

## MARG REGISTERS ROBUST PERFORMANCE

### Q3 FY2010 - 11 Highlights

- MARG Ltd standalone revenue is up by 37% over the previous quarter at Rs. 317.3 crores and CAGR is about 15% Q-O-Q in the 7 quarters from Q1 FY 2009-10.
- EBITDA @ Rs. 35.3 crores, grew by 17% over the last quarter
- PAT @ Rs. 15.9 crores, grew by 19% over the previous quarter
- Robust growth
  - Order book rose to Rs. 3597 crores (27.5% growth Q-o-Q)
  - EPC Revenue contribution is Rs.300 crores taking the total to Rs.667 crores for the 9months in FY10-11
  - Entered into strategic alliances with PYCSA, LAGAN, AECOM
  - MARG EPC with International Infrastructure Consultants' (IIC) is poised for setting strategy, structure and processes for EPC on full scale
- Karaikal Port, for the 9 months period ended 31 Dec 2010 handled 3.6 million MT of cargo and earned an income of Rs. 127.73 crores
- Karaikal Port - Phase 2 development, enhancing the overall capacity to 21 million MT is progressing as per schedule and is expected to be commissioned by the third quarter of 2011-12.
- Residential Projects registered good performance by foraying into the affordable housing segment. During 9 months period ended 31 Dec 2010, 1.25 Mil sqft (1,107 homes) have been sold, valuing Rs. 245 crores.
- MARG's investment in its subsidiaries, namely, Karikal Port, NCTPL (Marg Swarnabhoomi), Marg Properties, Riverside Mall (Marg Junction) has appreciated substantially in value in tune with robust performance in various segments.
- The residential projects of Marg are being hived off to its wholly owned subsidiary - MARG ProperTies Limited, which will enable Marg to focus effectively on the EPC and Port business.
- PWC on course to submit its recommendation on restructuring of business verticals by March 2011

### MARG Standalone Financials:

(Rs. in crores)

Particulars	Q1 2010-11	Q2 2010-11	Q3 2010-11	% Growth (Q3 Vs Q2)
Income from Operation	174.8	231.5	317.3	37%
EBITDA	21.9	30.1	35.3	17%
PAT	11.4	13.4	15.9	19%

## A) PERFORMANCE OF BUSINESS UNITS

### EPC

- Robust growth of **order book augmented at Rs. 3597 crores** (external orders of Rs. 765 crores as compared to Rs. 636 crores in Q2) at end of Q3 (Q2 – Rs.2822 crores)
- Bids have been submitted for projects worth Rs. 3838 crores of which MARG is at the **L1 stage for Rs. 862 crores** worth of bids. Tenders in process for submission amounts to Rs. 3557 crores
- In Northern region the EPC division is executing orders of more than Rs.450 crores for majors like MES, NBCC, LDA, BHEL, IOCL, HPCL, HUDA, HSC, and Northern Railways. This includes two prestigious projects for UPHDB, LDA for Rs.200 crores with latest technology of Aluminum Shutters and casting the Building in a Single-go. In the South, EPC has also been awarded the contract for constructing a fishing harbor at Mahe at a cost of Rs. 68 crores.
- It has entered into a joint venture agreement with M/s Valecha Engineering & M/s SREI Infrastructures Limited for quoting National High ways projects to the tune of Rs. 3600 Crores.
- It has tied up with International Infrastructure Consultants (IIC) for Management, strategy, structure and Processes within EPC division in Oct, 2010. The IIC is intended to strengthen MARG's EPC competence and position it strongly against the competitors. IIC's programmes with EPC are currently in full swing.
- Strategic alliances with
  - PYCSA S.L., a Spain based company, for jointly developing urban & rural infrastructure projects
  - LAGAN Construction (Ireland based) for collaboration to strengthen the development on constructions of Roads, Airports, Marine structures, Water & Sewage Treatment Plants
  - AECOM for master planning the Bijapur Airport
  - BEFESA, Tecpro Systems Ltd, Jyoti Ltd, MR Vision Pipeline, Yashika Enterprises, Abhav Ocean WJ construction in areas including water systems, material handling, submarine/onshore/offshore pipelines etc.
- Human Capital strength at 987 (Direct and Support); Skilled Labour of more than 4000
- MARG EPC geared to reach greater heights with Mr. Munavar Sheriff, who joined as the Executive Director - EPC

## Marine Infrastructure

- The Port handled 1.1 million MT of coal, fertilizer, project cargo during Q3 of the current financial year, pegging the cumulative traffic handled (9 months till December 2010) at **3.6 million MT**; Berthed / Unberthed 90+ major vessels in the current FY till Dec 2010
- Achieved a **peak discharge rate of 55,576 MT in 24 hours** on 30<sup>th</sup> Dec 2010 – national record for the highest discharge of coal through conventional handling
- The Port dispatched 182 rakes of coal and fertilizer cargo, and thus has handled 518 rakes YTD Dec 31, 2010
- CARE has **upgraded the credit rating to “Triple B”**
- Completed the ISO certification audit and obtained the ISO 9001: 2008
- Coal continued to dominate the cargo portfolio but the major highlight of the quarter was the increase in the share of fertilizer cargo. Fertilizer share in the cargo mix grew to 24% in Q3 as compared to 8% in Q2. This resulted in an increase in average realization to Rs. 390.6 per ton in Q3 as compared to Rs. 357.8 per ton in Q2.
- Karaikal port has achieved necessary drafts to receive Panamax vessels and has successfully handled several panamax vessels.
- The port’s key clients include Madras Cements, Chettinad Cements, Coal & Oil, JSW, Coromandel Fertilizers, Nagarjuna Fertilizers, South India Edible Oil, Cepex Energy, HOEC, Reliance, BHEL etc. for coal, fertilizer, agro, OSV/PSV and project cargo
- During the current financial year Karaikal Port entered into a MoU with power majors to set up a new power plant for handling 7.5 MTPA of coal through the Port. The Port also signed a MoU with a leading coal trading company to set up a 1.5 MTPA coal blending unit at the Port.
- The Port augmented its infrastructure facility by adding a 3<sup>rd</sup> Mobile Harbor Crane. Karaikal Port also commissioned Berth No. 9, a multi-cargo berth for smaller vessels (up to 25,000 MT).
- Phase 2 development is at rapid progress and is expected to be completed as per the schedule. Over 50,000 sq. meters of covered warehouses for storage of fertilizer, cement, sugar, project cargo & other cargo is operational and more storage area is being added in line with market requirements.
- Higher discharge rates, no pre-berthing delays, faster turnaround times and savings in the integrated logistics costs vis-à-vis the competing ports has helped Karaikal Port in attracting almost all major customers in the Central Tamil Nadu / Pondicherry region.
- With a stream of investments expected from various port based industries, Karaikal is poised to become an industrial hub in the near future, which will have spun of benefits to the port.

<b>Karaikal Port Private Ltd</b>	<b>(Rs. in crores)</b>
	<b>FY2010-11 Upto Dec'10 (9 Months)</b>
Revenue	127.73
EBITDA	60.98

## Industrial & Urban Infrastructure

### Engineering SEZ:

- M/s. Grundfos have commenced their operations and they have started shipping orders out of the Swarnabhoomi Factory.
- M/s. Virgo - Construction of factory premises in full swing and scheduled to be operational by April 2011.
- M/s. Polyhose - Construction of factory premises has commenced and expected to be operational by Q1 of FY 11-12

### Science Park:

- MARG Science Park, India's first LEED rated Platinum Science Park, would occupy an area of 40 acres with built up space of 700,000 sqft in MARG Swarnabhoomi's Multi-Services SEZ.
- Science Park would house world class ready-to-use wet laboratory space , a Bio-Informatics Zone and a Technology Incubator Center
- Marg Science Park caters to contract research organizations, technology startups and companies engaged in high end research in nano-technology, bio-pharmaceuticals, bio-informatics and medical Devices. Several reputed organizations in these sectors have already signed up for space.
- Associations
  - Member of International Association of Science Parks (IASP)
  - Working alliance with ICRISAT for setting up agri processing zone
  - Networking with VCs to fund the research programs of startup ventures.
  - Agreement with the Department of Biotechnology for the set up of Technology Incubation Centre
- New Sign up with Strand Genomics concluded for 40,000 sq ft, and a healthy pipeline of prospects being developed. Science Park Phase 1 construction activity, comprising an area of 175,000 sq ft wet labs, was initiated in the august presence of Dr. Rajendra Pachouri, Director General of TERI.

### Others

- **Soft Infrastructure**, which is a key requirement for those residing and working out of MARG Swarnabhoomi, has been significantly enhanced.
- **ATM:** The Indian Bank ATM, managed by Indian bank is operational since 15th December 2010.
- **Laundromat:** The Laundry Service "FX dry Cleaning" was made available from 16th October, 2010
- **Super Market:** The Lease has been signed with Greens and Grams for two years to setup a super market. The super market space is handed over in December, 2010 and is expected to be start functioning shortly.

<b>NCTPL (Marg Swarnabhoomi) Provisional</b>		<b>(Rs. in crores)</b>
		<b>FY2010-11 Upto Dec'10 (9 Months)</b>
Revenue		84
EBITDA		2.7

## Real Estate (Residential)

- MARG ProperTies Limited, an outfit of MARG is poised to become a leader in residential vertical by offering homes in different segments viz. Affordable homes, Urban smart homes, Integrated town ships and Ultra luxury homes.
- It has sold residential space of around **2.39 million square feet** as on 31<sup>st</sup> December 2010 and has drawn plans to sell around 7.5 million square feet of space in next 36 months.
- In terms of units, it has **so far sold 2231 homes** till 31<sup>st</sup> December 2010 and has plans to sell another 10000 homes in next 36 months. The projects like Pushpadruma, Lakshna, Navaratna and Utsav are sold out. Vishwashakthi, Savithanjali, Brindavan and other recently launched projects are progressing steadily in terms of sales, as projected.
- In an overall demand of 24.71 million homes across the country, Tamilnadu accounts for 2.82 million homes. However CMDA estimates shows that there is a projected demand for 4 lac homes in Chennai, out of which 80% is in affordable category - be it Brindavan, Utsav & Maha Utsav (4000 affordable smart homes) for middle class, Integrated townships in Tier 2 cities like Vishwashakti at Tirupati (500 value homes for high & middle class), Sky Meadows & Savitanjali (1000 Urban smart homes) catering to urban class, Tapovan (exclusive 124 villa homes) for elite class. By offering value homes for all segments, MARG ProperTies is well poised to garner huge market share across products range (from Rs. 10 lacs to Rs. 100 lacs) by leveraging its scale and size coupled with strong people, process and use of innovative technologies.

## Real Estate (Commercial)

- **MARG Junction which is into Malls, multiplex, hotel and commercial complexes signed up** over 212,000 square feet of Anchor space for lease with PVR Cinemas – Multiplex (7 Screen, 1700 seats multiplex by PVR with Latest Technology), Shoppers Stop and Hyper City – Hyper Market .
- **Signed MoU with M/s Shangri-la Hotels** Ltd for Traders Hotel & Service Apartments
- Signed with Leading Vanilla Brands like Rayban, HP and Marrybrown
- EoIs from Major Mini Anchor Brands like Marks & Spencer, Odyssey, Reliance Trendz
- EoIs from Leading Vanilla Brands like Adidas, Bata, Lee, Wrangler, Sony, Kalaniketan, Naihaa, Jashn, etc.
- Financial closure of Rs. 217 crores is completed. The Mall would be operational by April 2012.

## **B) OTHERS**

- In line with our commitment towards inclusive development, MARG has bid for 2 PURA (Provision for Urban Amenities in Rural Areas) pilot projects aiming to provide urban amenities and skill development in rural areas as PPP scheme.
- MARG has been shortlisted by the MoRD for development of PURA projects worth Rs. 200 crores at Lathur (Tamil Nadu) and Karaikal (Puducherry).

## **C) BUSINESS RESTRUCTURING**

PWC, the Consultant firm is evaluating various Business Verticals and the company in consultation with PWC is in the process of completion of the first stream of hive-off of residential projects of RE Vertical. While the restructuring exercise would unlock the hidden value in the books and enhance the value for all the stakeholders, it would strategise business focus to the existing business segments. PWC is on course to submit its further recommendations on restructuring by end of March 2011.

For more information visit <http://www.marggroup.com>