Loans & Advances	72.62	(196.13)
	Decrease (Increase) in Long-term Loans & Advances	(7.27)	(71.40)
	Increase (Decrease) in Trade Payables	(40.18)	142.01
	Increase (Decrease) in Other Current Liabilities	(94.75)	(344.07)
	Increase (Decrease) in Short-Term Provisions	(0.47)	0.07
	Increase (Decrease) in Other Long-Term Liabilities	(11.95)	(24.90)
	Increase (Decrease) in Long-Term Provisions	(0.30)	(1.74)
	<b>Cash Generated from Operations</b>	<b>47.89</b>	<b>(390.64)</b>
	Income Tax	1.67	(19.60)
	<b>Cash Flow before Extraordinary Items</b>	<b>49.56</b>	<b>(410.24)</b>
	Adjustment for Extraordinary Items	-	-
	<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>49.56</b>	<b>(410.24)</b>
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
	Purchase of Fixed Assets	(0.07)	(0.92)
	Investments made in Subsidiaries	-	(47.71)
	Share Application Money Advanced to Subsidiaries	-	(32.18)
	Refund of Share Application Money from Subsidiaries	0.29	-
	Dividend Received	0.01	0.01
	Sale of Investments in Subsidiaries	-	121.99
	Sale of Fixed Assets (Net)	0.68	0.17
	<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>0.91</b>	<b>41.36</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	Proceeds from Long Term Borrowings (Net)	9.73	512.46
	Proceed from Short Term Borrowings (Net)	42.70	(113.51)
	Finance Cost Paid (Net)	(127.63)	(72.39)
	<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(75.20)</b>	<b>326.56</b>
	Net Increase in Cash and Cash Equivalents (A+B+C)	(24.73)	(42.32)
	Cash and Cash Equivalents at beginning of Year	40.80	83.12
	Cash and Cash Equivalents at end of Year	<b>16.07</b>	<b>40.80</b>



**Notes:**

- 1 *Cash Flow Statement is prepared under the Indirect Method in accordance with Accounting Standard - 3.*
- 2 *Depreciation includes amount transferred to 'Cost of Projects'.*
- 3 *Cash and cash equivalents not available for immediate use as on the Balance Sheet date are shown in Note 40 of Notes to the Financial Statements.*
- 4 *For non cash transactions refer Note 38 of Notes to the Financial Statements.*

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As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No: 27476

Place : Chennai

Date : 30-May-14

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



## **NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**

### **1.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a. The Financial Statements are prepared under historical cost convention on accrual basis and going concern concept and materially comply with Accounting Standards (AS) as mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- b. The Company is a non small and medium sized company (Non-SMC) as defined in the General Instructions relating to Accounting Standards notified and accordingly the Company has complied with the Accounting Standards as applicable to Non-SMC.
- c. Use of Estimates: The preparation of financial statements requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement & reported income and expenses during the reporting period. Examples of such estimates includes provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.

### **1.2 REVENUE RECOGNITION**

- a. In respect of property development and / or Construction contracts, the Company follows percentage completion method as per Accounting Standard 7 issued by the Institute of Chartered Accountants of India. The percentage of completion is stated on the basis of physical measurement of work actually completed/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.
- b. Dividend income is recognized when the right to receive the payment is established.
- c. In respect of other incomes, accrual system of accounting is followed.

### **1.3 FIXED ASSETS, DEPRECIATION & IMPAIRMENT**

- a. The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition / installation of the assets and improvement thereon less depreciation.
- b. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
- c. Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.
- d. All assets individually costing ₹ 5,000/- or below are fully depreciated in the year it is put to use.
- e. Cost of assets not put to use before the year end are shown under capital work in progress.
- f. Intangible assets comprising SAP software and other computer software are stated at cost of acquisition less accumulated amortisation. The SAP software cost is amortised over a period of five years on a pro-rata basis.



- g. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating divisions which the assets belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and recognized in the profit and loss account.

#### 1.4 OPERATING LEASES

The Company is obligated under non-cancelable leases for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. Lease expenses are charged to the profit and loss account on a straight line basis over the lease term.

The Company leases office facilities and residential space/facilities under cancelable operating lease agreements. Assets subject to operating leases are included under fixed assets or current assets as appropriate. Lease income is recognized in the profit and loss account on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the profit and loss account.

#### 1.5 VALUATION OF CLOSING STOCK

- a. Raw Material: Materials, Stores and Spares and Loose tools are valued at Weighted Average Cost. Cost comprises all costs of purchase
- b. Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.
- c. Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

#### 1.6 INVESTMENTS

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current Investments are shown at cost or market value whichever is lower.

#### 1.7 EMPLOYEE BENEFITS

##### a. Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the bonus, exgratia are recognized in the period in which the employee renders service.

##### b. Post Employment Benefits

###### i) Provident Fund

The Company's contribution to Provident Fund is deposited with the Regional Provident Fund Commissioner and is charged to Profit and Loss account every year.

###### ii) Gratuity

The Company is having Defined Benefit plan for the Gratuity and the provision is made based on actuarial valuation in accordance with the AS-15 of The Institute of Chartered Accountants of India.

###### iii) Leave Encashment

Provision for leave encashment in respect of unavailed leave standing to the credit of employees is made on actuarial basis in accordance with AS-15 of The Institute of Chartered Accountants of India.

#### 1.8 TAX ON INCOME

- a. The accounting treatment for income tax in respect of Company's income is based on the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax on income for the current period is determined on the basis of Taxable Income computed in accordance with the provisions of the Income Tax Act 1961.





- b. Deferred Tax on timing differences between the accounting income and taxable income for the year is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has carry forward unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

### **1.9 FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are accounted on the exchange rate prevailing at the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account.

### **1.10 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of the asset/project. All the other borrowing costs are treated as period cost and charged to Profit and Loss account in the year in which they are incurred.

### **1.11 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed.

### **1.12 EMPLOYEE STOCK OPTIONS COMPENSATION COST**

In respect of the stock options granted by the Company, the intrinsic value of the options (excess of market price over the exercise price) of the shares is treated as employee compensation cost and is amortised over the vesting period, in accordance with Guidelines issued by SEBI in this regard.

### **1.13 EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.



Particulars	As At 31-Mar-14 Nos	As At 31-Mar-13 Nos	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 2 : SHARE CAPITAL</b>				
<b>2.1 Authorised, Issued, Subscribed and Paid up Capital:</b>				
<b>Authorised Capital</b>				
Equity Shares of ₹ 10/- each	50,000,000	50,000,000	50.00	50.00
<b>Issued, Subscribed and Paid up Capital</b>				
Equity Shares of ₹ 10/- each	38,118,926	38,118,926	38.12	38.12
<b>2.2 Reconciliation of number of Equity Shares Outstanding:</b>				
Shares Outstanding at the beginning of the year	38,118,926	38,118,926		
Add: Shares Allotted during the year	-	-		
Shares Outstanding at the end of the year	<b>38,118,926</b>	<b>38,118,926</b>		

**2.3 Shareholders holding more than 5% Equity Shares:**

Sl No.	Name of the Shareholders	As At 31-Mar-14		As At 31-Mar-13	
		Nos	%	Nos	%
1	G R K Reddy	1,253,057	3.29%	3,608,007	9.47%
2	Akshya Infrastructure Private Limited	3,024,798	7.94%	3,897,836	10.23%
3	Global Infoserv Limited	1,648,000	4.32%	2,927,000	7.68%
4	MARG Capital Markets Limited	1,493,000	3.92%	2,513,000	6.59%
5	G R K Reddy & Sons (HUF)	2,266,000	5.94%	2,266,000	5.94%
6	Reliance Capital Trustee Co Ltd - Reliance Infrastructure Fund	-	0.00%	1,155,400	3.03%

**2.4 Shares Reserved for Issue of Option:**

Details of shares reserved for issue under the Employees Stock Option plan (ESOPs) of the company are given in Note 41.

Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 3 : RESERVES &amp; SURPLUS</b>		
<b>3.1 Securities Premium Account:</b>		
Opening Balance	319.90	319.90
Add: Addition during the year	-	-
	<b>319.90</b>	<b>319.90</b>
<b>3.2 General Reserve:</b>		
Opening Balance	25.16	25.16
Add: Transferred from the Profit and Loss Account	-	-
	<b>25.16</b>	<b>25.16</b>



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>3.3 Employees Stock Options Outstanding:</b>		
Employee Stock Options Outstanding	0.21	0.54
Less: Deferred Employees Stock Option Compensation	-	-
	<b>0.21</b>	<b>0.54</b>
<b>3.4 Profit &amp; Loss Account:</b>		
Balance at the beginning of the Year	305.89	341.92
Add: Profit (Loss) for the Year	(263.80)	(36.03)
Balance at the end of the Year	<b>42.09</b>	<b>305.89</b>
	<b>387.36</b>	<b>651.49</b>
<b>NOTE 4 : LONG-TERM BORROWINGS</b>		
<b>4.1 Secured Loans:</b>		
<b>Term Loans:</b>		
<b>From Banks &amp; Financial Institutions:</b>		
Secured by way of charge on rentals, mortgage / hypothecation of movable & immovable properties*	471.96	704.70
<b>From Others:</b>		
Secured by way of charge on movable & immovable properties*	58.71	43.94
	<b>530.67</b>	<b>748.64</b>
<b>4.2 Unsecured Loans:</b>		
<b>From Others:</b>		
Loans From Other Companies**	11.15	11.15
	<b>11.15</b>	<b>11.15</b>
	<b>541.82</b>	<b>759.79</b>

\* Loans Guaranteed by Directors.

\*\*Brought in as promoter's contribution of sacrifice on restructuring of working capital limits for EPC Division of the company from consortium of the bank and sub-ordinate to such limits.

**4.3 Repayment Terms (including current maturities) of Secured Loans:\***

**Term Loans from Banks & Financial Institutions:**

- a) Loan of ₹ 35.80 crores payable in 16 quarterly instalments ending Mar-18
- b) Loan of ₹ 5.33 crores payable in 16 quarterly instalments ending Mar-18
- c) Loan of ₹ 50.02 crores payable in 10 quarterly instalments ending Jul-16
- d) Loan of ₹ 158.64 crores payable in 16 quarterly instalments ending Mar-18
- e) Loan of ₹ 25.56 crores payable in 16 quarterly instalments ending Mar-18
- f) Loan of ₹ 190.16 crores payable in 16 quarterly instalments ending Mar-18
- g) Loan of ₹ 25.24 crores payable in 14 quarterly instalments ending Mar-18
- h) Loan of ₹ 71.36 crores payable in 14 quarterly instalments ending Sep-17
- i) Loan of ₹ 10.42 crores payable in 18 quarterly instalments ending Sep-17
- j) Loan of ₹ 67.15 crores payable in 96 monthly instalments ending Mar-22
- k) Vehicle Loan of ₹ 0.17 crores payable in monthly instalments ending June-16



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>Term Loans from Others:</b>		
a) Equipment Loan of ₹ 71.08 crores payable in 38 monthly instalments ending May-16		
b) Equipment Loan of ₹ 1.92 crores payable in 20 monthly instalments ending Sep-15		
<b>4.4 Repayment Terms (including current maturities) of unsecured Loans:</b>		
a) Loan of ₹ 10.87 crores payable in 1 instalment ending Mar-18		
b) Loan of ₹ 0.28 crores payable in 1 instalment ending Mar-18		
*excludes loans recalled		
<b>4.5 Defaults on repayment of Long-term Loans and Interest thereof:</b>		
Long-term loans and interest thereof aggregating to ₹ 215.54 Crores (Previous year ₹ 18.90 Crores) and ₹ 84.06 Crores (Previous year ₹ 10.84 Crores) were overdue for a period of less than 90 days and more than 90 days respectively.		
<b>NOTE 5 : DEFERRED TAX LIABILITY (ASSET) [NET]</b>		
Deferred Tax Liability	9.10	8.05
Less : Deferred Tax Asset	-	26.56
Net Deferred Tax Liability (Asset)	<u>9.10</u>	<u>(18.51)</u>
<b>NOTE 6 : OTHER LONG-TERM LIABILITIES</b>		
<b>Others</b>		
Mobilisation Deposits	150.90	164.85
Lease Deposits	7.01	5.01
	<u>157.91</u>	<u>169.86</u>
<b>NOTE 7 : LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	0.58	0.77
Leave Encashment	0.24	0.36
	<u>0.82</u>	<u>1.13</u>
<b>NOTE 8 : SHORT-TERM BORROWINGS</b>		
<b>8.1 Secured Loans:</b>		
<b>Loans Repayable on Demand:</b>		
<b>From Banks &amp; Financial Institutions:</b>		
Secured by way of charge/ hypothecation of inventories, advances, receivables and other current assets of specified projects, fixed deposit receipts and immovable properties*	186.09	163.13
	<u>186.09</u>	<u>163.13</u>
* Loans Guaranteed by Directors.		



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>8.2 Unsecured Short-term Loans:</b>		
<b>From Others:</b>		
Loans From Other Companies	30.44	8.48
Loans From Directors	6.52	8.74
	<b>36.96</b>	<b>17.22</b>
	<b>223.05</b>	<b>180.35</b>
<b>8.3 Repayment terms for Short-term borrowings:</b>		
1) Loan of ₹ 33 Crores is payable in single instalment ending Mar-15.		
2) Cash credit of ₹ 10.36 Crores is repayable in 3 quarterly instalments ending Dec-14.		
<b>8.4 Defaults on repayment of Short-term Loans and Interest thereof:</b>		
Short-term loans and interest thereof aggregating to ₹ 36.92 Crores (Previous year ₹ 0.67 Crores) and ₹ 19.12 Crores (Previous year ₹ 15.67 Crores) were overdue for a period of less than 90 days and more than 90 days respectively.		
<b>NOTE 9 : TRADE PAYABLES</b>		
Trade Payables	259.52	296.70
	<b>259.52</b>	<b>296.70</b>
<b>NOTE 10 : OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debts	408.49	179.95
Interest Accrued but Not Due on Borrowings	1.76	1.07
Interest Accrued and Due on Borrowings	53.02	12.56
Other Payables:		
Advances from Customers	69.81	81.20
Expenses Payable	96.03	87.64
LC Payable	-	9.98
Statutory Dues	10.35	51.53
Unclaimed Dividend	0.22	0.22
Due to Directors	6.20	3.69
Mobilisation Deposits	24.74	67.84
Creditors for Capital Goods	2.09	2.16
	<b>672.71</b>	<b>497.84</b>
<b>NOTE 11 : SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Bonus	0.03	0.06
Gratuity	0.04	0.25
Leave Encashment	0.16	0.38
<b>Others:</b>		
Income Tax	12.56	10.94
	<b>12.79</b>	<b>11.53</b>



**NOTE 12 : FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 31-Mar-13	Additions	Deletions	As At 31-Mar-14	For the year	Deletions	Up to 31-Mar-14	As At 31-Mar-14	As At 31-Mar-13
<b>TANGIBLE ASSETS</b>									
<b>LEASED ASSETS</b>									
<b>Digital Zone - I</b>									
Land	5.23	-	-	5.23	-	-	-	<b>5.23</b>	5.23
Building	22.63	-	-	22.63	0.37	-	3.46	<b>19.17</b>	19.54
Plant & Machinery	5.25	-	-	5.25	0.25	-	2.32	<b>2.93</b>	3.18
Electrical Equipment & Fittings	10.99	-	-	10.99	0.52	-	4.86	<b>6.13</b>	6.65
Furniture & Fixtures	9.34	-	-	9.34	0.59	-	5.46	<b>3.88</b>	4.47
<b>Thiruvanniyur</b>									
Land & Building	0.45	-	-	0.45	-	-	-	<b>0.45</b>	0.45
<b>OTHER ASSETS</b>									
Land	1.13	-	-	1.13	-	-	-	<b>1.13</b>	1.13
Building	9.36	-	-	9.36	0.12	-	2.42	<b>6.94</b>	7.06
Computers	7.34	0.02	0.19	7.17	0.98	0.18	5.11	<b>2.06</b>	3.03
Office Equipment	4.65	0.04	0.02	4.67	0.21	-	1.17	<b>3.50</b>	3.69
Furniture & Fittings	13.84	0.02	0.14	13.72	0.86	0.08	3.75	<b>9.97</b>	10.87
Motor Vehicles	6.13	-	0.78	5.35	0.54	0.31	2.01	<b>3.34</b>	4.35
Plant & Machinery	102.76	0.32	0.45	102.63	6.31	0.06	21.07	<b>81.56</b>	87.94
Electrical Equipment & Fittings	2.86	0.04	-	2.90	0.14	-	0.64	<b>2.26</b>	2.36
<b>Total Tangible Assets</b>	<b>201.96</b>	<b>0.44</b>	<b>1.58</b>	<b>200.82</b>	<b>10.89</b>	<b>0.63</b>	<b>52.27</b>	<b>148.55</b>	<b>159.95</b>
Previous Year	195.62	7.01	0.67	201.96	11.10	0.40	42.01	<b>159.95</b>	164.31
<b>INTANGIBLE ASSETS</b>									
Computer Software*	3.82	0.02	-	3.84	0.79	-	2.84	<b>1.00</b>	1.77
<b>Total Intangible Assets</b>	<b>3.82</b>	<b>0.02</b>	-	<b>3.84</b>	<b>0.79</b>	-	<b>2.84</b>	<b>1.00</b>	<b>1.77</b>
Previous Year	3.82	-	-	3.82	0.75	-	2.05	<b>1.77</b>	2.52
<b>CAPITAL WORK IN PROGRESS</b>									
<b>Total Capital Work in Progress</b>	<b>12.57</b>	<b>0.23</b>	-	<b>12.80</b>	-	-	-	<b>12.80</b>	12.57
Previous Year	12.43	0.18	0.04	12.57	-	-	-	<b>12.80</b>	12.43

\*Note: - Other than internally Generated



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 13 : NON-CURRENT INVESTMENTS</b>		
<b>13.1 Investments in Equity Shares (Non-Quoted, Non-Trade, Stated at Cost)</b>		
<b>(As per Annexure - A)</b>		
In Subsidiaries	566.83	566.81
In Associates*	-	-
	<b>566.83</b>	<b>566.81</b>
<b>13.2 Investments in Properties (Non-Quoted, Stated at Cost)</b>		
Building	0.84	0.84
	<b>0.84</b>	<b>0.84</b>
<b>Total of Unquoted Investments</b>	<b>567.67</b>	<b>567.65</b>
<b>13.3 Investments in Debentures (Quoted)</b>		
Srei Equipment Finance Pvt Ltd		
Unsecured Subordinated Non-convertible Perpetual Debentures	1.00	1.00
[10 units (Previous year 10 units) of Face Value of ₹ 1,000,000/- each (Previous year ₹ 1,000,000/- each)] [Not traded Stated at Cost]		
Less : Provision for Decline in Investments	-	-
	<b>1.00</b>	<b>1.00</b>
<b>Total of Quoted Investments</b>	<b>1.00</b>	<b>1.00</b>
<b>Grand Total of Quoted and Unquoted Investments</b>	<b>568.67</b>	<b>568.65</b>
<i>*Includes ₹ 39,000/- as at 31-Mar-2014 and 31-Mar-2013.</i>		
<b>NOTE 14 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured and Considered Good</b>		
Capital Advances	0.90	0.74
Security Deposits	3.36	4.69
Advances to Subsidiaries	266.53	257.93
	<b>270.79</b>	<b>263.36</b>
<b>NOTE 15 : CURRENT INVESTMENTS</b>		
<b>Investments in Mutual Funds (Quoted)</b>		
UTI Infrastructure Advantage Fund Series	0.09	0.09
[25,462.687 units (Previous year 25,462.687 units) of Face Value of ₹ 33.50 each (Previous year ₹ 33.50 each)]		
[NAV as on 31-Mar-2014 ₹ 29.95 each (Previous year ₹ 26.46 each)]		
Less : Provision for Decline in Investments	0.01	0.02
	<b>0.08</b>	<b>0.07</b>



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 16 : INVENTORIES</b>		
<b>Inventories</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	21.40	40.24
Projects in Progress	141.80	167.67
	<b>163.20</b>	<b>207.91</b>
<b>NOTE 17 : TRADE RECEIVABLES</b>		
<b>Unsecured and Considered Good</b>		
Outstanding for more than 6 months	276.71	364.31
Others	81.55	129.24
	<b>358.26</b>	<b>493.55</b>
<b>NOTE 18 : CASH &amp; CASH EQUIVALENTS</b>		
Cash Balance	0.17	0.18
Balances with Scheduled Banks		
In Current Accounts	5.02	6.52
In Current Accounts for Unclaimed Dividend	0.22	0.22
In Margin Money Accounts	8.58	28.58
In Deposit Accounts		
Deposit maturing after 12 months	-	-
Others	2.08	5.30
	<b>16.07</b>	<b>40.80</b>
<b>NOTE 19 : SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured and Considered Good</b>		
Advances to Subsidiaries	170.71	195.60
Others		
Advances to Suppliers	401.72	431.60
Advances to Staff	2.18	1.77
Other Advances Recoverable	5.97	5.45
Prepaid Expenses	2.54	3.23
Share Application Money	135.08	135.39
Prepaid Taxes	42.29	63.29
Security Deposits	2.77	2.97
Dividend Receivable	0.52	0.47
	<b>763.78</b>	<b>839.77</b>





Particulars	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>NOTE 20 : INCOME FROM OPERATIONS</b>		
Income from Projects / Operations	291.20	747.97
Income from Leasing	13.46	13.57
	<b>304.66</b>	<b>761.54</b>
<b>NOTE 21 : OTHER INCOME</b>		
Profit on Sale of Investment	-	69.39
Dividend Received	0.01	0.01
Prior Period Income	0.72	0.54
Profit on Sale of Assets	0.05	0.05
Miscellaneous Income	3.39	2.01
	<b>4.17</b>	<b>72.00</b>
<b>NOTE 22 : COST OF PROJECTS/OPERATING EXPENSES</b>		
<b>COST OF PROJECTS / OPERATING EXPENSES</b>		
<b>Opening Stock</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	40.24	65.23
Projects in Progress	167.67	169.72
	<b>207.91</b>	<b>234.85</b>
<b>Expenditure During the year</b>		
Expenditure on Projects / Operating Expenses	220.84	728.27
<b>Closing Stock</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	21.40	40.24
Projects in Progress	141.80	167.67
	<b>163.20</b>	<b>207.91</b>
<b>Cost of Projects / Operating Expenses</b>	<b>265.55</b>	<b>755.31</b>
Repairs & Maintenance-Leased Properties	0.38	0.78
	<b>265.93</b>	<b>756.09</b>
<b>NOTE 23 : PERSONNEL EXPENSES</b>		
Salaries & Allowances	5.79	6.98
Contribution to Funds	0.73	1.46
Recruitment & Training Expenses	0.01	0.01
Staff Welfare Expenses	1.05	1.84
Retirement Benefits	(0.25)	(0.66)
Employee Compensation Expense	(0.33)	(0.25)
	<b>7.00</b>	<b>9.38</b>
<b>NOTE 24 : FINANCE COST</b>		
Interest Expenses	170.94	138.54
Less : Interest Recovered	6.47	58.58
Net Interest	164.47	79.96
Bank & Finance Charges	7.44	9.15
	<b>171.91</b>	<b>89.11</b>



Particulars	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>NOTE 25 : OTHER EXPENSES</b>		
Rent	1.85	3.84
Rates & Taxes	0.12	0.19
Communication Cost	0.45	0.74
Electricity Charges	0.51	1.63
Traveling and Conveyance	1.89	3.11
IT Services	0.22	0.79
Repairs & Maintenance	0.55	0.50
Payment to Non-executive Directors		
- Sitting Fees for Board Meetings	0.03	0.05
- Sitting Fees for Committee Meetings	0.13	0.16
Secretarial Expenses	0.13	0.17
Advertisement & Business Promotion	0.20	0.45
Printing & Stationery	0.18	0.45
Postage and Courier Charges	0.02	0.04
Payment to Auditors		
- Statutory Audit Fee	0.09	0.09
- Other Services	0.04	0.05
Insurance Premium	0.71	0.97
Legal & Professional Charges	2.63	6.71
General Expenses	0.13	0.31
Exchange Rate Difference (Net)	1.20	0.04
Office Maintenance	4.64	6.38
Donation	-	0.03
Vehicle Maintenance	0.31	0.57
Loss on Sale of Assets	0.28	0.14
Prior Period Expenses	0.60	-
Bad Debts	70.17	-
	<b>87.08</b>	<b>27.41</b>

**NOTE 26 : DEFERRED TAX EXPENSE (INCOME)**

Deferred Tax Liability net off Deferred Tax Asset for the year	27.61	(24.00)
	<b>27.61</b>	<b>(24.00)</b>

**NOTE 27 : CONTINGENT LIABILITIES**

- a. Estimated amount of liability on capital contracts: ₹ 2.88 Crores (Previous year ₹ 2.92 Crores)
- b. Corporate Guarantees given to Banks in respect of loans taken by other Companies: ₹ 3,290.54 Crores (Previous year ₹ 3,170.22 Crores)
- c. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them: ₹ 159.16 Crores (Previous year ₹ 175.58 Crores)
- d. The company has imported capital goods at concessional rate of customs duty under the Export Promotion Credit Guarantee (EPCG) scheme against submission of bank guarantees. In terms of the scheme, the company is obliged to export goods/services of certain FOB value as specified in the said scheme. As at the year end, the company has the following unfulfilled export obligations under the scheme:



(₹ In Crores)

As at		As at		Due date of Obligation
31-Mar-14		31-Mar-13		
Duty saved	Export obligation	Duty saved	Export obligation	
-	-	0.12	0.95	3-Jan-15
0.14	1.13	0.14	1.13	27-Feb-15
1.73	13.83	1.73	13.83	20-May-18
0.31	2.47	0.31	2.47	20-May-18

e. Claims not acknowledged as debts by the Company: ₹ 84.19 Crores (Previous year ₹ 78.15 Crores)

f. Income Tax Demand

**Tax on Income**

(₹)

Assessment Year	Tax Demand	Amount Paid under Protest			Forum Where Dispute is Pending
		Till 31-Mar-13	During 2013-14	Till 31-Mar-14	
2002 - 03	8,926,848	9,659,367	-	9,659,367	CIT(Appeal)
2008 - 09	5,276,990	5,276,990	-	5,276,990	CIT(Appeal)
2009 - 10	3,896,457	3,896,457	-	3,896,457	CIT(Appeal)
2010 - 11	21,334,868	-	-	-	Only Draft Order Received
2011 - 12	108,037,110	-	-	-	CIT(Appeal)

**Tax Deducted at Source**

(₹)

Assessment Year	Tax Demand	Amount Paid under Protest			Forum Where Dispute is Pending
		Till 31-Mar-13	During 2013-14	Till 31-Mar-14	
1996 - 97	21,503	4,931	-	4,931	ITO – TDS
1997 - 98	2,368,619	2,317,682	-	2,317,682	ITO – TDS
1998 - 99	1,628,830	842,934	-	842,934	ITO – TDS
1999 - 00	1,857,640	581,282	-	581,282	ITO – TDS
2000 - 01	442,820	65,440	-	65,440	ITO – TDS

**NOTE 28 : BORROWINGS FROM BANKS AND OTHERS**

- a) The South Indian Bank issued notice under SARFAESI Act, in respect of term loan and interest amounting to ₹ 18.92 Crores and subsequently taken possession of the property of the Company situated at Thiruvannamiyur, having carrying cost of ₹ 0.45 Crores on account of continued default by the Company. The Bank had issued a tender-cum-auction sale notice for which the Company has protested that the properties are undervalued.
- b) The State Bank of Mauritius Limited recalled the term loan and interest amounting to ₹ 24.45 Crores, since the Company defaulted in payment of principal and interest. Subsequently the loan was assigned to Pegasus Assets Reconstruction Private Limited ('the ARC'). Since the revised terms of restructure with the ARC is yet to be finalised, the loan is included in Current Maturities of long term of borrowings in Note 10 and the Company continues to provide interest at the rates originally charged by the Bank.
- c) The Allahabad Bank, one of the EPC Consortium lenders, recalled the Cash Credit facility, WCTL and FITL term loans amounting in total to ₹ 172.02 Crores and subsequently issued notice under SARFAESI Act.
- d) SICOM Limited recalled the term loan and interest amounting to ₹ 45.13 Crores during the year and subsequently issued notice under SARFAESI Act.
- e) IFCI Venture Capital Limited has recalled the term loan of ₹ 18.64 Crores during the year.
- f) The term loan availed from Punjab National Bank having outstanding balance of ₹ 44.61 Crores as on 31-Mar-2014 has become Non Performing Asset during the year.
- g) State Bank of Hyderabad has extended time for repayment of cash credit facility of ₹ 10.36 Crores outstanding as on 31-Mar-2014 by nine months ending Dec-2014.

**NOTE 29 : PREPARATION OF FINANCIAL STATEMENTS ON 'GOING CONCERN' BASIS**

The Company has recorded a Net Loss of ₹ 263.80 Crores for the year ended 31-Mar-2014 and ₹ 36.03 Crores for the year ended 31-Mar-2013. The Company has defaulted in the payments due to Banks, Financial Institution and others towards principal and interest and statutory dues. Further there were lower cash inflows from existing projects. Management is confident that the Company will be able to generate profit and cash in future years and meet its financial obligation as they arise. The financial statements have been prepared on a going concern basis based on cumulative input of the following business potential and mitigating factors:

- a) The EPC division of the Company has an order book of ₹ 2795.08 Crores. Further local and international bids are being planned leveraging the experience gained through execution of Marine, Infrastructure and Industrial EPC.
- b) The business of the Company was appraised and due diligence done by Dun & Bradstreet in the previous year.
- c) The Company has adequate resources and construction equipments and manpower to execute the projects on hand and with the work experience to its credit is eligible to undertake new projects.
- d) The Company is also in the process of generating cash through equity disinvestment in operating SPVs and realisation of advances given to subsidiaries which have commenced new residential and plotted development projects.

**NOTE 30 : INVESTMENT AND ADVANCE/RECEIVABLES DUE FROM SUBSIDIARY COMPANIES**

- 1) The Company has invested in equity amounting to ₹169.18 Crores in **New Chennai Township Private Limited**, a wholly owned subsidiary as on 31-Mar-2014. The Company has advanced an amount of ₹ 237.93 Crores as subordinated loan to the subsidiary and ₹ 57.32 Crores is carried forward as receivables as on 31-Mar-2014. The said subsidiary has incurred losses in the financial year ended 31-Mar-2014 and 31-Mar-2013, which has resulted in negative net-worth as on 31-Mar-2014. The subsidiary company has obtained valuation report for the assets of the Company, from an approved valuer, which supports the carrying value such investment and loan outstanding as on 31-Mar-2014. The Company has tied up for setting up a world class research institute in the Multi-services SEZ and is negotiating with new customers for its light engineering/multi services SEZ. Accordingly, the financial statements of the subsidiary Company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary company as at 31-Mar-2014.



- 2) The Company has invested in equity amounting to ₹ 136.72 Crores in **Riverside infrastructure (India) Private Limited**, subsidiary of the Company. The Company has advanced an amount of ₹ 28.59 Crores as subordinated loan to the subsidiary and ₹ 59.74 Crores is carried forward as receivables as on 31-Mar-2014. The Mall project of the subsidiary was suspended throughout the year and the Riverside Mall property of the said company has been taken into possession by the Banks during the year, as the company defaulted in payments of dues to Banks/Financial Institutions towards principal and interest. The management is taking efforts for resuming the project and is in discussion with strategic partners for this purpose. Accordingly, the financial statements of the subsidiary Company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary company as at 31-Mar-2014.
- 3) The Company has invested in equity amounting to ₹ 54.05 Crores in **MARG Properties Limited**, wholly owned subsidiary of the Company. The Company has advanced an amount of ₹ 33.84 Crores as loan to the subsidiary and ₹ 11.94 Crores is carried forward as receivables as on 31-Mar-2014. The Company has recorded a Net Loss of ₹ 4.54 Crores for the year ended 31-Mar-2014, which has resulted in negative net-worth as on 31-Mar-2014. The loans of the company have been restructured by Banks with moratorium for principal and the Management is confident that the Company will be able to generate profit from its projects and cash in future years and meet its financial obligation as they arise. Accordingly, the financial statements of the subsidiary company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary company as at 31-Mar-2014.
- 4) The Company has invested in equity amounting to ₹ 0.14 Crores and an amount of ₹ 107.92 Crores is advanced as loan to its subsidiaries/fellow subsidiaries and ₹ 4.38 Crores is carried forward as receivables as on 31-Mar-2014, which have provided land owned by them as security for the loans availed from lenders. As the borrowing company defaulted in repayment of such loans, the land owned by these subsidiaries may be attached/sold which may adversely affect the recoverability of the investment/advance. However as on date no such action has been initiated by the banks and accordingly, the financial statements of such subsidiaries have been prepared on 'Going concern' basis and management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from these subsidiaries as at 31-Mar-2014.

**NOTE 31**

- a) The Company executed a construction contract at Agra for DG MAP, a project of the Government of India which is terminated during the year. The Company has receivables of ₹ 2.02 crores and work in progress of ₹ 13.99 Crores as on 31-Mar-2014 relating to this project. Inventory of materials amounting to ₹ 2.01 Crores and plant and machinery amounting to ₹ 2.14 Crores as on 31-Mar-2014 are withheld at site by the client. The Company is in the process of making claim under arbitration and the management is of the opinion that the above amount is considered good and recoverable and hence no provision is made as on 31-Mar-2014.
- b) The Company executed a construction contract at Dwaraka for M/s HSCC (India) Limited, a project of the Government of India, in respect of which the Company has filed arbitration claim. The Company has receivables of ₹ 0.60 Crores and work in progress of ₹ 1.04 Crores as on 31-Mar-2014 relating to this project and the Company has made a claim under arbitration. The management is of the opinion that the above amount is considered good and recoverable and hence no provision is made as on 31-Mar-2014.

**NOTE 32 : DEFERRED TAX LIABILITY**

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
<b>Outstanding Deferred Tax Liability (Net) as at the beginning of the year (A)</b>	<b>(18.51)</b>	<b>5.49</b>
Add : Provision for Current Year Liabilities (Assets)		
Timing difference on account of Depreciation	1.05	2.00
Reversal of Timing difference on account of Employee Benefits	0.02	0.56
Timing difference on account of Employee Benefits	-	(0.02)
Reversal of Timing difference on account of Business Loss	20.71	-
Reversal of Timing difference on account of Unabsorbed Depreciation	5.83	-
Timing difference on account of Business Loss	-	(20.71)
Timing difference on account of Unabsorbed Depreciation	-	(5.83)
<b>Sub-total (B)</b>	<b>27.61</b>	<b>(24.00)</b>
<b>Outstanding Deferred Tax Liability (Asset) [Net] as at the end of the year (A+B)</b>	<b>9.10</b>	<b>(18.51)</b>



**NOTE 33 : INFORMATIONS UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

**NOTE 34 :**

In the opinion of the Management, Current Assets, Loans & Advances have a value on realization equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.

**NOTE 35 : SEGMENT REPORTING**

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

**NOTE 36 : REMUNERATION TO DIRECTORS**

As the company has incurred losses for the Financial Year 2013-14 no remuneration is paid to the Managing Director. (Previous Year Nil)

**NOTE 37 : EMPLOYEE BENEFITS**

**A. GRATUITY**

- i) The Company does not maintain any fund to pay for Gratuity
- ii) Amount recognised in the Profit and Loss A/c is as under:

Particulars	(₹ In Crores)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Current Service Cost	(0.07)	0.30
Interest Cost	0.08	0.14
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss Recognised in the Year	(0.19)	(1.05)
Transitional Liability Recognised in the Year	-	-
Past Service Cost - Non-Vested Benefits	-	-
Past Service Cost - Vested Benefits	-	-
<b>Expenses Recognised in Profit and Loss Account</b>	<b>(0.18)</b>	<b>(0.61)</b>

- iii) Movement in the liability recognized in the Balance Sheet during the year

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
Opening Net Liability	1.02	1.76
Expense as above	(0.18)	(0.61)
Contribution paid	(0.22)	(0.13)
<b>Closing Net Liability</b>	<b>0.62</b>	<b>1.02</b>

- iv) Net Assets /Liability in Balance Sheet as at the year end

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
Present value of the obligation	0.62	1.02
Fair value of plan assets	-	-
Difference	0.62	1.02
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
<b>Liability Recognized in the Balance Sheet</b>	<b>0.62</b>	<b>1.02</b>



v) For determination of gratuity liability of the Company the following actuarial assumption were used:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		
[Expressed as weighted averages]		
Discount Rate	8.50%	8.50%
Salary Escalation Rate	2.00%	2.00%
Attrition Rate	5.00%	30.00%

**B. LEAVE ENCASHMENT**

- i) The Company does not maintain any fund to pay for leave encashment  
 ii) Amount recognised in the Profit and Loss A/c is as under:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
(₹ In Crores)		
Current Service Cost	0.04	0.18
Interest Cost	0.05	0.10
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss Recognised in the Year	(0.16)	(0.33)
Transitional Liability Recognised in the Year	-	-
Past Service Cost - Non-vested Benefits	-	-
Past Service Cost - Vested Benefits	-	-
<b>Expenses Recognised in Profit and Loss Account</b>	<b>(0.07)</b>	<b>(0.05)</b>

iii) Movement in the liability recognised in Balance Sheet during the year:

Particulars	As At 31-Mar-14	As At 31-Mar-13
(₹ In Crores)		
Opening Net Liability	0.74	1.21
Expense as above	(0.06)	(0.06)
Contribution Paid	(0.28)	(0.41)
<b>Closing Net Liability</b>	<b>0.40</b>	<b>0.74</b>

iv) Net Assets/Liability in Balance Sheet as at the year end:

Particulars	As At 31-Mar-14	As At 31-Mar-13
(₹ In Crores)		
Present Value of the Obligation	0.40	0.74
Fair Value of Plan Assets	-	-
Difference	0.40	0.74
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost - Non-vested Benefits	-	-
<b>Liability Recognised in the Balance Sheet</b>	<b>0.40</b>	<b>0.74</b>



v) For determination of leave encashment liability of the Company the following actuarial assumptions were used:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		
[Expressed as weighted averages]		
Discount Rate	8.50%	8.50%
Salary Escalation Rate	2.00%	2.00%
Attrition Rate	5.00%	30.00%

#### NOTE 38 : NON-CASH TRANSACTIONS

During the year loan of ₹ Nil Crores (Previous year ₹ 121.95 Crores) given to subsidiaries of the company was converted into Share Application Money and out of which ₹ Nil Crores (Previous year ₹ 22.95 Crores) were allotted to equity shares.

#### NOTE 39 : RELATED PARTY DISCLOSURES

**A.** Subsidiaries, where control existed during the year - Annexure A

**B. Associates:**

Rajakamanglam Thurai Fishing Harbour Private Limited

**C. Key Management Personnel (KMP)**

G R K Reddy-Chairman & Managing Director (CMD)

**D. Relative of Key Management Personnel**

1. V P Rajini Reddy-wife of the CMD
2. G Raghava Reddy-father of the CMD

**E. Entities over which KMP and/or their relatives exercise control:**

1. Akshya Infrastructure Private Limited
2. Avinash Constructions Private Limited
3. Exemplarr Worldwide Limited
4. Jeevan Habitat Private Limited
5. Marg Capital Markets Limited
6. Marg Foundation
7. Noble Habitat Private Limited
8. Swarnabhoomi Academic Institutions

**F. Entities over which KMP and/or their relatives exercise significant influence:**

1. Global Infoserv Limited
2. Marg Digital Infrastructure Private Limited
3. Marg Projects and Infrastructure Limited
4. Marg Realities Limited





**G. Transactions with the related parties during the year in the ordinary course of the business:**

(₹ In Crores)

Particulars	Transactions						Entities over which KMP and Relatives have control / significant influence	
	Subsidiaries		Step Down Subsidiaries		Associates			KMP and Relatives
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Services Rendered	54.58	234.55	-	-	-	-	0.09	1.33
Sale of Land	5.15	0.71	-	-	-	-	-	-
Lease Rental Income	0.57	1.39	-	-	-	-	-	-
Dividend Received	0.01	0.01	-	-	-	-	-	-
Interest Received	3.21	43.09	0.33	6.69	-	-	-	-
Interest Paid	-	-	-	-	-	0.87	0.74	0.20
Contracts and Services Received	2.16	24.64	-	-	-	-	0.66	4.14
Allocation of Common Expenses	5.92	14.08	-	-	-	-	-	-
Contract Advances Received [Net]	-	55.92	-	-	-	-	-	-
Advance to Supplier	-	-	-	0.60	-	-	-	0.67
Remuneration, Commission & Sitting Fee	-	-	-	-	-	0.11	0.12	-
Due on account of Share Invoked	-	-	-	-	-	2.48	3.36	1.13
Purchase / Sale of Fixed Assets	-	5.09	-	-	-	-	-	(0.22)
Share Application Money Given / (Refunded)	(0.31)	88.35	-	-	-	-	-	-
Investments Made in Equity	0.02	80.45	-	-	-	-	-	-
Investments Made in CCPS	-	-	-	-	-	-	-	-
Purchase of CCPS Shares	-	10.50	-	-	-	-	-	-
Sale of Equity Shares	-	10.50	-	-	-	-	-	-
Equity Investment Sold	-	40.91	-	-	-	-	-	-
Loans & Advances Made / (Repaid) [Net]	(17.51)	47.83	1.04	0.85	-	(2.22)	8.74	5.10
Loans Received / (Repaid) [Net]	-	-	-	-	-	-	-	6.00
Guarantees and Collaterals Issued	79.25	315.68	(1.80)	-	-	-	(65.00)	59.82
Guarantees and Collaterals Received	(23.30)	41.28	-	25.16	-	-	-	-



Particulars	(₹ In Crores)									
	Subsidiaries		Step Down Subsidiaries		Associates		KMP and Relatives		Entities over which KMP and Relatives have control / significant influence	
	As At		As At		As At		As At		As At	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Investments in Equity	528.93	528.91	-	-	_*	_*	-	-	-	1.59
Investments in CCPS	37.90	37.90	-	-	-	-	-	-	-	-
Share Application Money	135.08	135.39	-	-	-	-	-	-	-	-
Dividend Receivable	0.52	0.47	-	-	-	-	-	-	-	-
Trade Receivables	164.89	287.55	4.38	4.38	-	-	-	-	0.04	-
Trade Payables	35.70	32.79	-	-	-	-	-	-	0.20	1.45
Loans & Advances Receivable	383.44	400.95	53.79	52.59	1.10	1.10	-	-	1.38	1.38
Loans Payable	-	-	-	-	-	-	7.30	8.81	5.95	5.28
Remuneration, Commission & Sitting Fees Payable	-	-	-	-	-	-	0.20	0.09	-	-
Due on account of Share Invoked	-	-	-	-	-	-	5.84	3.36	3.34	1.13
Advance to Suppliers	-	-	0.10	0.26	-	-	-	-	0.67	-
Contract Advances Received (Net)	167.44	223.58	-	-	-	-	-	-	-	-
Guarantees Issued	3,167.67	3,088.42	-	1.80	-	-	-	-	80.00	80.00
Guarantees and Collaterals Received	272.16	295.46	145.72	130.91	-	-	-	-	959.02	1,024.82

\* Includes ₹ 39,000/-



**NOTE 40 : CASH & CASH EQUIVALENTS**

Cash & Cash Equivalents include the following which are not available for ready use by the Company as at the Balance Sheet date:

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
Margin money	8.58	28.58
Fixed Deposit with Bank	2.08	5.30
Unclaimed Dividend with bank	0.22	0.22
	10.88	34.10

**NOTE 41 : EMPLOYEES STOCK OPTIONS SCHEME(ESOP)**

a) The Company has Employee Stock Option Scheme (the “Scheme”) for all eligible employees of the Company and its subsidiaries. Options are issued at a price of not less than 50% of the prevailing market price of the shares on the date of the grant of options and the same will vest over a period of three years as under:

Block I	Block II	Block III
Year 1	Year 2	Year 3
30%	30%	40%

b) Options are to be exercised within 2 years from date of vesting. 500,000 equity shares have been earmarked to be granted under the scheme and against the same options as under were granted:

Grant No.	Date of Grant	No of Options Granted	Grant Price (₹)	Outstanding Options as on 31-Mar-14
I	15-Oct-07	1,97,006	100	-
II	23-Oct-07	2,100	100	-
III	8-Nov-07	3,475	120	-
IV	12-Nov-07	3,000	130	-
V	17-Nov-07	4,500	160	-
VI	8-Dec-07	6,370	200	-
VII	19-Feb-08	19,890	200	-
VIII	3-Oct-09	250,844	75	28,319

**c) Shares Reserved for Issue of Options:**

Particulars	Date of Issue	Grant Price (₹)	As At 31-Mar-14 Nos	As At 31-Mar-13 Nos	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
Equity Shares of ₹ 10/- each	3-Oct-09	75	28,319	72,821	0.03	0.07
			28,319	72,821	0.03	0.07



**NOTE 42: OPERATING LEASES**

a) Cancelable Lease:

Total rental charges under cancelable operating lease was ₹0.81 Crores and ₹3.25 Crores for the 4th quarter and year ended 31-Mar-14 respectively (Previous year ₹1.13 Crores and ₹3.10 Crores).

b) Non Cancelable lease:

The Company has taken office building under non-cancelable operating lease. The lease rental expense during the year was ₹0.34 Crores (Previous year ₹2.76 Crores). The future minimum lease payments in respect of this lease as at 31-Mar-14 are as follows:

	(₹ In Crores)	
Future Obligations	As At 31-Mar-14	As At 31-Mar-13
Not later than one year	-	0.22
Later than one year not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>-</b>	<b>0.22</b>

**NOTE 43 : AUDITORS' REMUNERATION**

Following are the details of Auditors' remuneration:

	(₹ In Crores)	
Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Statutory Audit Fee	0.09	0.09
Tax Audit Fee	-	0.02
Certification	0.03	0.03
Reimbursement of Expenses	0.01	0.01
<b>Total</b>	<b>0.13</b>	<b>0.15</b>

**NOTE 44 : FOREIGN CURRENCY TRANSACTIONS**

	(₹ In Crores)	
Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>a) Value of Imports calculated on CIF Basis :</b>		
i) Components, embedded goods and spare-parts	-	2.33
ii) Capital goods	-	-
<b>b) Expenditure in foreign currencies:</b>		
i) Traveling expenses	0.43	0.06
ii) Technical / Professional & Conference Expenses	-	-
iii) Hire Charges	-	22.09
<b>c) Income in foreign currencies:</b>		
Dividend from Subsidiary	-	-

**NOTE 45 : EARNINGS PER SHARE (EPS)**

	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>a. Profit After Tax (₹ In Crores)</b>		
For Basic EPS	(263.80)	(36.03)
For Diluted EPS	(263.80)	(36.03)
<b>b. Weighted average number of equity shares (Nos in Lacs)</b>		
For Basic EPS	381.19	381.19
<b>Adjustment for Diluted EPS</b>		
Add: Weighted average number of potential shares on account of Employee Stock Options	0.31	0.32
For Diluted EPS	<b>381.50</b>	<b>381.51</b>

**c. Earning Per Share (₹)**

Basic	(69.21)	(9.45)
Diluted	(69.21)	(9.45)

**d. Nominal Value Per Share (₹)**

10.00	10.00
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**NOTE 46 : INFORMATIONS PURSUANT TO SECTION 212(8) OF COMPANIES ACT**

Information of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investments (except in case of investment in subsidiaries) (f) turnover (g) profit (loss) before taxation (h) provision for taxation (i) profit (loss) after taxation and (j) proposed dividend for each subsidiary is furnished in Annexure B to the accounts.

**NOTE 47 : INFORMATIONS PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT**

Disclosure as required by Clause 32 of listing agreement with stock exchanges for loans and advances given by the company are given in Annexure A.

**NOTE 48 : INFORMATIONS PURSUANT TO PART II OF SCHEDULE VI OF COMPANIES ACT**

The activities of the company are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act 1956.

**NOTE 49 : FOREIGN CURRENCY EXPOSURES**

The Company does not use any derivative instruments to hedge its foreign currency exposures.

The details of foreign currency balances which are not hedged as at the balance sheet date are as under:

Particulars	As At 31-Mar-2014		As At 31-Mar-2013	
	USD in Crores	INR in Crores	USD in Crores	INR in Crores
Creditors for Services	(0.56)	(33.88)	(0.56)	(30.66)
Advance to Creditors for Spares import	0.04	2.62	0.04	2.37
Loan given to Subsidiary	0.31	18.34	0.30	16.58
Dividend Receivable	0.01	0.52	0.01	0.47
<b>Total</b>	<b>(0.20)</b>	<b>(12.40)</b>	<b>(0.20)</b>	<b>(11.24)</b>

Conversion rate applied:

1 USD = ₹ 60.0998 (Previous year ₹ 54.3893)

**NOTE 50 : PRESENTATION OF PREVIOUS YEAR'S FIGURES**

Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to bring them in conformity with the current year figures.

As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-14

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*

# Annexure A

## Details of Investments and Disclosure as required by clause 32 of Listing Agreement with Stock Exchanges

Name of the Company	Investments in Equity					Loans & Advances Given	
	Face Value (₹)	As At 31-Mar-14 No of Shares (Lacs)	As At 31-Mar-13 No of Shares (Lacs)	As At 31-Mar-14 (₹ in Crores)	As At 31-Mar-13 (₹ in Crores)	Amount Outstanding As at 31-Mar-14 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ in Crores)
<b>Name of the Subsidiary Company</b>							
Amir Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.25	3.25
Anumanthai Beachside Resorts Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
Anuttam Academic Institutions (Formerly Anuttam Constructions Private Limited)	10	0.10	0.10	0.01	0.01	0.20	0.22
Arohi Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	11.33	11.33
Atul Institutions of Learning (Formerly Atul Infrastructure Private Limited)	10	0.10	0.10	0.01	0.01	3.67	3.67
Avatar Constructions Private Limited	10	0.10	0.10	0.01	0.01	2.05	2.18
Bharani Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.39	0.40
Darpan Educational Institutions (Formerly Darpan Houses Private Limited)	10	0.10	0.10	0.01	0.01	1.95	1.95
Dasha Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	7.64	7.64
Future Parking Private Limited	10	24.99	24.99	2.50	2.50	-	-
Hilary Constructions Private Limited	10	0.10	0.10	0.01	0.01	0.09	0.34
Karaikal Port Private Limited	10	2,497.94	2,497.94	249.79	249.79	0.13	0.13
Karaikal Power Company Private Limited	10	0.10	0.10	0.01	0.01	3.01	3.01
Kirtidhara Academic Institutions (Formerly Kirtidhara Infrastructure Private Limited)	10	0.10	0.10	0.01	0.01	0.01	0.01
Marg Aviations Private Limited	10	0.10	0.10	0.01	0.01	-	2.51
Marg Industrial Clusters Limited	10	0.50	0.50	0.05	0.05	0.01	0.01
Marg Infrastructure Developers Limited	10	0.50	0.50	0.05	0.05	0.01	0.01
Marg Marine Infrastructure Limited	10	0.50	0.50	0.05	0.05	0.01	0.01
Marg International Dredging PTE Ltd	SIG \$ 1	173.52	173.52	57.33	57.33	18.27	19.77
Marg Sri Krishnadevaraya Airport Private Limited	10	0.10	0.10	0.01	0.01	1.33	1.33
Marg Logistics Private Limited	10	0.10	0.10	0.01	0.01	4.96	8.54
Marg Properties Limited	10	0.50	0.50	0.05	0.05	33.84	65.17
Marg Swamabhoomi Port Private Limited	10	0.11	0.11	0.01	0.01	-	2.32
Marg Trading PTE Ltd	SIG \$ 1	0.06	0.01	0.03	0.00	0.07	0.07
Mukta Academic Institutions Private Limited (Formerly Mukta Infrastructure Private Limited)	10	0.10	0.10	0.01	0.01	12.95	12.95
Navrang Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	2.00	2.00
New Chennai Township Private Limited	10	1,200.00	1,200.00	120.00	120.00	237.93	266.68
Parivar Apartments Private Limited	10	0.10	0.10	0.01	0.01	0.95	0.95
Riverside Infrastructure (India) Private Limited	10	1,367.25	1,367.25	136.73	136.73	28.59	28.59
Shubham Vihar Private Limited	10	0.10	0.10	0.01	0.01	2.48	2.48
Signa Infrastructure India Limited	10	0.37	0.37	0.04	0.04	-	-
Swatantra Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	6.29	6.29
Yuva Constructions Private Limited	10	0.10	0.10	0.01	0.01	-	-
				<b>566.83</b>	<b>566.81</b>	<b>383.44</b>	<b>453.83</b>

## Annexure A

### Details of Investments and Disclosure as required by clause 32 of Listing Agreement with Stock Exchanges

Name of the Company	Investments in Equity				Loans & Advances Given		
	Face Value (₹)	As At 31-Mar-14 No of Shares (Lacs)	As At 31-Mar-13 No of Shares (Lacs)	As At 31-Mar-14 (₹ in Crores)	As At 31-Mar-13 (₹ in Crores)	Amount Outstanding As at 31-Mar-14 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ In Crores)
<b>Fellow Subsidiaries / Step down Subsidiaries of Marg Properties Ltd</b>							
Aprati Constructions Private Limited	-	-	-	-	-	2.56	2.56
Aroopa Infradevelopers Private Limited	-	-	-	-	-	4.20	4.20
Magnamopus Infrastructure Private Limited	-	-	-	-	-	14.82	14.82
Marg Business Park Private Limited	-	-	-	-	-	2.73	2.73
O M R Developers Private Limited	-	-	-	-	-	5.03	5.03
Sarang Infradevelopers Private Limited	-	-	-	-	-	24.27	26.78
MARG Hotels and Service Apartments Private Limited	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>53.61</b>	<b>56.12</b>
<b>Fellow Subsidiaries / Step down Subsidiaries of Marg Logistics Private Limited</b>							
Advance Infradevelopers Private Limited	-	-	-	-	-	-	-
Agni Infradevelopers Private Limited	-	-	-	-	-	-	-
Akhil Infrastructure Private Limited	-	-	-	-	-	-	-
Ambar Nivas Private Limited	-	-	-	-	-	-	-
Archana Infradevelopers Private Limited	-	-	-	-	-	-	-
Ashram Infradevelopers Private Limited	-	-	-	-	-	-	-
Comex Infrastructure Private Limited	-	-	-	-	-	0.18	0.18
Darshan Homes Private Limited	-	-	-	-	-	-	-
Guiding Infradevelopers Private Limited	-	-	-	-	-	-	-
Kanchanajunga Infradevelopers Private Limited	-	-	-	-	-	-	-
Navita Estates Private Limited	-	-	-	-	-	-	-
Rainbow Habitat Private Limited	-	-	-	-	-	-	-
Saptajit Projects Private Limited	-	-	-	-	-	-	-
Shikha Infrastructure Private Limited	-	-	-	-	-	-	-
Sulekh Constructions Private Limited	-	-	-	-	-	-	-
Talin Infradevelopers Private Limited	-	-	-	-	-	-	-
Uttarak Infradevelopers Private Limited	-	-	-	-	-	-	-
Vyan Infracore Projects Private Limited	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>0.18</b>	<b>0.18</b>

## Annexure A

### Details of Investments and Disclosure as required by clause 32 of Listing Agreement with Stock Exchanges

Name of the Company	Investments in Equity				Loans & Advances Given		
	Face Value (₹)	As At 31-Mar-14 No of Shares (Lacs)	As At 31-Mar-13 No of Shares (Lacs)	As At 31-Mar-14 (₹ in Crores)	As At 31-Mar-13 (₹ in Crores)	Amount Outstanding As at 31-Mar-14 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ in Crores)
<b>Name of the Associate Company</b>							
Rajakamangalam Thurai Fishing Harbour Private Limited*	10	0.04	0.04	0.00	0.00	1.10	1.10
<b>Total</b>				<b>0.00</b>	<b>0.00</b>	<b>1.10</b>	<b>1.10</b>
<b>Name of the Other Company</b>							
Marg Foundation	-	-	-	-	-	1.38	1.38
<b>Total</b>				<b>-</b>	<b>-</b>	<b>1.38</b>	<b>1.38</b>

\*Investments includes ₹ 39,000/- as at 31-Mar-14 & 31-Mar-13



## Annexure B

### Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies

(₹ in lacs)

Sl	Name of the Subsidiary Company	Capital	Reserves	Share / Warrant Application Money Pending For Allotment	Total Assets	Total Liabilities	Investments	Turnover *	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed/ Interim Dividend
1	<b>Name of the Subsidiary Company</b> Amir Constructions Private Limited	1.00	241.86 (1.76)	-	584.98	342.13	-	-	(2.27)	-	(2.27)	-
2	Anumanthai Beachside Resorts Private Limited	1.00	-	-	0.21	0.96	-	-	(0.27)	-	(0.27)	-
3	Anuttam Academic Institutions (Formerly Anuttam Constructions Private Limited)	1.00	286.95	-	1,222.30	934.35	-	-	(1.69)	-	(1.69)	-
4	Arohi Infrastructures Private Limited	1.00	(1,175.38)	9.00	5,277.01	6,442.40	5,000.00	-	(426.72)	-	(426.72)	-
5	Atul Institutions of Learning (Formerly Atul Infrastructure Private Limited)	1.00	163.69	-	535.44	370.75	-	-	(0.62)	-	(0.62)	-
6	Avatar Constructions Private Limited	1.00	230.17	-	1,234.39	1,003.22	-	-	0.19	0.06	0.19	-
7	Bharani Infrastructure Private Limited	1.00	5.31	-	697.88	691.57	-	2.00	1.59	-	1.59	-
8	Darpan Educational Institutions (Formerly Darpan Houses Private Limited)	1.00	180.10	-	387.36	206.26	-	0.01	(1.75)	-	(1.75)	-
9	Dasha Infradevelopers Private Limited	1.00	248.54	-	1,023.91	774.37	-	-	(1.44)	-	(1.44)	-
10	Future Parking Private Limited	490.00	23.14	-	2,195.12	1,681.99	-	26,379.64	7.03	2.53	4.50	-
11	Hilary Constructions Private Limited	1.00	149.55	-	2,986.34	2,835.79	-	-	(0.45)	-	(0.45)	-
12	Karaikal Port Private Limited**	69,843.99	(4,282.65)	-	240,087.45	174,526.11	-	0.04	(6,628.48)	-	(6,628.48)	-
13	Karaikal Power Company Private Limited	1.00	(0.59)	-	311.03	310.62	-	0.04	0.11	-	0.11	-
14	Kirtidhara Academic Institutions (Formerly Kirtidhara Infrastructure Private Limited)	1.00	359.84	-	811.96	451.12	-	-	(1.99)	-	(1.99)	-
15	Marg Aviations Private Limited	1.00	0.08	-	2.84	1.76	-	-	2.28	-	2.28	-
16	Marg Industrial Clusters Limited	5.00	(0.01)	-	6.67	1.67	-	-	(0.29)	0.00	(0.29)	-
17	Marg Infrastructure Developers Limited	5.00	0.01	-	6.68	1.67	-	-	(0.29)	0.00	(0.29)	-
18	Marg Marine Infrastructure Limited	5.00	0.74	-	7.50	1.76	-	0.03	0.64	0.24	0.44	-
19	Marg International Dredging PTE Ltd**	5,733.00	(1,307.61)	-	20,059.38	15,633.99	-	5,701.31	(3,127.58)	-	(3,127.58)	-
20	Marg Sri Krishnadevaraya Airport Private Limited	1.00	(1.40)	-	2,252.95	2,253.34	-	4,813.03	(0.57)	-	(0.57)	-
21	Marg Logistics Private Limited	1.00	118.10	3,180.62	6,868.08	3,568.35	18.00	-	(222.36)	-	(233.96)	-
22	Marg Properties Limited	5.00	(426.68)	5,400.00	24,868.99	19,890.67	7.00	-	(454.27)	-	(453.94)	-
23	Marg Swarnabhoomi Port Private Limited	1.25	(95.71)	-	7.02	101.48	-	-	(94.63)	-	(94.63)	-
24	Marg Trading PTE Ltd**	2.56	(24.59)	-	4,380.17	4,402.20	-	-	(6.66)	-	(6.66)	-
25	Mukta Academic Institutions Private Limited (Formerly Mukta Infrastructure Private Limited)	1.00	(215.92)	-	1,168.60	1,383.52	-	215.50	(1.78)	19.69	(21.46)	-
26	Navrang Infrastructure Private Limited	1.00	(3.02)	-	203.54	205.56	-	-	(0.91)	-	(0.91)	-
27	New Chennai Township Private Limited	12,000.00	(16,320.78)	4,918.45	99,630.29	99,032.62	-	-	(22,574.15)	169.12	(22,743.26)	-
28	Parivar Apartments Private Limited	1.00	(2.13)	-	96.96	98.09	-	-	(0.53)	-	(0.53)	-
29	Riverside Infrastructure (India) Private Limited	16,300.00	1,514.21	-	58,558.61	40,744.39	-	10.44	2.73	5.28	(2.54)	-
30	Shubham Vihar Private Limited	1.00	641.44	-	1,165.48	523.04	-	-	(2.26)	-	(2.26)	-
31	Signa Infrastructure India Limited	5.00	34.94	-	50.72	10.78	-	-	1.22	0.42	0.80	-
32	Swatantra Infrastructure Private Limited	1.00	924.13	-	1,568.20	643.07	-	-	6.49	2.04	4.45	-
33	Yuva Constructions Private Limited	1.00	23.41	-	25.83	1.42	-	-	(0.39)	-	(0.39)	-

## Annexure B

Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies

SI	Name of the Subsidiary Company	Capital	Reserves	Share / Warrant Application Money Pending For Allotment	Total Assets	Total Liabilities	Investments	Turnover *	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed / Interim Dividend
	<b>Fellow Subsidiaries / Step down Subsidiaries</b>											
1	Aprati Constructions Private Limited	1.00	(17.22)	-	386.61	402.83	-	-	(2.00)	31.57	(33.56)	-
2	Advance Infradevelopers Private Limited	1.00	(2.02)	-	257.46	258.48	-	-	(1.33)	-	(1.33)	-
3	Agni Infradevelopers Private Limited	1.00	(1.99)	-	342.68	343.67	-	-	(1.36)	-	(1.36)	-
4	Akhil Infrastructure Private Limited	1.00	(1.99)	-	1,112.98	1,113.96	-	-	(0.24)	-	(0.24)	-
5	Ambar Nivas Private Limited	1.00	(2.14)	-	540.00	541.13	-	-	(0.29)	-	(0.29)	-
6	Archana Infradevelopers Private Limited	1.00	(2.40)	-	369.68	371.08	-	-	(1.46)	-	(1.46)	-
7	Aroopa Infradevelopers Private Limited	1.00	18.91	-	447.18	427.27	-	-	(0.13)	-	(0.13)	-
8	Ashram Infradevelopers Private Limited	1.00	(0.95)	-	5.16	5.12	-	-	(0.18)	-	(0.18)	-
9	Comex Infrastructure Private Limited	1.00	6.81	-	41.79	33.97	-	-	(14.71)	1.16	(15.88)	-
10	Darshan Homes Private Limited	1.00	(1.12)	-	246.37	246.49	-	-	(0.17)	-	(0.17)	-
11	Guiding Infradevelopers Private Limited	1.00	4.27	-	193.25	187.98	-	-	(0.11)	-	(0.11)	-
12	Kanchanajunga Infradevelopers Private Limited	1.00	(1.26)	-	359.22	359.48	-	-	0.83	0.27	0.57	-
13	Magnumopus Infrastructure Private Limited	1.00	(13.43)	-	1,572.57	1,585.00	-	-	(12.77)	-	(12.77)	-
14	Marg Business Park Private Limited	1.00	151.46	-	2,481.74	2,329.27	-	646.74	113.77	22.76	91.01	-
15	MARG Hotels and Service Apartments Private Limited	1.00	(0.53)	-	0.93	0.46	-	-	(0.08)	-	(0.08)	-
16	Navita Estates Private Limited	1.00	(1.88)	-	1,724.11	1,724.98	-	-	(0.31)	-	(0.31)	-
17	O M R Developers Private Limited	1.00	(2.12)	-	999.80	1,000.92	-	-	(6.38)	-	(6.38)	-
18	Rainbow Habitat Private Limited	1.00	(1.46)	-	940.43	940.89	-	-	(0.25)	-	(0.25)	-
19	Saptajit Projects Private Limited	1.00	(1.34)	-	16.56	16.90	-	-	(0.25)	-	(0.25)	-
20	Sarang Infradevelopers Private Limited	1.00	(34.70)	-	4,040.56	4,074.26	0.14	16.36	(34.27)	-	(34.27)	-
21	Shikha Infrastructure Private Limited	1.00	(0.92)	-	5.21	5.14	-	-	(0.29)	-	(0.29)	-
22	Sulekh Constructions Private Limited	1.00	7.28	-	8.79	0.52	-	8.38	7.96	-	7.96	-
23	Talin Infradevelopers Private Limited	1.00	(4.02)	-	13.50	16.52	-	-	(1.48)	-	(1.48)	-
24	Uttarak Infradevelopers Private Limited	1.00	(9.72)	-	21.42	30.14	-	-	(9.01)	-	(9.01)	-
25	Vyan Infraprojects Private Limited	1.00	(12.91)	-	26.26	38.18	-	-	(12.22)	-	(12.22)	-

\* Turnover includes Other Income

\*\* Unaudited and Certified by Management

# Independent Auditors' Report

To  
The Board of Directors of MARG Limited

We have audited the accompanying consolidated financial statements of MARG Limited ("the Company") and its subsidiaries and associates (hereinafter referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis of Qualified Opinion:

*The Audit report of Mukta Infrastructure Private Limited, subsidiary company, has been qualified by us as the company has not provided for impairment loss of ₹ 7.70 Crores on land held as on 31st March, 2014, which is not in accordance with Accounting Standard (AS 28) "Impairment of assets". Consequently the assets are overstated by ₹ 7.70 Crores and loss for the year and the accumulated losses are understated by ₹ 7.70 Crores as on 31st March, 2014.*

*The Audit report of Arohi Infrastructure Private Limited, subsidiary company, has been qualified by us as the Company has not provided for premium payable on redemption of debentures for the year ended 31st March, 2014 amounting to ₹ 2.36 Crores (PY ₹ 4.93 Crores) which is not in accordance with Accounting Standard 16 "Borrowing Costs". This resulted in understatement of losses for the year by ₹ 2.36 Crores (PY ₹ 4.93 Crores) and understatement of liabilities and accumulated losses as on 31st March, 2014 by ₹ 7.29 Crores (PY ₹ 4.93 Crores).*

*The Audit report of Riverside Infrastructure (India) Private Limited, Subsidiary Company, has been qualified by us; Attention is invited to Note 38, regarding the project of the company suspended throughout the year and possession of the property taken by company's bankers during the year. However, the company capitalised interest on loans amounting to ₹ 41.84 Crores and other expenses of ₹ 3.32 Crores during the year ended 31st March, 2014, which is not in accordance with Accounting Standard (AS-16) "Borrowing Costs" and Accounting Standard (AS-10) "Accounting for Fixed Assets" respectively. Accordingly, the assets of the company are overstated by ₹ 45.16 Crores and loss for the year ended 31st March, 2014 and the accumulated losses are understated by ₹ 45.16 Crores as on 31st March, 2014.*

*The Audit report of Marg Logistics Private Limited, Subsidiary Company, has been qualified by us; Attention is invited to Note 40 regarding certain unreconciled amount of ₹ 0.60 Crores relating to equipment loan availed from a lender. Pending reconciliation of such amount, which is included in 'other advances', we are unable to form an opinion on the matter.*

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the financial statements of the subsidiaries, *except for the effects of the matters described in the Basis of Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to the following notes to financial statements,

- a) Note 32 regarding investments in and advances and receivables due from some of its subsidiaries aggregating to ₹ 946.83 Crores as on 31st March, 2014. No provision for diminution/recoverability is considered necessary for reasons stated therein.
- b) Note 33 regarding preparing financial statements on 'Going concern' basis. The accompanying financial statements have been prepared on a going concern basis, after giving due considerations to all matters more fully explained in the said note.
- c) Note 34 regarding property of the subsidiary companies audited by us, mentioned in the said note, provided as security for various loans taken by other companies. The financial statements of those subsidiaries have been prepared on a going concern basis after giving due considerations to matters more fully explained in aforesaid note.
- d) Note 35 regarding property of the subsidiary companies audited by other auditors, mentioned in the said note, provided as security for various loans taken by other companies. The financial statements of those subsidiaries have been prepared on a going concern basis after giving due considerations to matters more fully explained in aforesaid note.
- e) Note 39 regarding deductions made/amount withheld by some customers aggregating to ₹ 2.62 Crores which are being carried as trade receivables. The company is also carrying work-in-progress inventory of ₹ 15.03 Crores and assets withheld at site of ₹ 4.15 Crores relating to these customers. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required there against.
- f) Note 41 regarding, the Companies mentioned therein, which were converted and obtained license under Section 25 of the Companies Act, 1956 during the year. However the security provided by the Company for loan taken by the Holding Company/Fellow Subsidiary Company continues to be in force.

## Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 14.28 Crores (PY ₹ 730.78 Crores) as at 31st March, 2014, total revenues of ₹ 0.06 Crores (PY ₹ 277.67 Crores) and net cash inflows amounting to ₹ 0.04 Crores (PY ₹ 47.95 Crores) for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

The financial statements of three subsidiaries, Karaikal Port Private Limited, subsidiary incorporated in India and Marg International Dredging Pte Limited and Marg Trading Pte Limited, subsidiaries incorporated outside India, whose financial statements reflect total assets (net) of ₹ 699.65 Crores (PY ₹ 75.38 Crores) as at 31st March, 2014, total revenues of ₹ 263.80 Crores (PY ₹ 22.09 Crores) and net cash outflows of ₹ 46.10 Crores (PY ₹ 6.05 Crores) for the year ended 31st March, 2014, have not been audited and have been certified by the management and have been furnished to us, and our report, in so far as it relates to the amounts included in respect these companies are based solely on certified financial statements.

## For K RAMKUMAR & CO.,

Chartered Accountants

Firm's Reg No:02830S

## (R M V Balaji)

Partner

Membership No: 27476

Place : Chennai

Date : 30-May-2014



CONSOLIDATED BALANCE SHEET

Particulars	Note	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	3	38.12	38.12
Reserves & Surplus	4	(358.74)	199.14
<b>MINORITY INTEREST</b>		450.89	468.84
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	5	2,641.11	3,126.87
Deferred Tax Liability ( Net )	6	16.32	-
Other Long-Term Liabilities	7	19.84	17.57
Long-Term Provisions	8	2.49	3.34
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	9	258.27	206.51
Trade Payables	10	271.14	309.76
Other Current Liabilities	11	1,701.65	896.23
Short-Term Provisions	12	13.52	11.94
		<b>5,054.61</b>	<b>5,278.32</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill (on Consolidation)		16.54	16.54
Fixed Assets:	13		
Tangible Assets		1,780.96	1,762.20
Intangible Assets		2.35	3.14
Capital Work In Progress		1,396.50	1,354.74
Non-Current Investments	14	1.84	1.84
Deferred Tax Assets (Net)	6	-	13.09
Long-Term Loans and Advances	15	33.39	26.24
Other Non-Current Assets	16	-	50.53
<b>CURRENT ASSETS</b>			
Current Investments	17	0.08	0.07
Inventories	18	775.07	716.52
Trade Receivables	19	303.18	481.39
Cash & Cash Equivalents	20	60.12	137.65
Short-Term Loans & Advances	21	683.70	713.39
Other Current Assets	22	0.88	0.98
		<b>5,054.61</b>	<b>5,278.32</b>

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-2014

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



CONSOLIDATED PROFIT & LOSS ACCOUNT

Particulars	Note	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>INCOME</b>			
Income from Operations	23	573.67	941.40
Other Income	24	4.77	66.30
		<b>578.44</b>	<b>1,007.70</b>
<b>EXPENDITURE</b>			
Cost of Projects / Operating Expenses	25	390.62	747.07
Personnel Expenses	26	25.72	32.42
Depreciation and Amortisation	13	72.38	68.23
Finance Cost	27	377.85	266.62
Other Expenses	28	106.12	68.54
		<b>972.69</b>	<b>1,182.88</b>
<b>PROFIT (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(394.25)</b>	<b>(175.18)</b>
Exceptional Items		(149.27)	(3.44)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>(543.52)</b>	<b>(178.62)</b>
<b>TAX EXPENSES</b>			
Current Tax		0.35	3.19
Taxes - Prior Period		2.19	0.40
Deferred Tax	29	29.41	(25.20)
<b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (A)</b>		<b>(575.47)</b>	<b>(157.01)</b>
Profit (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
<b>PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUING OPERATIONS (B)</b>		<b>-</b>	<b>-</b>
<b>PROFIT (LOSS) FOR THE PERIOD (A+B)</b>		<b>(575.47)</b>	<b>(157.01)</b>
<b>EARNINGS PER SHARE</b>			
Basic (Face Value ₹ 10/-)		<b>(150.97)</b>	<b>(41.18)</b>
Diluted (Face Value ₹ 10/-)		<b>(150.97)</b>	<b>(41.15)</b>

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-2014

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



CONSOLIDATED CASH FLOW STATEMENT

S No	Particulars	Year Ended 31-Mar-14 (₹ in Crores)	Year Ended 31-Mar-13 (₹ in Crores)
<b>A</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
	<b>Net Profit (Loss) before Taxation and extraordinary Item</b>	<b>(543.52)</b>	<b>(178.62)</b>
	<b>Adjustment for:</b>		
	Depreciation	72.62	68.50
	Net Unrealised (Gain) Loss on Exchange Rate Fluctuations	(0.23)	(0.14)
	Exchange (Gain) Loss on Translation of Foreign Subsidiaries	10.55	6.69
	Net Unrealised Loss (Profit) Decline in Investments	0.05	0.05
	Net Unrealised Loss (Profit) on transaction in earlier years	-	(2.76)
	Dividend Income	-	(0.01)
	Profit on sale of Assets	(0.14)	(0.38)
	Profit on Sale of Investment	-	(62.69)
	Loss on sale of Fixed Assets	5.28	5.46
	Fixed Assets Written off	47.05	-
	Charges for Employee Stock option	(0.33)	(0.25)
	Finance Cost (Net)	377.85	266.62
	<b>Operating Profit before Working Capital Changes</b>	<b>(30.82)</b>	<b>102.17</b>
	Decrease (Increase) in Inventories	(58.54)	(38.45)
	Decrease (Increase) in Trade Receivables	178.60	55.26
	Decrease (Increase) in Other Non-Current Assets	50.53	39.42
	Decrease (Increase) in Short-term Loans & Advances	25.99	(254.27)
	Decrease (Increase) in Long-term Loans & Advances	1.24	(0.65)
	Increase (Decrease) in Trade Payable	(38.62)	147.37
	Increase (Decrease) in Other Current Liabilities	13.84	(285.88)
	Increase (Decrease) in Short-Term Provisions	(0.46)	0.09
	Increase (Decrease) in Other Long-Term Liabilities	2.27	(1.85)
	Increase (Decrease) in Long-Term Provisions	(0.90)	(1.21)
	<b>Cash Generated from Operations</b>	<b>143.13</b>	<b>(237.70)</b>
	Income Tax	(0.22)	(30.73)
	<b>Cash Flow before extraordinary items</b>	<b>142.91</b>	<b>(268.43)</b>
	Adjustment for extraordinary Items	-	-
	<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>142.91</b>	<b>(268.43)</b>
<b>B</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
	Purchase of Fixed Assets	(173.46)	(383.41)
	Goodwill on Consolidation	-	(4.95)
	Dividend Received	-	0.01
	Sale of Investments in Subsidiaries and Others	(0.06)	64.28
	Proceeds from Sale of Fixed Assets (Net)	1.83	2.19
	<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<b>(171.69)</b>	<b>(321.88)</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	Proceeds from Share Premium	-	4.95
	Proceeds from Issue of Share to Minorities	(0.01)	166.85
	Proceeds from Long Term Borrowings (Net)	123.28	829.11
	Proceeds from Short Term Borrowings (Net)	51.76	(178.68)
	Finance Cost Paid (Net)	(223.78)	(231.65)
	Dividend & Dividend Tax Paid	-	(0.01)
	<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(48.75)</b>	<b>590.57</b>
	Net Increase in Cash and Cash Equivalents (A+B+C)	(77.53)	0.26
	Cash and Cash Equivalents at beginning of Year	137.65	137.39
	Cash and Cash Equivalents at end of Year	60.12	137.65



**Note:**

- 1 Cash Flow Statement is prepared under the Indirect Method in accordance with Accounting Standard - 3.
- 2 Depreciation includes amount transferred to 'Cost of Projects'.
- 3 Cash and cash equivalents not available for immediate use as on the Balance Sheet date are shown in Note 45 of Notes to the Financial Statements.

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As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

**R M V BALAJI**

**Partner**

Membership No. 27476

Place : Chennai

Date : 30-May-14

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



**NOTE 1 : PRINCIPLES OF CONSOLIDATION**

In respect of property development and / or Construction contracts, the Company follows percentage completion method as per Accounting Standard 7 issued by the Institute of Chartered Accountants of India. The percentage of completion is stated on the basis of physical measurement of work actually completed/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.

- a. The Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income & expenses as per the respective financial statements duly certified by the Auditors of the respective Companies after fully eliminating intra group balances and also transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- b. Minority Interests’ share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from the liabilities and equity of the Company’s shareholders.
- c. The difference between the cost of investment in subsidiaries and the proportionate share in the equity of the investee Company as at the date of acquisition is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.
- d. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.
- e. Investments in Associates are accounted under the Equity Method. The excess of cost of investment over the proportionate share in equity of the Associate as on the date of acquisition of stake is identified as Goodwill and is disclosed in the Consolidated Financial Statements. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits if such associates are not accounted for unless the accumulated losses(not accounted for by the group) are recouped.
- f. “The Consolidated Financial Statements” have been prepared using the uniform accounting policies for the like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s individual financial statements.
- g. In case of foreign subsidiaries, being Integral foreign operations, Income and Expenditure items are consolidated by using monthly average rates. The Monetary items are translated using the rate prevailing at the balance sheet date. Non monetary items are translated at the rates prevailing on the date of transaction. The resultant exchange gain or loss is recognised in the Consolidated Statement of Profit & Loss.
- h. The details of the Subsidiary Companies considered in the consolidated financial statements are listed in the Annexure.

**NOTE 2 : SIGNIFICANT GROUP ACCOUNTING POLICIES****2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a. The Financial Statements are prepared under historical cost convention on accrual basis and going concern concept and materially comply with Accounting Standards (AS) as mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- b. Use of Estimates: The preparation of financial statements requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement & reported income and expenses during the reporting period. Examples of such estimates includes provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.



## 2.2. REVENUE RECOGNITION

- a. In respect of property development and / or Construction contracts, the Company follows percentage completion method as per Accounting Standard 7 issued by the Institute of Chartered Accountants of India. The percentage of completion is stated on the basis of physical measurement of work actually completed/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.
- b. Revenue from Port operation services is recognized as and when the services are rendered.
- c. In cases of long term leases of land where land lease/sub-lease transactions are non-cancellable in nature, the income is recognized at the inception of lease / sub-lease agreement or when the Memorandum of Understanding takes effect. The entire income being the non-refundable upfront premium is recognized. In respect of these lands, the corresponding cost of the land is expensed off in the Profit and Loss Account.
- d. Dividend income is recognized when the right to receive the payment is established.
- e. In respect of other incomes, accrual system of accounting is followed.

## 2.3 FIXED ASSETS, DEPRECIATION & IMPAIRMENT

- a. The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition / installation of the assets and improvement thereon less depreciation.
- b. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
- c. Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.
- d. Cost of port assets, viz., Buildings, Marine structures and Dredged Channel is amortized over the initial period of the Concession Agreement of 30 years commencing from "Commercial date of Operations" (COD), June 1, 2009.
- e. All assets individually costing ₹ 5,000/- or below are fully depreciated in the year it is put to use.
- f. Cost of assets not put to use before the year end are show under capital work in progress.
- g. Intangible assets comprising SAP software and other computer software are stated at cost of acquisition less accumulated amortisation. The SAP software cost is amortised over a period of five years on a pro-rata basis.
- h. The Company assesses at each balance sheet date whether there is any indication that a non-land asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating divisions which the assets belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and recognized in the Statement of Profit & Loss.



## 2.4 LEASES

### OPERATING LEASES

The Company is obligated under cancelable and non-cancelable leases for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee. Lease expenses are charged to the profit and loss account on a straight line basis over the lease term.

The Company leases office facilities and residential space/facilities under cancelable operating lease agreements. Assets subject to operating leases are included under fixed assets or current assets as appropriate. Lease income is recognized in the Statement of Profit & Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit & Loss.

### FINANCE LEASES

Assets acquired on Finance Lease, which transfers risks and rewards of ownership to the Company are capitalized as assets by the Company at the lower of Fair value of leased property or the Present value of the related lease payments.

Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on remaining balance of liability.

## 2.5 VALUATION OF CLOSING STOCK

- a. Raw Material: Raw Material, Stores and Spares are valued at Weighted Average Cost. Cost comprises all costs of purchase
- b. Project Land: The land not yet transferred to any project cost is valued at lower of cost/ estimated cost, and net realisable value.
- c. Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.
- d. Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

## 2.6 INVESTMENTS

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current Investments are shown at cost or market value whichever is lower.

## 2.7 EMPLOYEE BENEFITS

### a. Short Term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the bonus, exgratia are recognized in the period in which the employee renders service.

### b. Post employment benefits

#### (i) Provident Fund

The Company's contribution to Provident Fund is deposited with the Regional Provident Fund Commissioner and is charged to Profit and Loss account every year.

#### (ii) Gratuity

The Company is having Defined Benefit plan for the Gratuity and the provision is made based on actuarial valuation in accordance with the AS-15 of The Institute of Chartered Accountants of India.

#### (iii) Leave Encashment

Provision for leave encashment in respect of unavailed leave standing to the credit of employees is made on actuarial basis in accordance with AS-15 of The Institute of Chartered Accountants of India.



## 2.8 TAX ON INCOME

- a. The accounting treatment for income tax in respect of Company's income is based on the Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax on income for the current period is determined on the basis of Taxable Income computed in accordance with the provisions of the Income Tax Act 1961.
- b. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In respect of Companies availing tax deduction under Section 80 of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but reverse after the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

## 2.9 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted on the exchange rate prevailing at the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit & Loss.

## 2.10 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are considered as part of the cost of the asset/project. All the other borrowing costs are treated as period cost and charged to Profit and Loss account in the year in which they are incurred.

## 2.11 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

- i) The Company has a present obligation as a result of a past event;
- ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed.

## 2.12 EMPLOYEE STOCK COMPENSATION COST

In respect of the stock options granted by the Company, the intrinsic value of the options (excess of market price over the exercise price) of the shares is treated as employee compensation cost and is amortised over the vesting period, in accordance with Guidelines issued by SEBI in this regard.

## 2.13 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.



Particulars	As At	As At	As At	As At
	31-Mar-14 Nos	31-Mar-13 Nos	31-Mar-14 (₹ In Crores)	31-Mar-13 (₹ In Crores)

**NOTE 3 : SHARE CAPITAL**

**3.1 Authorised, Issued, Subscribed and Paid up Capital:**

**Authorised Capital**

Equity Shares face value of ₹ 10/- each	50,000,000	50,000,000	50.00	50.00
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**Issued, Subscribed and Paid up Capital**

Equity Shares face value of ₹ 10/- each	38,118,926	38,118,926	38.12	38.12
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**3.2 Reconciliation of number of Equity Shares Outstanding:**

Shares Outstanding at the beginning of the year	38,118,926	38,118,926
Add: Shares Allotted during the year	-	-
Shares Outstanding at the end of the year	<u>38,118,926</u>	<u>38,118,926</u>

**3.3 Shareholders holding more than 5% Equity Shares:**

Sl	Name of the Shareholders	As At 31-Mar-14		As At 31-Mar-13	
		Nos	%	Nos	%
1	G R K Reddy	1,253,057	3.29%	3,608,007	9.47%
2	Akshya Infrastructure Private Limited	3,024,798	7.94%	3,897,836	10.23%
3	Global Infoserv Limited	1,648,000	4.32%	2,927,000	7.68%
4	MARG Capital Markets Limited	1,493,000	3.92%	2,513,000	6.59%
5	G R K Reddy & Sons (HUF)	2,266,000	5.94%	2,266,000	5.94%
6	Reliance Capital Trustee Co Ltd - Reliance Infrastructure Fund	-	0.00%	1,155,400	3.03%

**3.4 Shares Reserved for Issue of Option:**

Details of share reserved for issue under the Employees Stock Options plans (ESOPs) of the Company are given in Note 46.

Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
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**NOTE 4 : RESERVES & SURPLUS**

**4.1 Securities Premium Account:**

Opening Balance	350.30	345.99
Add: Addition during the year	-	4.31
Less: Transferred to Minority Interest	8.65	8.65
	<u>341.65</u>	<u>341.65</u>

**4.2 General Reserve:**

Opening Balance	28.69	28.69
Add: Transferred from the Profit and Loss Account*	-	-
Less: Transferred to Minority Interest	0.01	0.01
	<u>28.68</u>	<u>28.68</u>

\*Includes ₹ 20,000/- as at 31-Mar-14 and 31-Mar-13.



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>4.3 Employees Share Option Outstanding:</b>		
Employees Stock Option Outstanding	0.21	0.54
Less: Deferred Employees Stock Options Compensation	-	-
	<b>0.21</b>	<b>0.54</b>
<b>4.4 Profit &amp; Loss Account:</b>		
Balance at the beginning of the year	(171.72)	(9.19)
Add: Profit (Loss) for the Year	(575.47)	(157.01)
Less: Proposed Dividend on Preference Shares	0.04	0.03
Less: Dividend Tax*	-	0.01
Less: Transferred to General Reserve**	-	-
Less: Transfer to Cost of Control (on Consolidation)	-	(0.08)
Less: Transferred to Minority Interest	(17.95)	2.81
Less: Unrealised Profit on transaction in earlier years	-	2.76
Less: Share of Profit (Loss) in Associates**	-	-
Balance at the end of the year	<b>(729.28)</b>	<b>(171.73)</b>
	<b>358.74</b>	<b>199.14</b>

\*Includes ₹ 16,995/- and ₹ 76,752/- as at 31-Mar-14 and 31-Mar-13 respectively.

\*\*Includes ₹ 20,000/- as at 31-Mar-14 and 31-Mar-13.

\*\*\*Includes ₹ 3,705/- and ₹ 5,737/- as at 31-Mar-14 and 31-Mar-13 respectively.

## NOTE 5 : LONG-TERM BORROWINGS

### 5.1 Secured Loans:

8.5% (Previous Year 8%) Optionally Convertible Debentures*	-	23.84
Secured by way of charge on movable & immovable properties and also charge on hypothecation of inventories, advances, receivables and other current assets*		
[5,000,000 units (Previous year 5,000,000 units) of Face Value of ₹ 100/- each (Previous year ₹ 100)]		

\*Classified as current maturities of long term borrowings as on 31-Mar 2014 (Refer Note 11)

### Term Loans:

#### From Banks & Financial Institutions:

Secured by way of charge on rentals, mortgage / hypothecation of movable & immovable properties*	2,546.59	3,026.32
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#### From Others:

Secured by way of charge on movable & immovable properties*	71.71	58.76
	<b>2,618.30</b>	<b>3,108.92</b>

\* Loans Guaranteed by Directors

### 5.2 Unsecured Loans:

#### From Banks & Financial Institutions:

Loans From Bank	11.66	6.80
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#### From Others:

Loans From Other Companies**	11.15	11.15
	<b>22.81</b>	<b>17.95</b>
	<b>2,641.11</b>	<b>3,126.87</b>

\*\*Brought in as promoter's contribution of sacrifice on restructuring of working capital limits for EPC Division of the Holding Company from consortium of the bank and sub-ordinate to such limits.



### 5.3 Repayment Terms (including current maturities) of Optionally Convertible Debentures:

Arohi Infrastructure Private Limited (Subsidiary) has issued Optionally Convertible Debenture (OCD) to Tata Capital Financial Services Ltd (Subscriber) for ₹ 50 crores for a tenure of 48 months.

The repayment or partial repayment of the OCD facility arises on exercise of Call Option by the company or put option by the Subscriber (Tata Capital Financial Services Ltd) by giving 30 days advance notice in writing as under:

- On any Date falling on or after expiry of 18 month after the closing date in respect of Debenture having face value of 16.67% of the issued debentures.
- On any Date falling on or after expiry of 24 month after the closing date in respect of Debenture having face value of 16.67% of the issued debentures.
- On any Date falling on or after expiry of 30 month after the closing date in respect of Debenture having face value of 16.67% of the issued debentures.
- On any Date falling on or after expiry of 36 month after the closing date in respect of Debenture having face value of 16.67% of the issued debentures.
- On any Date falling on or after expiry of 42 month after the closing date in respect of Debenture having face value of 33.32% of the issued debentures.

On non exercise of the Call Option or Put Option by the Issuer or the Subscriber respectively either fully or partially on any of the dates mentioned above, the balance shall be cumulated and exercisable on any of the subsequent Call Option or Put Option dates.

### 5.4 Repayment Terms (including current maturities) of Secured Loans:\*

#### Term Loans from Banks & Financial Institutions:

- 1) Loan of ₹ 35.80 crores payable in 16 quarterly instalments ending Mar-18.
- 2) Loan of ₹ 5.33 crores payable in 16 quarterly instalments ending Mar-18.
- 3) Loan of ₹ 50.02 crores payable in 10 quarterly instalments ending Jul-16.
- 4) Loan of ₹ 158.64 crores payable in 7 monthly instalments ending Mar-18.
- 5) Loan of ₹ 25.56 crores payable in 16 quarterly instalments ending Mar-18.
- 6) Loan of ₹ 190.16 crores payable in 16 quarterly instalments ending Mar-18.
- 7) Loan of ₹ 25.24 crores payable in 14 quarterly instalments ending Mar-18.
- 8) Loan of ₹ 71.36 crores payable in 18 quarterly instalments ending Sep-17.
- 9) Loan of ₹ 10.42 crores payable in 18 quarterly instalments ending Sep-17.
- 10) Loan of ₹ 67.15 crores payable in 102 months instalments ending Mar-22.
- 11) Vehicle Loan of ₹ 0.17 Crore is repayable in monthly installments ending June-16.
- 12) Loan of ₹ 30.00 Crores is repayable in 6 monthly installments ending Sep-14.
- 13) Loan of ₹ 21.35 Crores is repayable in 6 monthly installments ending Feb-15.
- 14) Loan of ₹ 37.31 Crores is repayable in 24 monthly instalments ending Oct-17.
- 15) Vehicle Loan of ₹ 0.01 Crore is repayable in monthly installments ending June-14.
- 16) Loan of ₹ 185.10 Crores is repayable in 24 Quarterly installments ending Sep-20.
- 17) Loan of ₹ 60.80 Crores is repayable in 16 Quarterly installments ending June 19.
- 18) FITL of ₹ 43.34 Crores is repayable in 24 Quarterly installments ending Sep-20.
- 19) Vehicle Loan of ₹ 0.16 Crore is repayable in monthly installments ending June-15.
- 20) As per the consortium agreements:-
  - a) The Quarterly repayment of term loans in phase 1, phase 2A, OSV and warehouse have been restructured/clubbed and the revised repayment commences from Jun-2014 in 44 instalments.
  - b) Quarterly repayment of phase 2A extension loans commences from Dec-15 in 38 instalments.

#### Term Loans from Others:

- 1) Loan of ₹ 71.08 crores payable in 38 monthly instalments ending May-16.
- 2) Loan of ₹ 1.92 crores payable in 20 monthly instalments ending Sep-15.
- 3) Loan of ₹ 1.32 crores is repayable in 24 monthly installments ending May-16.



- 4) Loan of ₹ 11.33 crores is repayable in 33 monthly installments ending Dec-16.  
 5) Srei Loan of ₹ 13.00 crores is repayable in 45 Monthly installments ending Feb-18.  
*\*excludes loan recalled*

**5.5 Repayment Terms (including current maturities) of Unsecured Loan:\***

**Term Loans from Banks & Financial Institutions:**

Loan of ₹ 21.00 Crores (amount disbursed of ₹ 12 Crores) is repayable in 34 Quarterly installments ending Mar-23.

**Term Loans from Others:**

- 1) Loan of ₹ 10.87 crores payable in 1 installment ending Mar-18  
 2) Loan of ₹ 0.28 crores payable in 1 installment ending Mar-18

*\*excludes loan recalled*

Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 6 : DEFERRED TAX LIABILITY (ASSET) [NET]</b>		
Deferred Tax Liability	16.46	13.61
Less : Deferred Tax Asset	0.14	26.70
Net Deferred Tax Liability (Asset)	<u>16.32</u>	<u>(13.09)</u>
<b>NOTE 7 : OTHER LONG-TERM LIABILITIES</b>		
Others		
Mobilisation Deposit	7.63	8.76
Lease Deposits	12.21	8.81
	<u>19.84</u>	<u>17.57</u>
<b>NOTE 8 : LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	1.56	2.02
Leave Encashment	0.82	1.25
<b>Others</b>		
Proposed Dividend	0.10	0.06
Tax on Proposed Dividend	0.01	0.01
	<u>2.49</u>	<u>3.34</u>
<b>NOTE 9 : SHORT-TERM BORROWINGS</b>		
<b>9.1 Secured Short-term Loans:</b>		
<b>Loans Repayable on Demand:</b>		
<b>From Banks &amp; Financial Institutions:</b>		
Secured by way of charge / hypothecation of inventories, advances, receivables and other current assets of specified projects, fixed deposit receipts and immovable properties*	209.82	182.65
<b>Term Loans:</b>		
<b>From Others:</b>		
Secured by way of charge on immovable properties*	4.50	4.50
	<u>214.32</u>	<u>187.15</u>
<b>9.2 Unsecured Short-term Loans:</b>		
<b>From Others:</b>		
Loans From Other Companies	37.43	10.62
Loans From Directors	6.52	8.74
	<u>43.95</u>	<u>19.36</u>
	<u>258.27</u>	<u>206.51</u>





Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>9.3 Repayment Terms of Short Term-Loan Secured Loans:</b>		
<b>Term Loans from Banks &amp; Financial Institution:</b>		
1) Loan of ₹ 33 Crores is payable in single installment ending Mar-15.		
2) Cash credit of ₹ 10.36 Crores is repayable in 3 quarterly installments ending Dec-14.		
<b>NOTE 10 : TRADE PAYABLES</b>		
Trade Payables	271.14	309.76
	<b>271.14</b>	<b>309.76</b>
<b>NOTE 11 : OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debts	1,025.47	397.93
Interest Accrued but Not Due on Borrowings	12.96	5.15
Interest Accrued and Due on Borrowings	205.48	59.31
Other Payables		
Advances from Customers	254.86	211.76
Expenses Payable	122.00	123.95
LC Payable	43.75	9.98
Statutory Dues	22.37	75.17
Unclaimed Dividend	0.22	0.22
Due to Directors	6.20	3.69
Mobilisation Deposit	4.21	4.50
Creditors for Capital Goods	3.41	3.89
Others	0.72	0.68
	<b>1,701.65</b>	<b>896.23</b>
<b>NOTE 12 : SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
Bonus	0.23	0.24
Gratuity	0.05	0.27
Leave Encashment	0.17	0.40
<b>Others:</b>		
Income Tax	13.07	11.03
Tax on Proposed Dividend*	-	-
	<b>13.52</b>	<b>11.94</b>

\*Includes ₹ 16,223/- as at 31-Mar-14 and 31-Mar-13.



**NOTE 13 : FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31-Mar-13	Additions	Deductions / Transfers	As At 31-Mar-14	As At 31-Mar-13	For the year	Deletions	As At 31-Mar-14	As At 31-Mar-14	As At 31-Mar-13
<b>TANGIBLE ASSETS</b>										
<b>LEASED ASSETS</b>										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	3.09	0.37	-	3.46	19.17	19.54
Plant & Machinery	5.25	-	-	5.25	2.07	0.25	-	2.32	2.93	3.18
Electrical Equipment & Fittings	10.99	-	-	10.99	4.34	0.52	-	4.86	6.13	6.65
Furniture & Fixtures	9.34	-	-	9.34	4.87	0.59	-	5.46	3.88	4.47
<b>Thiruvanimiyur</b>										
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
<b>Swarnabhoomi - SEZ</b>										
Land	6.22	0.62	-	6.84	-	-	-	-	6.84	6.22
Building	143.06	5.87	-	148.93	2.55	2.60	-	5.15	143.78	140.51
<b>PORT ASSETS</b>										
Buildings	225.77	58.46	-	284.23	12.19	10.13	-	22.32	261.91	213.58
Dredged Channels	359.01	23.14	-	382.15	25.77	13.68	-	39.45	342.70	333.24
Marine Structures	505.29	8.02	-	513.31	31.98	18.07	-	50.05	463.26	473.31
Plant and Machinery	89.58	0.42	-	90.00	11.50	3.95	-	15.45	74.55	78.08
<b>OTHER ASSETS</b>										
Land	161.08	0.38	0.86	160.60	-	-	-	-	160.60	161.08
Building	8.20	-	-	8.20	2.29	0.10	-	2.39	5.81	5.91
Computers	9.72	0.13	0.19	9.66	5.45	1.36	0.18	6.63	3.03	4.27
Office Equipment	6.33	0.09	0.02	6.40	1.18	0.30	-	1.48	4.92	5.15
Furniture & Fittings	19.26	0.02	0.14	19.14	4.07	1.27	0.08	5.26	13.88	15.19
Motor Vehicles	19.62	-	6.90	12.72	6.26	1.37	2.69	4.94	7.78	13.36
Plant & Machinery	110.32	0.32	2.64	108.00	16.08	6.58	0.43	22.23	85.77	94.24
Electrical Equipment & Fittings	5.33	0.21	-	5.54	0.91	0.25	-	1.16	4.38	4.42
Dredger	203.24	-	-	203.24	29.12	10.16	-	39.28	163.96	174.12
Live Stock*	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Assets</b>	<b>1,925.92</b>	<b>97.68</b>	<b>10.75</b>	<b>2,012.85</b>	<b>163.72</b>	<b>71.55</b>	<b>3.38</b>	<b>231.89</b>	<b>1,780.96</b>	<b>1,762.20</b>
Previous Year	1,733.51	207.26	14.85	1,925.92	96.55	67.58	0.41	163.72	1,762.20	1,636.96
<b>INTANGIBLE ASSETS</b>										
Computer Software**	4.94	0.28	-	5.22	2.46	1.04	-	3.50	1.72	2.48
Port License	0.76	-	-	0.76	0.10	0.03	-	0.13	0.63	0.66
<b>Total Intangible Assets</b>	<b>5.70</b>	<b>0.28</b>	<b>-</b>	<b>5.98</b>	<b>2.56</b>	<b>1.07</b>	<b>-</b>	<b>3.63</b>	<b>2.35</b>	<b>3.14</b>
Previous Year	5.66	0.04	-	5.70	1.64	0.92	-	2.56	3.14	4.02
<b>CAPITAL WORK IN PROGRESS</b>										
<b>Total Capital work in Progress</b>	<b>1,354.74</b>	<b>89.18</b>	<b>47.42</b>	<b>1,396.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,396.50</b>	<b>1,354.74</b>
Previous Year	1,354.74	89.18	47.42	1,396.50	-	-	-	-	1,396.50	1,354.74
	1,183.19	179.76	8.21	1,354.74	-	-	-	-	1,354.74	1,183.19

\* Gross and Net Block includes of ₹ 11,700/- as on 31-Mar-14 and 31-Mar-13

\*\* Other than internally Generated



Particulars			As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 14 : NON-CURRENT INVESTMENTS</b>				
<b>14.1 Investments in Equity Shares ( Non-Quoted, Non-Trade, Stated at Cost )</b>				
	Face value (₹)	No of Shares 31-Mar-14      31-Mar-13		
<b>Investments in Associate ( Non-Quoted )</b>				
Rajakamangalam Thurai Fishing Harbour Pvt Ltd*	10	3,900	3,900	-
Add/Less: Profit/(Loss) in Associates**				-
				-
<b>In Other Companies</b>				
Catholic Syrian Bank Ltd***	10	100	20,100	-
				-
<b>14.2 Investments in Properties ( Non-Quoted, Stated at Cost )</b>				
Building			0.84	0.84
			0.84	0.84
<b>Total of Unquoted Investments</b>			<b>0.84</b>	<b>0.84</b>
<b>14.3 Investments in Debentures ( Quoted )</b>				
Srei Equipment Finance Pvt Ltd Unsecured Subordinated Non-convertible Perpetual Debentures			1.00	1.00
[10 units (Previous year 10 units) of Face Value of ₹ 1,000,000/- each (Previous year ₹ 1,000,000/- each)] [Market Price: not traded and stated at cost]				
Less : Provision for Decline in Investments			-	-
			1.00	1.00
<b>Total of Quoted Investments</b>			<b>1.00</b>	<b>1.00</b>
<b>Grand Total of Quoted and Unquoted Investments</b>			<b>1.84</b>	<b>1.84</b>
<i>*Includes ₹ 39,000/- as at 31-Mar-14 and 31-Mar-13.</i>				
<i>**Includes ₹ (33,230)/- and ₹ (29,525)/- as at 31-Mar-14 and 31-Mar-13 respectively.</i>				
<i>***Includes ₹ 13,500/- as at 31-Mar-14 and 31-Mar-13.</i>				
<b>NOTE 15 : LONG-TERM LOANS AND ADVANCES</b>				
<b>15.1 Secured and Considered Good</b>				
Capital Advance			1.08	1.30
			<b>1.08</b>	<b>1.30</b>
<b>15.2 Unsecured and Considered Good</b>				
Capital Advance			12.60	7.65
Security Deposits			9.08	10.22
Prepaid Taxes			10.63	6.97
Other Loans and Advances			-	0.10
			<b>32.31</b>	<b>24.94</b>
			<b>33.39</b>	<b>26.24</b>
<b>NOTE 16 : OTHER NON-CURRENT ASSETS</b>				
<b>Unsecured and Considered Good</b>				
Loan-term Trade Receivables			-	50.53
			-	<b>50.53</b>



Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>NOTE 17 : CURRENT INVESTMENTS</b>		
<b>Investments in Mutual Funds ( Quoted )</b>		
UTI Infrastructure Advantage Fund Series [25,462.687 units (Previous year 25,462.687 units) of Face Value of ₹ 33.50 each (Previous year ₹ 33.50 each)] [NAV as on 31-Mar-14 ₹ 29.95 each (Previous year ₹ 26.46 each)]	0.09	0.09
Less : Provision for Decline in Investments	0.01	0.02
	<b>0.08</b>	<b>0.07</b>
<b>NOTE 18 : INVENTORIES</b>		
<b>Inventories</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	24.57	43.36
Projects in Progress	750.50	673.16
	<b>775.07</b>	<b>716.52</b>
<b>NOTE 19 : TRADE RECEIVABLES</b>		
<b>Unsecured and Considered Good</b>		
Outstanding for more than 6 months	203.45	185.73
Others	99.73	295.66
<b>Doubtful</b>		
Outstanding for more than 6 months	0.58	0.21
	303.76	481.60
Less: Provision for Bad Debts	0.58	0.21
	<b>303.18</b>	<b>481.39</b>
<b>NOTE 20 : CASH &amp; CASH EQUIVALENTS</b>		
Cash Balance	0.89	0.43
Balances with Scheduled Banks		
In Current Accounts	18.96	27.06
In Current Accounts for Unclaimed Dividend	0.22	0.22
In Margin Money Accounts	23.80	43.20
In Deposit Accounts		
Deposit maturing after 12 months	13.11	61.40
Others	3.14	5.34
	<b>60.12</b>	<b>137.65</b>
<b>NOTE 21 : SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured and Considered Good</b>		
Others		
Advances to Suppliers	572.06	575.79
Advances to Staff	2.71	2.55
Other Advances Recoverable	31.96	30.52
Prepaid Expenses	5.42	8.22
Prepaid Taxes	66.35	91.03
Security Deposits	5.32	5.40
	683.82	713.51
Less: Provision for Bad Debts	0.12	0.12
	<b>683.70</b>	<b>713.39</b>
<b>NOTE 22 : OTHER CURRENT ASSETS</b>		
Interest Accrued on Deposits	0.88	0.98
	<b>0.88</b>	<b>0.98</b>



Particulars	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>NOTE 23 : INCOME FROM OPERATIONS</b>		
Income from Projects / Operations	559.74	915.57
Income from Leasing	13.93	25.83
	<b>573.67</b>	<b>941.40</b>
<b>NOTE 24 : OTHER INCOME</b>		
Profit on Sale of Investment	-	62.69
Dividend Received	-	0.01
Prior Period Income	0.51	0.54
Agricultural Income	0.16	0.10
Profit on Sale of Assets	0.14	0.38
Exchange Rate Difference*	-	-
Miscellaneous Income	3.96	2.58
	<b>4.77</b>	<b>66.30</b>
*Includes ₹ 1,201/- ₹ 7,477/- for the FY 2013-14 and 2012-13.		
<b>NOTE 25 : COST OF PROJECTS/OPERATING EXPENSES</b>		
<b>COST OF PROJECTS / OPERATING EXPENSES</b>		
<b>Opening Stock</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	43.36	67.09
Projects in Progress	673.16	605.46
	<b>716.52</b>	<b>672.55</b>
<b>Expenditure During the year</b>		
Expenditure on Projects / Operating Expenses	448.79	790.25
<b>Closing Stock</b>		
Stock of Materials, Stores, Spares and Loose Tools at Site	24.57	43.36
Projects in Progress	750.50	673.16
	<b>775.07</b>	<b>716.52</b>
<b>Cost of Projects / Operating Expenses</b>	<b>390.24</b>	<b>746.28</b>
Repairs & Maintenance-Leased Properties	0.38	0.79
	<b>390.62</b>	<b>747.07</b>
<b>NOTE 26 : PERSONNEL EXPENSES</b>		
Salaries & Allowances	21.23	26.33
Contribution to Funds	1.85	2.35
Recruitment & Training Expenses	0.17	0.05
Staff Welfare Expenses	3.48	3.93
Retirement Benefits	(0.68)	0.01
Employee Compensation Expense	(0.33)	(0.25)
	<b>25.72</b>	<b>32.42</b>
<b>NOTE 27 : FINANCE COST</b>		
Interest Expenses	376.23	264.89
Less : Interest Recovered	7.48	11.75
Net Interest	368.75	253.14
Bank & Finance Charges	9.10	13.48
	<b>377.85</b>	<b>266.62</b>



Particulars	Year Ended 31-Mar-14 (₹ In Crores)	Year Ended 31-Mar-13 (₹ In Crores)
<b>NOTE 28 : OTHER EXPENSES</b>		
Rent	3.42	5.37
Rates & Taxes	0.25	0.39
Communication Cost	1.02	1.39
Electricity Charges	2.71	3.72
Traveling and Conveyance	5.08	7.45
IT Services	0.37	1.59
Repairs & Maintenance	2.73	2.40
Payment to Non-executive Directors		
- Sitting Fees for Board Meeting	0.07	0.10
- Sitting Fees for Committee Meeting	0.14	0.19
Secretarial Expenses	0.21	0.35
Advertisement & Business Promotion	1.55	4.55
Printing & Stationery	0.30	0.68
Postage and Courier Charges	0.06	0.06
Payment to Auditors		
- Statutory Audit Fee	0.39	0.38
- Other Services	0.10	0.12
Insurance Premium	2.23	2.52
Legal & Professional Charges	4.71	10.06
General Expenses	0.34	0.63
Exchange Rate Difference	11.77	6.78
Office Maintenance	13.29	12.74
Donation	0.02	0.03
Vehicle Maintenance	0.94	1.34
Loss on Sale of Assets	5.42	5.51
Prior Period Expenses	0.57	-
Bad Debts	48.43	0.19
	<u>106.12</u>	<u>68.54</u>

**NOTE 29 : DEFERRED TAX EXPENSE (INCOME)**

Deferred Tax Liability net off Deferred Tax Asset for the year	29.41	(25.20)
	<u>29.41</u>	<u>(25.20)</u>

**NOTE 30 : CONTINGENT LIABILITIES**

- a. Estimated amount of liability on capital contracts : ₹ 1037.14 Crores (Previous year ₹ 1,281.96 Crores)
- b. Other contingent liabilities : ₹ 0.20 Crores (Previous year ₹ 0.20 Crores)
- c. Corporate Guarantees given to Banks in respect of loans taken by other Companies : ₹ 3,782.40 Crores (Previous year ₹ 3,684.29 Crores)
- d. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them : ₹ 170.78 Crores (Previous year ₹ 185.38 Crores)



(₹ In Crores)

e. The company has imported capital goods at concessional rate of customs duty under the Export Promotion Credit Guarantee (EPCG) scheme against submission of bank guarantees. In terms of the scheme, the company is obliged to export goods/services of certain FOB value as specified in the said scheme. As at the year end, the company has the following unfulfilled export obligations under the scheme:

As At 31-Mar-14		As At 31-Mar-13		Due Date of Obligation
Duty Saved	Export Obligation	Duty Saved	Export Obligation	
-	-	0.12	0.95	03-Jan-15
0.14	1.13	0.14	1.13	27-Feb-15
1.73	13.83	1.73	13.83	20-May-18
0.31	2.47	0.31	2.47	20-May-18
0.32	2.55	0.32	2.55	25-Aug-17
0.80	6.37	0.80	6.37	25-Aug-17
0.07	0.57	0.07	0.57	30-Jun-18
0.04	0.30	0.04	0.30	09-Feb-18
0.06	0.52	0.06	0.52	09-Feb-18
0.10	0.80	0.10	0.80	20-Jul-19
0.14	1.10	0.14	1.10	30-Nov-19
0.09	0.70	0.09	0.70	16-Jun-20
0.09	0.76	0.09	0.76	25-Jan-20
0.04	0.30	0.04	0.30	27-Feb-20
7.71	61.71	7.71	61.71	04-Apr-17
0.61	4.88	0.61	4.88	03-Dec-19



f. Claims not acknowledged as debts by the Company: ₹ 84.29 Crores (Previous year ₹ 78.15 Crores)

g. Income Tax Demand

**Income Tax**

(₹)

Assessment Year	Tax Demand	Amount Paid under Protest			Forum Where Dispute is Pending
		Till 31-Mar-13	During 2013-14	Till 31-Mar-14	
2002 - 03	8,926,848	9,659,367	-	9,659,367	CIT(Appeal)
2008 - 09	5,276,990	5,276,990	-	5,276,990	CIT(Appeal)
2009 - 10	3,896,457	3,896,457	-	3,896,457	CIT(Appeal)
2009 - 10	14,344,064	3,200,000	-	3,200,000	CIT(Appeal)
2010 - 11	21,334,868	-	-	-	Only Draft Order Received
2010 - 11	3,156,530	-	183,250	183,250	CIT(Appeal)
2010 - 11	12,387,254	-	200,000	200,000	CIT(Appeal)
2011 - 12	108,037,110	-	-	-	CIT(Appeal)
2011 - 12	2,400,480	-	-	-	CIT(Appeal)
2011 - 12	4,553,050	-	-	-	CIT(Appeal)

**Income Tax Deducted at Source**

(₹)

Assessment Year	Tax Demand	Amount Paid under Protest			Forum Where Dispute is Pending
		Till 31-Mar-13	During 2013-14	Till 31-Mar-14	
1996 - 97	21,503	4,931	-	4,931	ITO - TDS
1997 - 98	2,368,619	2,317,682	-	2,317,682	ITO - TDS
1998 - 99	1,628,830	842,934	-	842,934	ITO - TDS
1999 - 00	1,857,640	581,282	-	581,282	ITO - TDS
2000 - 01	442,820	65,440	-	65,440	ITO - TDS

**NOTE 31 : BORROWINGS FROM BANKS AND OTHERS:**

**1) MARG Limited**

- The South Indian Bank issued notice under SARFAESI Act, in respect of term loan and interest amounting to ₹ 18.92 Crores and subsequently taken possession of the property of the Company situated at Thiruvannamiyur, having carrying cost of ₹ 0.45 Crores on account of continued default by the Company. The Bank had issued a tender-cum-auction sale notice for which the Company has protested that the properties are undervalued.
- The State Bank of Mauritius Limited recalled the term loan and interest amounting to ₹ 24.45 Crores, since the Company defaulted in payment of principal and interest. Subsequently the loan was assigned to Pegasus Assets Reconstruction Private Limited ('the ARC'). Since the revised terms of restructure with the ARC is yet to be finalised, the loan is included in Current Maturities of long term of borrowings in Note 11 and the Company continues to provide interest at the rates originally charged by the Bank.
- The Allahabad Bank, one of the EPC Consortium lenders, recalled the Cash Credit facility, WCTL and FITL term loans amounting in total to ₹ 172.02 Crores and subsequently issued notice under SARFAESI Act.
- SICOM Limited recalled the term loan and interest amounting to ₹ 45.13 Crores during the year and subsequently issued notice under SARFAESI Act.
- IFCI Venture Capital Limited has recalled the term loan of ₹ 18.64 Crores during the year.
- The term loan availed from Punjab National Bank having outstanding balance of ₹ 44.61 Crores as on 31-Mar-2014 has become Non Performing Asset during the year.
- State Bank of Hyderabad has extended time for repayment of cash credit facility of ₹ 10.36 Crores outstanding as on 31-Mar-2014 by nine months ending Dec-2014.



**II) MARG ProperTies Limited**

- a) Term loan of ₹ 29.99 Crores outstanding as on 31-Mar-2014 with Bank of India has been restructured during the year, with holiday period till Mar-2014. The restructured loan is payable in 6 monthly installments commencing from Apr-2014.
- b) Term loan of ₹ 21.35 Crores (sanctioned limit ₹ 40 Crores) with Punjab National Bank has been restructured during the year, with holiday period till Sep-2014. The restructured loan is payable in 6 monthly instalments commencing from Sep-2014.

**III) New Chennai Township Private Limited**

- a) The Central Bank of India recalled the term loan and interest amounting to ₹ 231.70 Crores since the Company defaulted in payment of principal and interest. Subsequently the loan was assigned to Phoenix ARC Private Limited. Since the revised terms of restructure with the ARC is yet to be finalised, the loan is included in Current Maturities of Long term borrowings in Note - 11 and the Company continues to provide interest at the rates originally charged by the Bank.
- b) The State bank of Hyderabad recalled the term loan and interest amounting to ₹ 48.53 Crores, since the Company defaulted in payment of principal and interest. The said amount is included in Current Maturities of Long term borrowings in Note - 11.
- c) The Infrastructure Term Loan of ₹ 184.45 Crores availed by the Company from consortium of banks lead by Indian bank has been restructured during the previous year. The restructured loan is payable in Quarterly installments commencing from Dec-2014 with holiday period of 2 years from 01-Oct-2012 to 30-Sep-2014. The unpaid interest as on 01-Oct-2012 is converted into Funded Interest Term Loan (FITL). The interest on FITL is to be serviced on monthly basis including during initial repayment holiday period, which is in default.

**IV) Riverside Infrastructure (India) Private Limited**

The Consortium banks led by State Bank of Patiala issued notice under SARFAESI Act and further to that had taken possession of the property of the Company on account of continued default by the Company. However, subsequent to possession the bank has not initiated any further action. The lead bank State Bank of Patiala has put up the loan account for sale to an Asset Reconstruction Company (ARC).

**V) Karaikal Port Private Limited**

- a) The Quarterly repayment of term loans in phase 1, phase 2A, OSV and warehouse have been restructured and the revised repayment commences from Jun-014 in 44 instalments.
- b) Quarterly repayment of phase 2A extension loans commence from Dec-2015 in 38 instalments.

**NOTE 32 : INVESTMENTS AND ADVANCE / RECEIVABLES DUE FROM SUBSIDIARY COMPANIES**

a) The Company has invested in equity amounting to ₹ 169.18 Crores in **New Chennai Township Private Limited**, a wholly owned subsidiary as on 31-Mar-2014. The Company has advanced an amount of ₹ 237.93 Crores as subordinated loan to the subsidiary and ₹ 57.32 Crores is carried forward as receivables as on 31-Mar-2014. The said subsidiary has incurred losses in the financial year ended 31-Mar-2014 and 31-Mar-2013, which has resulted in negative net-worth as on 31-Mar-2014. The subsidiary Company has obtained valuation report for the assets of the Company, from an approved valuer, which supports the carrying value such investment and loan outstanding as on 31-Mar-2014. The Company has tied up for setting up a world class research institute in the Multi-services SEZ and is negotiating with new customers for its light engineering/multi services SEZ. Accordingly, the financial statements of the subsidiary Company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary Company as at 31-Mar-2014.

b) The Company has invested in equity amounting to ₹ 136.72 Crores in **Riverside infrastructure (India) Private Limited**, subsidiary of the Company. The Company has advanced an amount of ₹ 28.59 Crores as subordinated loan to the subsidiary and ₹ 59.74 Crores is carried forward as receivables as on 31-Mar-2014. The Mall project of the subsidiary was suspended throughout the year and the Riverside Mall property of the said Company has been taken into possession by the Banks during the year, as the Company defaulted in payments of dues to Banks/Financial Institutions towards principal and interest. The management is taking efforts for resuming the project and is in discussion with strategic partners for this purpose. Accordingly, the financial statements of the subsidiary Company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary Company as at 31-Mar-2014.



c) The Company has invested in equity amounting to ₹ 54.05 Crores in **MARG Properties Limited**, wholly owned subsidiary of the Company. The Company has advanced an amount of ₹ 33.84 Crores as loan to the subsidiary and ₹ 11.94 Crores is carried forward as receivables as on 31-Mar-2014. The Company has recorded a Net Loss of ₹ 4.54 Crores for the year ended 31-Mar-2014, which has resulted in negative net-worth as on 31-Mar-2014. The loans of the Company have been restructured by Banks with moratorium for principal and the Management is confident that the Company will be able to generate profit from its projects and cash in future years and meet its financial obligation as they arise. Accordingly, the financial statements of the subsidiary Company have been prepared on 'Going concern' basis and the management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from the said subsidiary Company as at 31-Mar-2014.

d) MARG Limited, MARG Properties Limited and MARG Logistics Private Limited have invested in equity amounting to ₹ 0.26 Crores and an amount of ₹ 152.89 Crores is advanced as loan to its subsidiaries/fellow subsidiaries and ₹ 4.38 Crores is carried forward as receivables as on 31-Mar-2014, which have provided land owned by them as security for the loans availed from Banks. As the borrowing Company defaulted in repayment of such loans, the land owned by these subsidiaries may be attached/sold which may adversely affect the recoverability of the investment/advance. However as on date no such action has been initiated by the banks and accordingly, the financial statements of such subsidiaries have been prepared on 'Going concern' basis and management is of the opinion that no provision is considered necessary at this stage in respect of investments, loans and receivables outstanding from these subsidiaries as at 31-Mar-2014.

### **NOTE 33 : PREPARATION OF FINANCIAL STATEMENTS ON 'GOING CONCERN' BASIS:**

#### **I) MARG Limited**

The Holding Company has recorded a Net Loss of ₹ 263.80 Crores for the year ended 31-Mar-2014 and ₹ 36.03 Crores for the year ended 31-Mar-2013. The Company has defaulted in the payments due to Banks, Financial Institution and others towards principal and interest and statutory dues. Further there were lower cash inflows from existing projects. Management is confident that the Company will be able to generate profit and cash in future years and meet its financial obligation as they arise. The financial statements have been prepared on a going concern basis based on cumulative input of the following business potential and mitigating factors:

- a) The EPC division of the Company has an order book of ₹ 2795.08 Crores. Further local and international bids are being planned leveraging the experience gained through execution of Marine, Infrastructure and Industrial EPC.
- b) The business of the Company was appraised and due diligence done by Dun & Bradstreet in previous year.
- c) The Company has adequate resources and construction equipments and manpower to execute the projects on hand and with the work experience to its credit is eligible to undertake new projects.
- d) The Company is also in the process of generating cash through equity disinvestment in operating SPVs and realisation of advances given to subsidiaries which have commenced new residential and plotted development projects.

#### **II) New Chennai Township Private Limited**

The Company has incurred net loss of ₹ 227.43 Crores in the financial year ended 31-Mar-2014 and ₹ 57.59 Crores in 31-Mar-2013, which has resulted in negative net-worth as on 31-Mar-2014. The Company has defaulted in payments of dues to Banks/Financial Institutions towards principal and interest and statutory dues to the Government authorities. Further there were lower cash flows from existing projects. Considering the following mitigating factors, the management considers it appropriate to prepare the financial statement of the Company on 'Going Concern' basis.

- a) The Company has tied up for setting up world class research institute in the Multi-services SEZ.
- b) The Company is negotiating with new customers for its light engineering services SEZ.
- c) The Company is in advance stage of signing up lease agreement in its multi services SEZ to set up a skill based training institute.
- d) The Company has large land bank and is exploring possibilities of its optimised exploitation.



### III) Riverside Infrastructure (India) Private Limited

The Mall project was suspended throughout the year and the Riverside Mall property of the Company has been taken into possession by the Banks during the year, as the Company has defaulted in payments of dues to Banks/Financial Institutions towards principal and interest. The management is taking efforts for resuming the project and is in discussion with strategic partners for this purpose. Accordingly, the financial statements of the Company are prepared on 'Going concern' basis.

### IV) MARG ProperTies Limited

The Company has recorded a Net Loss of ₹ 4.54 Crores for the year ended 31-Mar-2014, which has resulted in negative net-worth as on 31-Mar-2014. The Company has defaulted in payments due to Banks and others towards principal and interest and statutory dues. Further there were lower cash inflows from existing projects.

The loans of the Company have been restructured by Banks with moratorium for principal and the Management is confident that the Company will be able to generate profit from its projects and cash in future years and meet its financial obligation as they arise. Hence, the financial statements have been prepared on a going concern basis.

## NOTE 34 : PROPERTY PROVIDED AS SECURITY FOR LOANS (Audited by K Ramkumar & Co)

### 1) Amir Constructions Pvt Ltd:-

a) The Company's land of 9.39 acres having a carrying cost of ₹ 5.85 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company / Fellow Subsidiary. The said companies have defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 2) Hilary Constructions Pvt Ltd:-

a) The Company's land of 9.68 acres having a carrying cost of ₹ 5.10 Crores (including development cost) as on 31-Mar-2014, was provided as security for the loan taken from Lenders by the Fellow subsidiary Company. The Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 3) Navrang Infrastructure Pvt Ltd:-

a) The Company's land of 3.93 acres having a carrying cost of ₹ 1.75 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 4) Akhil Infrastructure Pvt Ltd:-

a) The Company's land of 37.59 acres having a carrying cost of ₹ 11.12 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Fellow subsidiary Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.



**5) Ambar Nivas Pvt Ltd:-**

a) The Company's land of 13.10 acres having a carrying cost of ₹ 5.40 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Fellow subsidiary Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**6) Aprati Constructions Pvt Ltd:-**

a) The Company's land of 0.34 acres having a carrying cost of ₹ 3.87 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Ultimate Holding Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**7) Aroopa Infradevelopers Pvt Ltd:-**

a) The Company's land of 0.955 acres having a carrying cost of ₹ 4.01 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Ultimate Holding Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**8) Kanchanajunga Infradevelopers Pvt Ltd:-**

a) The Company's land of 14.142 acres having a carrying cost of ₹ 3.16 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Fellow subsidiary Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**9) Marg Business Park Pvt Ltd:-**

a) The Company's land of 12.76 acres having a carrying cost of ₹ 4.61 Crores (including development cost/project work in progress) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Ultimate Holding Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**10) Navita Estates Pvt Ltd:-**

a) The Company's land of 32.462 acres having a carrying cost of ₹ 9.01 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the ultimate Holding Company and Fellow subsidiary Company. The said companies have defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.



b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**11) OMR Developers Pvt Ltd:-**

a) The Company's land of 1.86 acres having a carrying cost of ₹ 7.56 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the ultimate Holding Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**12) Rainbow Habitat Pvt Ltd:-**

a) The Company's land of 31.89 acres having a carrying cost of ₹ 9.40 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the fellow subsidiary Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**13) Sarang Infradevelopers Pvt Ltd:-**

a) The Company's land of 43.03 acres having a carrying cost of ₹ 39.34 Crores (including development cost/project work in progress) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Company and Ultimate Holding Company. The Company and Ultimate Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. However as on date no such action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**14) Arohi Infrastructure Pvt Ltd:-**

a) The Company's land of 0.91 acres having a carrying cost of ₹ 2.47 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company/fellow subsidiary Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 0.91 acres provided as security, notice under SARFAESI Act has been issued for 0.75 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**15) Avatar Constructions Pvt Ltd:-**

a) The Company's land of 31.24 acres having a carrying cost of ₹ 12.26 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 31.24 acres provided as security, notice under SARFAESI Act has been issued for 15.24 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.



**16) Dasha Infradevelopers Pvt Ltd:-**

a) The Company's land of 14.06 acres having a carrying cost of ₹ 9.60 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 14.06 acres provided as security, notice under SARFAESI Act has been issued for 8 .47 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**17) Swatantra Infrastructure Pvt Ltd:-**

a) The Company's land of 30.52 acres having a carrying cost of ₹ 14.00 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 30.52 acres provided as security, notice under SARFAESI Act has been issued for 23.64 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**18) Magnumopus Infrastructure Pvt Ltd:-**

a) The Company's land of 28.17 acres having a carrying cost of ₹ 14.96 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Company and Ultimate Holding Company. The Company and Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. The Company has received notice under SARFAESI Act during the year.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**NOTE 35 : PROPERTY PROVIDED AS SECURITY FOR LOANS (Audited by Other Auditors)**

**1) Anuttam Constructions Pvt Ltd:-**

a) The Company's land of 31 acres having a carrying cost of ₹ 11.84 Crores(including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 31 acres provided as security, notice under SARFAESI Act has been issued for 23.2 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

**2) Bharani Infrastructure Pvt Ltd:-**

a) The Company's land of 9.75 acres having a carrying cost of ₹ 2.20 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. The Company has received notice under SARFAESI Act during the year.



b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 3) Darpan Houses Pvt Ltd:-

a) The Company's land of 7.00 acres having a carrying cost of ₹ 3.87 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company and Fellow Subsidiary Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 7.00 acres provided as security, notice under SARFAESI Act has been issued for 4.00 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 4) Kirtidhara Infrastructure Pvt Ltd:-

a) The Company's land of 15.63 acres having a carrying cost of ₹ 7.61 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. The Company has received notice under SARFAESI Act during the year.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 5) Mukta Infrastructure Pvt Ltd

a) The Company's land of 14.96 acres having a carrying cost of ₹ 7.75 Crores (including development cost) as on 31-Mar-2014 was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 14.96 acres provided as security, notice under SARFAESI Act has been issued for 8.02 acres.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 6) Shubham Vihar Pvt Ltd:-

a) The Company's land of 10.34 acres having a carrying cost of ₹ 8.16 Crores (including development cost) was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. The Company has received notice under SARFAESI Act during the year.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice under SARFAESI Act, no further action has been initiated by the lenders and the management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

### 7) Atul Infrastructure Pvt Ltd:-

a) The Company's land of 14.78 acres having a carrying cost of ₹ 5.35 Crores (including development cost) as on 31-Mar-2014, was provided as security for the loan taken from Lenders by the Holding Company. The Holding Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. Out of the 14.78 acres provided as security, notice under SARFAESI Act has been issued for 12.34 acres and possession is taken by the Lenders.



b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice of possession under SARFAESI Act, the property has not been sold /auctioned and the borrower Company is taking efforts to resolve the issue. The management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

#### 8) Darshan Homes Private Ltd:-

a) The Company's land of 5.04 acres having a carrying cost of ₹ 2.46 Crores (including development cost) as on 31-Mar-2014, was provided as security for the loan taken from Lenders by the Ultimate Holding Company. The said Company has defaulted in repayment of such loans; consequently the aforesaid property of the Company is exposed to the risks of attachment / sale by the lenders. The Company has received notice under SARFAESI Act during the year and possession is taken by the lenders.

b) The property of the Company, provided as security as aforesaid, constitutes the project land and in the event of any attachment /sale by the Lenders the business of the Company would be adversely affected. Though the lenders have issued notice of possession under SARFAESI Act, the property has not been sold /auctioned and the borrower Company is taking efforts to resolve the issue. The management is of the opinion that it is appropriate to prepare the financial statement on going concern basis.

#### NOTE 36 :

Due to inordinate delay and uncertainty in implementation of the dry port project, Marg Swarnabhoomi Port Private Limited, subsidiary Company, has called off the project and the capital work in progress of ₹ 59.31 Crores is set off against the dues to Holding Company and the net balance of ₹ 0.93 Crores, charged off in the statement of profit and loss for the year ended 31-Mar-2014.

#### NOTE 37 :

The Airport project of, Marg Aviations Private Limited, subsidiary Company, was terminated and the capital work in progress of ₹ 9.84 Crores is set off against the dues to Holding Company and the net balance of ₹ 0.02 Crores, disclosed as Other income, in the statement of profit and loss for the year ended 31-Mar-2014.

#### NOTE 38 : INTEREST ON BORROWINGS

The management is taking efforts for resuming the Mall project of Riverside Infrastructure (India) Private Limited, a subsidiary Company and is in discussion with strategic partners for this purpose. Further, considering the latest valuation of the property of the Company, the management considers it appropriate to capitalise the interest of ₹ 41.84 Crores and overheads of ₹ 3.32 Crores during the year ended 31-Mar-2014.

#### NOTE 39 :

a) The Company executed a construction contract at Agra for DG MAP, a project of the Government of India which is terminated during the year. The Company has receivables of ₹ 2.02 crores and work in progress of ₹ 13.99 Crores as on 31-Mar-2014 relating to this project. Inventory of materials amounting to ₹ 2.01 Crores and plant and machinery amounting to ₹ 2.14 Crores as on 31-Mar-2014 are withheld at site by the client. The Company is in the process of making claim under arbitration and the management is of the opinion that the above amount is considered good and recoverable and hence no provision is made as on 31-Mar-2014.

b) The Company executed a construction contract at Dwaraka for M/s HSCC (India) Limited, a project of the Government of India, in respect of which the Company has filed arbitration claim. The Company has receivables of ₹ 0.60 Crores and work in progress of ₹ 1.04 Crores as on 31-Mar-2014 relating to this project and the Company has made a claim under arbitration. The management is of the opinion that the above amount is considered good and recoverable and hence no provision is made as on 31-Mar-2014.

#### NOTE 40 :

One of the subsidiary, Marg Logistics Private Limited, had availed equipment loan and there is an unreconciled amount of ₹ 0.60 crores. The reconciliation of the loan account is under process. Pending such reconciliation the management considers it appropriate to classify the same under "other advances" in the Balance Sheet as on 31-Mar-2014.





**NOTE 41 : SUBSIDIARY COMPANIES LICENSED UNDER SECTION 25 OF THE COMPANIES ACT, 1956**

The following subsidiary companies converted and obtained license under Section 25 of the Companies Act, 1956, during the year:

- a) Anuttam Academic Institutions- with effect from 26th July, 2013
- b) Atul Institutions of Learning-with effect from 26th July, 2013
- c) Darpan Educational Institutions-with effect from 31st July,2013
- d) Kirtidhara Academic Institutions-with effect from 30th July, 2013

The property of these subsidiary companies provided as security for loans taken by the Holding Company/Fellow subsidiaries continues to be in force.

**NOTE 42 : DEFERRED TAX LIABILITY**

Particulars	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
<b>Outstanding Deferred Tax Liability (Asset) [Net] as at the beginning of the year (A)</b>	(13.09)	12.11
Add: Provision for Current Year Liabilities (Assets)		
Timing difference on account of Depreciation	32.17	45.94
Timing difference on account of Business Loss	-	(20.71)
Timing difference on account of Unabsorbed Depreciation	(29.32)	(50.89)
Timing difference on account of Employee Benefits*	-	(0.11)
Timing difference on account of others**	-	-
Reversal of Timing difference on account of Employee Benefits	0.02	0.57
Reversal of Timing difference on account of Business Loss	20.71	-
Reversal of Timing difference on account of Depreciation***	-	-
Reversal of Timing difference on account of Unabsorbed Depreciation	5.83	-
<b>Sub-total (B)</b>	<b>29.41</b>	<b>(25.20)</b>
<b>Outstanding Deferred Tax Liability (Asset) [Net] as at the end of the year (A+B)</b>	<b>16.32</b>	<b>(13.09)</b>

\* includes ₹ (32,942)/- as on 31-Mar-2014    \*\* includes ₹ (2,554)/- as on 31-Mar-2013    \*\*\* includes ₹ (19,021)/- as on 31-Mar-2014

In case of the Subsidiary Karaikal Port Private Limited, the deferred tax asset is recognized to the extent of the Deferred Tax Liability of ₹ 109.16 Crores.

**NOTE 43 : EMPLOYEE BENEFITS**

**A. GRATUITY**

- i) The Company does not maintain any fund to pay for Gratuity
- ii) Amount recognized in the Profit and Loss A/c is as under:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Current Service Cost	0.22	1.00
Interest Cost	0.17	0.23
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss Recognised in the Year	(0.64)	(1.50)
Transitional Liability recognised in the year	-	-
Past Service Cost - Non-vested Benefits	-	-
Past Service Cost - Vested Benefits	(0.06)	(0.02)
<b>Expenses Recognised in the Statement of Profit and Loss Account</b>	<b>(0.31)</b>	<b>(0.29)</b>



iii) Movement in the liability recognized in the Balance Sheet during the year

Particulars	(₹ In Crores)	
	As at 31-Mar-14	As at 31-Mar-13
Opening Net Liability	2.29	2.71
Expense as above	(0.31)	(0.29)
Contribution Paid	(0.43)	(0.13)
<b>Closing Net Liability</b>	<b>1.55</b>	<b>2.29</b>

iv) Net Assets /Liability in Balance Sheet as at the year end

Particulars	(₹ In Crores)	
	As at 31-Mar-14	As at 31-Mar-13
Present Value of the Obligation	1.55	2.29
Fair Value of Plan Assets	-	-
Difference	1.55	2.29
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost - Non vested Benefits	-	-
<b>Liability Recognised in the Balance Sheet</b>	<b>1.55</b>	<b>2.29</b>

v) For determination of gratuity liability of the Company the following actuarial assumptions were used:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
	<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b> [Expressed as Weighted Averages]	
Discount Rate	8.50%	8.50%
Salary Escalation Rate	2.00%	2.00%
Attrition Rate	5.00%	30.00%

## B. LEAVE ENCASHMENT

i) The Company does not maintain any fund to pay for leave encashment

ii) Amount recognized in the Profit and Loss A/c is as under:

Particulars	(₹ In Crores)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Current service cost	0.09	0.61
Interest Cost	0.09	0.15
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/loss Recognised in the Year	(0.43)	(0.47)
Transitional Liability Recognised in the Year	-	-
Past Service Cost - Non-vested Benefits	-	-
Past Service Cost - Vested Benefits	-	-
<b>Expenses Recognized in the Statement of Profit and Loss Account</b>	<b>(0.25)</b>	<b>0.29</b>



iii) Movement in the liability recognized in Balance Sheet is as under:

Particulars	(₹ In Crores)	
	As at 31-Mar-14	As at 31-Mar-13
Opening Net Liability	1.49	1.82
Expense as above	(0.25)	0.29
Contribution Paid	(0.38)	(0.63)
<b>Closing Net Liability</b>	<b>0.86</b>	<b>1.48</b>

iv) Net Assets /Liability in Balance Sheet as at the year end:

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
Present value of the Obligation	0.86	1.48
Fair value of Plan Assets	-	-
Difference	0.86	1.48
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost - Non vested Benefits	-	-
<b>Liability Recognized in the Balance Sheet</b>	<b>0.86</b>	<b>1.48</b>

v) For determination of leave encashment liability of the Company the following actuarial assumptions were used:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		
[Expressed as weighted averages]		
Discount Rate	8.50%	8.50%
Salary escalation rate	2.00%	2.00%
Attrition rate	5.00%	30.00%

#### NOTE 44 : NON-CASH TRANSACTIONS

During the year loan of ₹ Nil Crore (Previous year ₹ 121.95 Crores) given to subsidiaries of the Company was converted into Share application Money and out of which ₹ Nil Crore (Previous year ₹ 22.95 Crores) were allotted to equity shares.

#### NOTE 45 : CASH & CASH EQUIVALENTS

Cash & Cash Equivalents include the following which are not available for ready use by the Company as at the Balance Sheet date:

Particulars	(₹ In Crores)	
	As At 31-Mar-14	As At 31-Mar-13
Margin money	23.80	43.20
Fixed Deposit with Bank	16.25	66.74
Unclaimed Dividend with bank	0.22	0.22
	<b>40.27</b>	<b>110.16</b>



**NOTE 46 : EMPLOYEES STOCK OPTION SCHEME(ESOP)**

a. The Company has Employee Stock Option Scheme (the “Scheme”) for all eligible employees of the Company and its subsidiaries. Options are issued at a price of not less than 50% of the prevailing market price of the shares on the date of the grant of options and the same will vest over a period of three years as under:

Block I	Block II	Block III
Year 1	Year 2	Year 3
30%	30%	40%

b. Options are to be exercised within 2 years from date of vesting. 500,000 equity shares have been earmarked to be granted under the scheme and against the same options as under were granted:-

Grant No.	Date of Grant	No of Options Granted	Grant Price (₹)	Outstanding Options as on 31-Mar-14
I	15-Oct-07	1,97,006	100	-
II	23-Oct-07	2,100	100	-
III	08-Nov-07	3,475	120	-
IV	12-Nov-07	3,000	130	-
V	17-Nov-07	4,500	160	-
VI	08-Dec-07	6,370	200	-
VII	19-Feb-08	19,890	200	-
VIII	03-Oct-09	250,844	75	28,319

c. Shares Reserved for Issue of Options:

Particulars	Date of Issue	Grant Price (₹)	As At 31-Mar-14 Nos	As At 31-Mar-13 Nos	As At 31-Mar-14 (₹ In Crores)	As At 31-Mar-13 (₹ In Crores)
Equity Shares of ₹ 10/- each	03-Oct-09	75	28,319	72,821	0.03	0.07
			<b>28,319</b>	<b>72,821</b>	<b>0.03</b>	<b>0.07</b>



**NOTE 47 : RELATED PARTY DISCLOSURES**

**A. Associates:**

Rajakamanglam Thurai Fishing Harbour Private Limited

**B. Key Management Personnel (KMP)**

G R K Reddy - Chairman & Managing Director (CMD)

**C. Relative of Key Management Personnel**

1. V P Rajini Reddy - wife of the CMD
2. G Raghava Reddy - father of the CMD

**D. Entities over which KMP and / or their relatives exercise control:**

1. Akshya Infrastructure Private Limited
2. Avinash Constructions Private Limited
3. Exemplarr Worldwide Limited
4. Jeevan Habitat Private Limited
5. Marg Capital Markets Limited
5. Marg Foundation
7. Noble Habitat Private Limited
8. Swarnabhoomi Academic Institutions

**E. Entities over which KMP and / or their relatives exercise significant influence:**

1. Global Infoserv Limited
2. Marg Digital Infrastructure Private Limited
3. Marg Projects and Infrastructure Limited
4. Marg Realities Limited

**F. Transactions with the related parties during the year in the ordinary course of the business:**

Particulars	(₹ In Crores)					
	Associates		KMP and Relatives		Entities over which KMP and Relatives have control / significant influence	
	Transactions					
	Year Ended		Year Ended		Year Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Services Rendered/ Sale of Flat	-	-	1.16	-	0.92	2.50
Lease Rental Income	-	-	-	-	-	13.14
Interest Received	-	-	-	-	0.03	0.58
Interest Paid	-	-	0.87	0.07	0.74	0.20
Contracts and Services Received	-	-	-	-	1.43	18.56
Remuneration, Commission & Sitting Fee	-	-	0.11	0.12	-	-
Due on account of Share Invoked	-	-	2.48	3.36	2.21	1.13
Purchase / (Sale) of Fixed Assets	-	-	-	-	(0.22)	-
Loans & Advances made / (Repaid) [Net]	-	-	-	-	0.01	5.94
Loans Received / (Repaid) (Net)	-	-	(2.22)	8.74	0.06	5.10
Guarantees and Collaterals Issued	-	-	-	-	-	6.00
Guarantees and Collaterals Received	-	-	-	-	(65.00)	59.82
Advance to Suppliers	-	-	-	-	0.67	-



Particulars	(₹ In Crores)					
	Associates		KMP and Relatives		Entities over which KMP and Relatives have control / significant influence	
	Balances					
	As At		As At		As At	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Investments in Equity	-*	-*	-	-	-	-
Trade Receivables	-	-	-	-	9.68	27.02
Trade Payables	-	-	-	-	12.40	13.57
Loans & Advances Receivable	1.10	1.10	1.87	1.87	1.60	1.57
Loans Payable	-	-	7.30	8.81	6.01	5.28
Remuneration ,Commission & Sitting Fee payable	-	-	0.20	0.09	-	-
Due on account of Share Invoked	-	-	5.84	3.36	3.34	1.13
Guarantees Issued	-	-	-	-	80.00	80.00
Guarantees and Collaterals Received	-	-	-	-	959.02	1,024.82
Advance from Customer	-	-	1.16	-	-	-
Advance to Suppliers	-	-	-	-	0.67	-

\* Includes ₹ 39,000/-

#### NOTE 48 : SEGMENT REPORTING

As per Accounting Standard on Segment Reporting (AS 17), "Segment Reporting", the Company has reported segment information on the basis of Consolidated accounts including businesses conducted through its Subsidiaries.

a. The company has identified four reportable segments as follows:

- 1) **EPC segment:** EPC division provides integrated turnkey solutions. It provides integrated design, engineering, material procurement, field services and construction & project management services for infrastructure sector and real estate projects.
- 2) **Urban Infrastructure Development:** Urban Infrastructure Development segment includes "MARG Swarnabhoomi" the SEZ developed by New Chennai Township Private Limited, a wholly owned subsidiary of MARG Limited, MARG ProperTies, and other residential projects of the Holding Company MARG Limited.
- 3) **Port and Logistics:** Port and Logistics division includes the MARG Karaikal Port and MARG Logistics. MARG Karaikal Port is a Private Port engaged in the development and operation of the port in Karaikal. MARG Logistics, a fully owned subsidiary of MARG Ltd, presently offers total integrated logistics services to the EXIM Customers of Karaikal Port.
- 4) **Leasing:** Leasing segment includes MARG Junction Mall which is under construction, proposing to lease the commercial spaces for business, leisure and entertainment, Hotel etc and the Leasing of Digital Zones by the Holding Company.

b. Segments have been identified and reported taking into account nature of services, the differing risks and returns and the internal business reporting segments. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with the following additional policies for Segment Reporting:

- 1) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses relating to enterprise as a whole and not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- 2) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".



(₹ In Crores)

Particulars	EPC		URBAN INFRASTRUCTURE DEVELOPMENT		PORT & LOGISTICS		LEASING		UN ALLOCABLE		TOTAL	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>1 Segment Revenue</b>												
External Turnover	210.21	494.97	79.46	140.47	270.08	279.27	13.92	25.82	-	0.87	573.67	941.40
Inter Segment Turnover	54.58	238.29	-	5.09	1.10	1.39	0.59	1.41	-	-	56.27	246.18
<b>Total Turnover</b>	<b>264.79</b>	<b>733.26</b>	<b>79.46</b>	<b>145.56</b>	<b>271.18</b>	<b>280.66</b>	<b>14.51</b>	<b>27.23</b>	<b>-</b>	<b>0.87</b>	<b>629.94</b>	<b>1,187.58</b>
<b>2 Segment Result before Interest &amp; Taxes</b>												
Segment Result before Interest & Taxes	(44.87)	(5.51)	(17.02)	(14.24)	57.52	84.82	14.11	26.30	-	-	9.74	91.37
Less: Inter Segment Result											(6.16)	18.42
Less: Unallocable Expenses											<b>15.90</b>	<b>72.95</b>
Less: Interest and Finance Charges											32.30	(18.49)
Add: Interest Income											385.33	278.36
Less: Prior period / Exceptional Items											7.48	11.75
<b>Profit Before Tax</b>											<b>149.27</b>	<b>3.44</b>
Current Tax											<b>(543.52)</b>	<b>(178.61)</b>
Deferred Tax											2.54	3.60
<b>Profit after Tax</b>											<b>29.41</b>	<b>(25.20)</b>
											<b>(575.47)</b>	<b>(157.01)</b>
<b>3 Other Information</b>												
Segment Assets	1,191.05	1,136.05	1,221.40	976.59	2,144.58	2,127.74	713.54	661.60	306.32	346.72	<b>5,576.89</b>	<b>5,248.70</b>
Segment Liabilities	1,628.50	1,514.67	1,233.45	671.43	1,851.31	1,770.01	516.30	427.55	233.60	175.48	<b>5,463.16</b>	<b>4,559.14</b>
Capital Expenditure / (Sale) - Net	(0.91)	6.22	0.01	3.58	74.54	197.97	50.28	108.36	7.91	47.88	<b>131.83</b>	<b>364.01</b>
Depreciation for the year	19.77	19.91	1.29	1.24	47.10	43.49	4.21	3.59	-	-	<b>72.37</b>	<b>68.23</b>
Non Cash Expenses (Income) (other than depreciation)	69.84	(0.14)	-	0.12	0.36	0.07	-	-	-	-	<b>70.20</b>	<b>0.05</b>

**SECONDARY SEGMENT INFORMATION:**

The group is primarily operating in India which is considered as a single geographical segment and hence the secondary segment information is not given.



**NOTE 49 : OPERATING LEASES**

• **Operating Leases**

a) **Cancelable Lease:**

Total rental charges under cancelable operating lease was ₹ 0.85 Crores and ₹ 3.42 Crores for the 4th quarter and year ended 31-Mar-14 respectively (Previous year ₹ 1.18 Crores and ₹ 3.27 Crores).

b) **Non cancelable lease:**

**As Lessee:**

The Holding Company Marg Limited has taken office building under non-cancelable operating lease. The lease rental expense during the year was ₹ 0.34 Crore (Previous year ₹ 10.11 Crores). The future minimum lease payments in respect of this lease as at 31-Mar-14 are as follows:

	(₹ In Crores)	
Future Obligations:	As At 31-Mar-14	As At 31-Mar-13
Not later than one year	-	2.67
Later than one year not later than five years	-	-
Later than five years	-	-
<b>Total</b>	-	2.67

**As Lessor:**

Two Subsidiaries of the Company have leased out facilities under non-cancellable operating leases. The future minimum lease payments receivables in respect of these leases as at 31-Mar-13 are:

	(₹ In Crores)	
Future Obligations:	As At 31-Mar-14	As At 31-Mar-13
Not later than one year	1.16	9.53
Later than one year not later than five years	2.68	43.06
Later than five years	0.62	45.56
<b>Total</b>	4.46	98.15

• **Finance Leases**

During the year, the Company had taken certain vehicles on Finance Lease. The reconciliation between the total minimum lease payments at the Balance Sheet date and their present value is as below:

Particulars	As At 31-Mar-14		As At 31-Mar-13	
	Minimum Lease Payments (₹ In Crores)	Present Value (₹ In Crores)	Minimum Lease Payments (₹ In Crores)	Present Value (₹ In Crores)
Not later than one year	0.18	0.12	0.18	0.11
Later than one year not later than five years	0.46	0.40	0.64	0.52
<b>Total</b>	0.64	0.52	0.82	0.63





**NOTE 50 : AUDITORS' REMUNERATION**

Following are the details of Auditors' remuneration:

Particulars	(₹ In Crores)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Statutory Audit Fee	0.39	0.38
Tax Audit Fee	-	0.03
Certification	0.09	0.09
Reimbursement of Expenses	-	0.01
Other Services	0.01	-
<b>Total</b>	<b>0.49</b>	<b>0.51</b>

**NOTE 51 : FOREIGN CURRENCY TRANSACTIONS**

(₹ In Crores)

Particulars	(₹ In Crores)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>a) Value of Imports calculated on CIF Basis :</b>		
i) Components, embedded goods and spare-parts	-	2.33
ii) Capital goods	0.23	0.58
<b>b) Expenditure in foreign currencies:</b>		
i) Traveling expenses	0.44	0.06
ii) Professional/Consultancy Fees	0.51	0.20
iii) Hire Charges	-	22.09

**NOTE 52 : EARNINGS PER SHARE (EPS)**

(₹ In Crores)

Particulars	(₹ In Crores)	
	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>a. Profit After Tax (₹ In Crores)</b>		
For Basic EPS	(575.49)	(156.99)
For Diluted EPS	(575.49)	(156.99)
<b>b. Weighted average number of equity shares (Nos in Lacs)</b>		
<b>For Basic EPS</b>	<b>381.19</b>	<b>381.19</b>
<b>Adjustment for Diluted EPS</b>		
Add: Weighted average number of potential shares on account of Employee Stock Options	0.31	0.32
<b>For Diluted EPS</b>	<b>381.50</b>	<b>381.51</b>
<b>c. Earning Per Share (₹)</b>		
Basic	(150.97)	(41.18)
Diluted	(150.97)	(41.15)
<b>d. Nominal Value Per Share (₹)</b>	10.00	10.00



**NOTE 53 : FOREIGN CURRENCY EXPOSURES**

The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as under:

Particulars	As At 31-Mar-14		As At 31-Mar-13	
	USD in Crores	INR in Crores	USD in Crores	INR in Crores
Creditors for Services	(0.56)	(33.88)	(0.56)	(30.66)
Advance to Creditors for Spares import	0.04	2.62	0.04	2.37
Creditors for Import of Capital Goods	-	-	-	-
Loan given to Subsidiary	0.31	18.34	0.30	16.58
Dividend Receivable	0.01	0.52	0.01	0.47
<b>Total</b>	<b>(0.20)</b>	<b>(12.40)</b>	<b>(0.21)</b>	<b>(11.24)</b>

Conversion rate applied:  
1 USD = ₹ 60.0998 (Previous year ₹ 54.3893)

**NOTE 54 :**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act have not been given.

**NOTE 55 :**

The details of Capital Reserve and Goodwill on consolidation are as under:

Particulars	₹ In Crores	
	As At 31-Mar-14	As At 31-Mar-13
Goodwill	16.54	16.54
Capital Reserve*	-	-
<b>Goodwill (Net of capital reserve) on consolidation</b>	<b>16.54</b>	<b>16.54</b>

\* include ₹ (2,330)/- as on 31-Mar-14 and 31-Mar-13

**NOTE 56 : EXCEPTIONAL ITEMS**

Exceptional Expenditure of ₹ 149.27 Crores represents loss on cancellation of Land Sale/Lease Agreements and operational contracts. Corresponding previous year figure of ₹ 3.44 Crores represents loss on cancellation of multi services land sale.

**NOTE 57 : PRESENTATION OF PREVIOUS YEAR'S FIGURES**

Previous year's figures have been regrouped / reclassified / rearranged wherever necessary to bring them in conformity with the current year's figures.

As per our Report of even date attached

**For K RAMKUMAR & CO.,**

**Regn No: 02830S**

Chartered Accountants

R M V BALAJI

Partner

Membership No. 27476

Place : Chennai

Date : 30-May-2014

For and on behalf of Board of Directors

**G R K REDDY**

*Chairman & Managing Director*

**V P RAJINI REDDY**

*Director*

**KARANJIT SINGH JASUJA**

*Director*

**R SURESH**

*CFO*

**RABINDRA KUMAR SAMAL**

*Company Secretary*



## Subsidiaries of MARG Limited

SL No	Name of the Company	Country of Incorporation	%age of voting power held by MARG Limited as at 31st March 2014
1	Amir Constructions Private Limited	India	100%
2	Anumanthai Beachside Resorts Private Limited	India	100%
3	Anuttam Academic Institutions (Formerly Anuttam Constructions Private Limited)	India	100%
4	Arohi Infrastructure Private Limited	India	100%
5	Atul Institutions of Learning (Formerly Atul Infrastructure Private Limited)	India	100%
6	Avatar Constructions Private Limited	India	100%
7	Bharani Infrastructure Private Limited	India	100%
8	Darpan Educational Institutions (Formerly Darpan Houses Private Limited)	India	100%
9	Dasha Infradevelopers Private Limited	India	100%
10	Future Parking Private Limited	India	51%
11	Hilary Constructions Private Limited	India	100%
12	Karaikal Port Private Limited	India	68.83%
13	Karaikal Power Company Private Limited	India	100%
14	Kirtidhara Academic Institutions (Formerly Kirtidhara Infrastructure Private Limited)	India	100%
15	Marg Aviations Private Limited	India	100%
16	Marg Industrial Clusters Limited	India	100%
17	Marg Infrastructure Developers Limited	India	100%
18	Marg Marine Infrastructure Limited	India	90.00%
19	Marg International Dredging PTE Ltd	Singapore	100%
20	Marg Sri Krishnadevaraya Airport Private Limited	India	100%
21	Marg Logistics Private Limited	India	100%
22	Marg Properties Limited	India	100%
23	Marg Swarnabhoomi Port Private Limited	India	100%
24	Marg Trading PTE Ltd	Singapore	100%
25	Mukta Academic Institutions Private Limited (Formerly Mukta Infrastructure Private Limited)	India	100%
26	Navrang Infrastructure Private Limited	India	100%
27	New Chennai Township Private Limited	India	100%
28	Parivar Apartments Private Limited	India	100%
29	Riverside Infrastructure (India) Private Limited	India	73.93%
30	Shubham Vihar Private Limited	India	100%
31	Signa Infrastructure India Limited	India	74.00%
32	Swatantra Infrastructure Private Limited	India	100%
33	Yuva Constructions Private Limited	India	100%

**Stepdown Subsidiaries of MARG Limited**

SL No	Name of the Company	Country of Incorporation	%age of voting power held by MARG Limited as at 31st March 2014
1	Advance Infradevelopers Private Limited	India	100.00%
2	Agni Infradevelopers Private Limited	India	100.00%
3	Akhil Infrastructure Private Limited	India	100.00%
4	Ambar Nivas Private Limited	India	100.00%
5	Aprati Constructions Private Limited	India	100.00%
6	Archana Infradevelopers Private Limited	India	100.00%
7	Aroopa Infradevelopers Private Limited	India	100.00%
8	Ashram Infradevelopers Private Limited	India	100.00%
9	Comex Infrastructure Private Limited	India	100.00%
10	Darshan Homes Private Limited	India	100.00%
11	Guiding Infradevelopers Private Limited	India	100.00%
12	Kanchanajunga Infradevelopers Private Limited	India	100.00%
13	Magnumopus Infrastructure Private Limited	India	100.00%
14	Marg Business Park Private Limited	India	100.00%
15	MARG Hotels and Service Apartments Private Limited	India	100.00%
16	Navita Estates Private Limited	India	100.00%
17	O M R Developers Private Limited	India	100.00%
18	Rainbow Habitat Private Limited	India	100.00%
19	Saptajit Projects Private Limited	India	100.00%
20	Sarang Infradevelopers Private Limited	India	100.00%
21	Shikha Infrastructure Private Limited	India	100.00%
22	Sulekh Constructions Private Limited	India	100.00%
23	Talin Infradevelopers Private Limited	India	100.00%
24	Uttarak Infradevelopers Private Limited	India	100.00%
25	Vyan Infraprojects Private Limited	India	100.00%









**MARG Limited**

Regd. Off: 'Marg Axis', 4/318, Rajiv Gandhi Salai (OMR), Kottivakkam, Chennai - 600 041, India.

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