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CORPORATE INFORMATION**Chairman & Managing Director**

Mr G R K Reddy

Directors

Mr G Raghava Reddy

Mrs V P Rajini Reddy

Mr P M Shivaraman

Mr Arun Kumar Gurtu

Mr Karan Jit Singh Jasuja

Company Secretary

Mr Gouri Shanker Mishra

Auditors

M/s K. Ramkumar & Co

Chartered Accountants

E-7, III Floor, Gemine Parsn Apartment

Cathedral Garden Road

Chennai - 600 006

Bankers

ING Vysya Bank Ltd.

UTI Bank Ltd.

The Catholic Syrian Bank Ltd

Corporation Bank

The Federal Bank Ltd

Registered Office

'Marg Axis', 4/318, Old Mahabalipuram Road

Kottivakkam, Chennai - 600 041

Website

www.MargInfrastructure.com

DIRECTORS' REPORT

Dear Stakeholders

Your Directors have great pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March 2007. Members would be happy to note that your Company had good year of operations which has resulted in total income of Rs. 14185 Lacs which stands increased by 135% over last year. Operations has resulted in after tax profit of Rs. 2991 Lacs, increase of 265% over last year.

OPERATIONS

The financial results of the Company for the year ended 31st March 2007 is summarized below:

(Rs in Lacs)

	Year ended 31 st March 2007	Year ended 31 st March 2006
Income from Operations	12421	5763
Non-operating Income	1764	263
Total Income	14185	6026
Total Expenditure	9480	4424
Profit before Depreciation, Interest and Tax	4705	1602
Interest & Finance Charges	658	378
Depreciation	191	187
Profit before Tax	3856	1037
Provision for Current Taxes	800	126
Provision for Deferred Taxes	57	88
Fringe Benefit Tax	8	4
Profit after Tax	2991	819
Balance in Profit & Loss Account	1126	308
Amount Available for Appropriation	4117	1127
Prior Period Expenses	-	1
Interim Dividend	208	-
Dividend Tax	29	-
Transfer to General Reserve	299	-
Balance carried to Balance Sheet	3581	1126

During the year the Basic Earning Per Share is Rs. 28.76 and Diluted Earning Per Share is Rs. 20.97 for Equity Share of Rs. 10/- each.

Year 2006-07 has again proved to be a good year and has contributed excellent results for the Company. Your Company has achieved operational income of Rs. 12421 Lacs for the financial

year 2006-07 as compared to Rs. 5763 Lacs in the previous year 2005-06. The total turnover also stood increased to Rs. 14185 Lacs for the current year as compared to Rs. 6026 Lacs in the previous year. Profit before depreciation, interest and tax stood at Rs. 4705 Lacs as compared to Rs. 1602 Lacs during last year, thereby registering increase by 133%. Profit before tax stood at Rs. 2991 Lacs showing an increase of 271% over last year.

PROJECTS

At MARG, we are striving to build a better world for the future of our nation. Our vision and pioneering spirit help build infrastructure and realty solutions that fuel the nation's progress. From Ports, SEZs, and IT Parks to Serviced Apartments, Residential Spaces, Townships and Malls, MARG creates the foundation for world class industry and a better quality of life.

Your company has a very diverse portfolio of projects covering the following segments:

- Real Estate- (Commercial)- IT Parks/ Serviced Apartments/ Mall, Multiplex & Business class hotel.
- Real Estate- (Residential)- Apartments/ Villas
- Infrastructure- Sea Port & Special Economic Zone(SEZ)

Your Company follows undertaking of independent projects under separate Special Purpose Company (SPC). All the SPC are wholly owned subsidiary of your Company. Your Company undertakes all the constructions contract from these SPCs.

Following are brief of the projects undertaken by Company either itself or its SPCs:

Port

The Concession Agreement for the development of the Karaikal Port, which is being developed as an all-weather deep-water port was entered with Government of Puducherry by MARG Constructions Limited in January 2006. As per the terms of the concession agreement, Karaikal Port Private Limited (KPPL) has been started as a Special Purpose Vehicle (SPV) to develop the port on a BOT basis, which is for a period of 30 years, extendable by another 20 years on mutual consent. The port, once fully developed will have an handling capacity of 10 Million Tons per annum with 6 berths for different commodities.

The Port would be the only key port on the 600 km stretch between the Chennai and Tuticorin ports, in the State of Tamilnadu, which are currently catering to the traffic demands of the state of Tamilnadu, Puducherry and other surrounding states. Karaikal port would serve as a major advantage to its rich hinterland covering the industrial belt in the central region of Tamilnadu and Puducherry and would also aid the economic and industrial development in the region.

Presently Phase I plan is being developed, which will consist of two berths, one for coal and another for general cargo, each with

a total handling capacity of 4 million tons per annum. The environmental clearance for the project, which is a critical requirement for any infrastructure project, was obtained in May 2006, without any adverse conditions or stipulations.

The cost of phase I of the project is envisaged to be Rs.416 crores. The Company achieved the financial closure for phase I in November 2006, for a debt component of Rs.302 crores through a consortium of 5 public sector banks and one financial institution, which has been a significant milestone for the project, as it was achieved in a short duration.

Immediately after achieving the financial closure, the company has taken all necessary measures to commence development of the project. Initial works have been commenced in the first quarter of the year 2007. Contracts have been awarded for some of the major components of work like Berth construction and dredging. Rest of the works is progressing at fast pace and the project is all set to commence operations as scheduled in the last quarter of 2008.

Special Economic Zone

MARG, in order to leverage on the opportunity posed by SEZs, through New Chennai Township Private Limited (NCTPL), a wholly owned subsidiary of MARG Constructions Limited, has ventured into development of two sector specific Special Economic Zones, at Seekinakupam in Cheyyur Taluk of Kanchipuram District on 612 acres of land, one for Light Engineering Sector including Auto-ancillary on 312 acres and the other for Multi-Services on 300 acres. The Projects have been accorded Formal approval in May 2007 and is awaiting notification by the BoA. The site is located 75 kms from Tidel Park and 60 kms before Puducherry on the East Coast Road.

NCTPL will be developing the SEZs in a phased manner over a period of 5-8 years. As per the requirements of the SEZ Rules, both the SEZs will have 50% of the area allocated for processing zone, where the industries from the respective sectors can set up units. The balance 50% of the area will be non-processing zone, which will have the necessary support infrastructure like residential, commercial and institutional infrastructure.

The development plan will provide for world-class infrastructure facilities, so as to ensure a hassle-free environment for the units to set up their operations. The residential development will provide for housing requirements of people across all segments of society at very affordable prices. Other developments like school, hospital, shopping mall, entertainment zones, etc. will be of high standards, so as to enable a self-sustaining, integrated development to provide a high quality of life.

The Processing zones will cater to industries from the Engineering, Auto ancillary and services sector. The initial phase of development will involve land development work including provision of various infrastructure facilities, which will be parallelly also include some construction activities of various components planned like IT

Buildings, residences, commercial complexes etc.

The necessary documents have been submitted to the authorities concerned for notification purpose, which is expected to happen shortly. The Master Planning work is under progress by globally reputed urban design consultants. The Company undertook a detailed Demand Assessment Study through a reputed Real Estate Consultancy firm, to analyse the potential of the project. The Study, which covered all components of the development plan, has projected a very promising demand by both Engineering and Services segment as well as other Commercial and Residential development. The strategic location of the site between Chennai and Puducherry and in close proximity to Siruseri, the IT hub on Old Mahabalipuram Road, coupled with the various benefits and incentives available to the units, is a high-point for the potential of the project, apart from various other factors.

The project will be developed on 'Walk-to-work' or 'Work-live-play' concept, to ensure a balanced lifestyle to the employees working within the SEZ units. It will enable a win-win situation for both the units and its employees. Apart from the fiscal incentives and other factors which are attractive to the units, the district and the surrounding areas also has a good supply of high quality manpower, both skilled and unskilled, suitable for both manufacturing and services sector. This will also help in bridging the urban-rural divide and boost the economic and industrial development in the region.

The Company is also taking various CSR initiatives in the region, as a responsible corporate citizen to ensure all-round development of the surrounding community. (Details of CSR is dealt separately).

Thus, the proposed SEZ projects, has high potential not only in adding to the export revenue and economic progress of the country, but also in developing the region as a whole.

The Company has also planned for developing few other SEZ at other locations like Tirupati and Hyderabad.

Mall along with Multiplexes, Food Court and Business Hotel

With the boom in the economy in general and in industries like IT, ITES and Infrastructure in particular, the real estate industry is poised for a major growth in the years to come. A healthy growth in employment trend coupled with a higher disposable income and a young, willing to spend population, the organized retail industry is growing fast.

To ride on this growth, your Company has taken up a project for developing a mall with multiplex and a business class hotel through wholly owned subsidiary Riverside Infrastructure (India) Private Limited. The mall will have food courts and fine dining. The project is coming up on the Old Mahabalipuram Road and is the first of its kind in this area. With the boom in IT and ITES companies, the demand for good hotel in this area has increased.

The project will add a lot of value to your Company in the years to come. The required finance for the project is already tied up. Land

development has been done. Company has already applied for approval of its plan and will soon commence the construction.

In terms of size and facilities offered it will be the first of its kind in Tamil Nadu. A number of large retailers have shown interest to participate in the project with whom the discussions are on. The mall when completed will have the largest size of entertainment zones in the whole of Tamilnadu.

Serviced Apartments

Due to the boom in the economy fuelled by all around growth both in the manufacturing and services sector, the demand for quality realty space has increased manifold. The growth in the IT / ITES segment has increased the demand considerably for quality space.

Seeing the opportunities available in the segment, your Company has identified the need for serviced apartments in and around the IT corridor through wholly owned subsidiary Marg Business Park Private Limited. It has conceptualized developing a serviced apartment complex at Kazhipattur in Chennai. The required land has already been acquired. Plans have been submitted already and the approval is expected any time. The Company has already entered into an agreement with Oakwood Asia, one of the dominant players in the shared accommodation space for managing and maintaining its serviced apartments. The construction work will commence as soon as the approvals are in place.

Residential Villas/ Apartments/ Farm Houses

The Company is also planning a high-end residential project at Thandalam on the OMR, focusing on premium and luxury condominiums spread over an area of 30 acres. The Company is also planning for farm houses in natural vicinity spread over an area over 90 acres. The Company is also planning meditarian villas spread over an area over 30 acres

IT Parks

Marg Square: Your Company has developed 'Marg Square' IT Park on Old Mahabalipuram Road spread over 1.76 acres of land with built up area of 2.4 Lacs Sq ft. for Marg Realities Limited. The said building has been leased to Satyam Computers Services Limited. The Company has completed the construction and finished installation of equipments.

Digital Zone - II: Your Company has also developed an IT park of international standards 'Digital Zone – II' in the IT Corridor, Karapakkam with a built up area of 2.16 Lacs sq ft. for Marg Digital Infrastructure Private Limited and others. The said building has been leased to Scope International subsidiary of Standard Chartered Bank. The Company has completed the construction and finished installation of equipments.

New Initiatives

The Company recognizes that developing and implementing projects aimed at growth and meeting market requirements in a cost effective and time bound manner is of importance. The Company has initiated few projects and entered into various

agreements in the areas of Infrastructure Development and Constructions Business.

DIVIDEND

Board of directors of your Company has declared interim dividend of 20% during the current financial year. The interim dividend declared has been already been paid.

Your Company is in the mode of expansion for which abundant resources are required and accordingly the Board considered conserving resources and building up reserves for future. In view of this, the Board does not recommend any further dividend for the year.

FUTURE PROSPECTS

We maintain our positive outlook. Going forward and anticipate maintaining the growth momentum in the year 2007-08. Infrastructure and realty sectors cemented its path and witnessed significant growth.

The envisaged GDP by Government of India need to be supported by way of creation of further Infrastructural facility. The avenues are abundant and Company is trying to capitalise the opportunities available through all the concerns.

Your Company is pursuing growth opportunities, which are strategic to its intents and operations. Your Company has all available resources to lead to the future making a good share of all available infrastructural development opportunities.

CHALLENGES

Your Company has set vision to be a trusted market leader in providing infrastructure solutions. With this vision your Company is all set for exponential growth and geared up to take the challenges.

The Company is facing normal market competition from Indian and International Companies. Your Company has successfully maintained its operating efficiencies and constantly improved its financial performance.

JOINT VENTURE AGREEMENT

Your Company is engaged in diversified activities in different infrastructure and realty sector by identifying new businesses and actively participates in the development of country's infrastructure development programme. This process in turn increases the returns and long term viability of the Company investing in businesses that can scale rapidly and generate superior returns over an extendable period of time.

After considering the various opportunities, the Directors of the Company entered into Joint Venture (JV) Agreement with Housing and Urban Development Corporation Limited (HUDCO) pursuant to which Signa Infrastructure India Limited has been incorporated. Marg Constructions Limited and HUDCO have Share holding ratio of 74:26 in the JV Company.

The new entity would give better prospect to take up larger

projects in Infrastructure Development as it would have technical strength of Marg Constructions Limited and financial strength of HUDCO. This techno financial collaboration would help the Company to bid for even bigger size Government Projects.

FIXED DEPOSITS

The Company has not invited or accepted any Fixed Deposits from the public.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Arun Kumar Gurtu and Mr. Karan Jit Singh Jasuja, Directors have been appointed as additional directors on 30th March 2007 and 20th June 2007 respectively. Both cease to hold the office of Director on the date of AGM.

Company has received notice from a member in accordance with Section 257 of the Companies Act, 1956 proposing their candidature as director to retire by rotation. Accordingly the same is forwarded for shareholders approval.

Mr. G R K Reddy, Director had been appointed as Managing Director for a period for five years from the financial year 1997 to 2002. Again he was appointed as Managing Director for a period of five years from 2002 to 2007.

Remuneration Committee has recommended reappointment of Mr. G R K Reddy again as Managing Director for a period of five years from 1st April 2007 to 31st March 2012 on revised remuneration. Board of Directors considering recommendations of committee and has appointed Mr. G R K Reddy as Managing Director for a period of five years w.e.f. 1st April 2007 subject to approval of shareholders. He would be a non rotational director on the Board.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) In preparation of the Annual Accounts for the financial year ended 31st March, 2007 the applicable Accounting Standards have been followed and there are 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 and loss account of the Company for that period;
- 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 annual accounts on a going concern basis.

AUDITORS

M/s K Ramkumar & Co, Chartered Accountants, Auditors of the Company, retire at ensuing Annual General Meeting and have furnished a certificate regarding their eligibility for reappointment as the Company's Auditors for the year 2007 - 08.

CORPORATE SOCIAL RESPONSIBILITY – APPROACH TOWARDS SOCIETY

At MARG we want for progress to be inclusive. We would like our communities and our people to grow along with us, to have access to equal opportunity and the power to make their dreams reality. While we continue to grow our areas of expertise and markets, we are also driven by a need to be socially relevant in helping shape a confident, healthy and responsible nation.

Everyone counts, and at MARG we would like our Company and its people to be actively involved in bringing prosperity to every part of India, one village at a time. As we grow, we must be able to share our opportunities with those less fortunate. We call this 'Inclusive Living' – simply, including everyone in the process of creating and sharing progress.

This year, MARG has a special team, with a special purpose – to usher a 'Chain of Change'. Our current focus for this program is in the Cheyyur Taluk of Latur Block, Kancheepuram District. In this Taluk, access to education becomes tougher as children grow older. The pressure to support families then creeps in and young adults go out into the world seeking employment, with no training and no hope for career advancement. Starting from education to skill development, health, and environmental care, we will soon witness a Chain of Change. A chain that touches the lives of over 5000 families in just 18 months, and in good time, generations to come.

Education: A study indicates that from primary to secondary school, the number of school going children drops. One of the reasons is that secondary schools in the area are often a 5-kilometer walk away from where children stay. Numbers drop further as children go from secondary to higher secondary schools, as higher secondary schools are often a 10-kilometer walk for these children. In addition, by this time, most children are above the age of 14, and under a lot of pressure to become bread-winners for growing families. Schools too are often not adequately equipped, and their infrastructure weak. It is here that MARG will begin its Chain of Change by:

- Upgrading the Balwadis / Aanganwadis
- Upgrading school infrastructure – painting, creating partition and compound walls, providing infrastructure
- Providing for education aids – charts, globes, creating libraries

Skill Development : The next link in our Chain of Change involves guiding students who are ready to work. Almost 60% of our population lives in rural areas where access to occupational training

is limited. Young adults, primarily those from agricultural backgrounds, often drop out of school and enter competitive environments with little or no professional training.

MARG in association with CII and NGOs active in the area will establish Grassroots Level Skill Development Initiative that offer a 20-day training program to prepare these youths for jobs in the corporate world. This initiative shall impart training at two levels:

- Pre-employment training covering areas such as workplace culture, communication skills, hygiene, safety, time management, etc.
- Industry-specific training program to equip people with specific industries like construction, manufacturing units etc.

Health & Nutrition: For children, good health is vital for mental and physical development. For an adult, it means leading a fuller life, the energy to achieve their dreams while providing for their families. With this in mind, MARG looks at creating the third link in the Chain of Change: access to healthcare, so our communities grow strong.

- Upgrading the PHC (Primary Health Centre) in the Taluk with medical equipment
- Proper sanitation facilities for children at schools
- Sponsorship of a multi-specialty hospital at Koovathur
- Conducting routine medical camps

Environment: Caring for the environment is a message we can share only through example. Preserving resources and sustaining the environment that protects us will only help in sheltering the human race. After all, a good environment will foster a better quality of life for generations to come. To this end, MARG will:

- Create ponds, water collection infrastructure in anticipation of the monsoons
- Provide for piping of water, filling of OHT during the summer
- Plant trees for a cleaner greener city

Outreach: Apart from the Chain of Change, we are also contributing towards other outreach programs:

Ability Fest: From October 5 to 8, 2007, Ability Foundation is holding their international disability film festival, AbilityFest. This is a biannual event, first organized in July 2005. The festival showcased cinema from around the world by, with and about people with disabilities. The world over, disability film festivals have become focal points for discussion, debate and create thought.

SOCIAL ACTIVITY

You Company has taken up following social activity during the year:

Celebrating 100 years of Satyagraha: MARG, in co-ordination with the Gandhi Study Centre, conducted a one-day programme for underprivileged children to celebrate Gandhi Jayanthi and 100 years of Sathyagraha. With over 600 guests, the event was a

roaring success, dotted by the laughter and cheer of children.

Amaithi Illam's Music Night: MARG was the main sponsor for the Amaithi Illam's Music Night and fund raiser for the orphanage's 50 bright and energetic Children.

The Chennai Marathon: MARG participated as co-sponsor of the Chennai Marathon 2006 – jointly organized by the Sports Development Authority of Tamil Nadu and Rotary International.

Archcult 06 – MARG Hybridia: MARG sponsored Archcult's Hybridia, a national level symposium marking the Silver Jubilee Celebrations of the Architecture department of NII, Tiruchirapalli.

Children's Day, Siragu School: MARG sponsored a memorable day for the 200 under-privileged children of Siragu Montessori School, Paalavedupettai, Chennai.

World AIDS Day: MARG sponsored a campaign to commemorate World AIDS Day – December 1, 2006. The World AIDS Day campaign aimed at spreading awareness and changing the mindset of the society towards people living with HIV / AIDS. Accept, Act, and Achieve was the message delivered.

EmployABILITY 2006: MARG was the principal sponsor for EmployABILITY 2006, a job fair for specially-abled people from across the country held on December 16 & 17, 2006 in Chennai. Aimed at 'looking beyond Disabilities and Breaking Barriers Together' the event saw several young job aspirants for whom this was the first job interview. For those with experience, it provided an opportunity to climb the corporate ladder.

INDUSTRIAL RELATIONS

MARG believes in employee retention and employee empowerment. The Company provides required training to the Employee including executive training. Company has sponsored few employees for executive MBA programme. Company arranges training programme for its employees including knowledge and skill development. Company also sponsors various seminars, training programmes, etc for the employees. Further Company has also undertaken programme for senior management staff.

While we have contributed to the society at large as an organization and remembered our commitments to the society and the environment, we, as an organization, have not forgotten our responsibilities towards the people who have contributed to make us what we are in the corporate world. The people behind the brand, who have worked relentlessly to bring us to these levels and who with their tireless contribution are furthering the boundaries of our existence and enhancing our reputation in the market.

We also acknowledge the families, the extended MARG family, who, have staunchly stood behind these people by giving them their whole-hearted support and encouragement. In an expression of our gratitude and appreciation of the efforts of the MARG extended family, we celebrated several festivals with great pomp and a lots of festive activities.

Some of the festivals celebrated by us were the Deepawali,

Christmas, New Year and Pongal. Each of these festivities were associated with a grand get together of the families of our staff which was interspersed with various activities like musical chair, fashion parade for kids, other creating pursuits that exhibited the talents of the children of the MARG family. Also, there were activities for the elders. These festivities concluded with a grand feast for the families. Company also organizes monthly celebration of birth days and marriages of employees.

The Company has also obtained the approval of shareholders in last Annual General Meeting for Employee Stock Option Scheme, 2006. Further Company is also planning to obtain approval of shareholders for Employee Stock Option Scheme, 2007. ESOP would be useful for attracting and retaining qualified, talented and competent personnel. It would foster a sense of ownership and belonging among the employees.

The Company enjoyed cordial relations with the employees. Management appreciates the employees of all cadres for their dedicated services to the Company.

PARTICULARS OF EMPLOYEES

Particulars of the employees of the Company who were in receipt of remuneration, which in aggregate exceeded the limits fixed under Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975 is separately provided marked as Annexure I.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

As the company is not an industrial undertaking, accordingly, particulars with regard to conservation of energy and technology absorption and adaptation required to be given under these heads in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

The information on Foreign Exchanges Earnings and Outgo is contained in the note 14 Schedule 18 Notes to Account, forming part of the accounts. A separate list is also attached as Annexure II.

SUBSIDIARIES

The Company has 24 subsidiaries as on 31st March 2007. Brief details of the subsidiaries are attached as Annexure IV. The Company has been granted exemption by the Central Government vide their letter bearing number 47/285/2007-CL-III dated 4th June 2007 as per provisions of Section 212 (8) of the Companies Act, 1956 from attaching the accounts and other information's of subsidiaries as required under Section 212 (1) of the Companies Act, 1956. However a statement is attached in consolidated balance sheet providing the following information for each subsidiary (a) Capital, (b) Reserves, (c) Total Assets, (d) Total Liabilities, (e) Details of Investment (except in case of investment in subsidiaries), (f) Turnover, (g) Profit before Taxation, (h) Provision for Taxation,

(i) Profit after Taxation and (j) Proposed Dividend as per the exemption of the Central Government. The same forms part of the annual accounts of the Company.

The consolidated financial statements of the subsidiaries duly audited are presented along with the accounts of your Company. The annual accounts of subsidiary company are kept at the Company's registered office and also at the respective registered office of the subsidiaries for inspection and shall be made available to the members seeking such information.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreements is presented in a separate section forming part of the Directors Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the requirements set out by the Securities Exchange Board of India's, Corporate Governance Practices and have implemented all the stipulations prescribed. Report on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is presented in a separate section forming part of the Directors' Report.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers and Members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for committed and dedicated services of the workers, staff, and officers of the Company.

For and on behalf of the Board of Directors

G R K Reddy
Chairman & Managing Director

Place: Chennai
Date : 20th June 2007

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Marg Constructions Limited is a premier infrastructure/ constructions/ real estate developer, building a reputation of quality, craftsmanship and expertise.

The year 2006 – 07 has witnessed continued buoyancy in Real Estate / Infrastructure Market inline with the growth of Indian Economy. The estimated GDP for the year 2006-07 is 9.4 % (Source- CSO).

The size of the real estate market is worth US\$12-14 Billions. The realty sector is growing by 30% and expected to be worth US\$60 Billions (Source- FICCI). The Government of India estimating an investment of USD 350 billions in the Infrastructure sector to sustain the economic growth of 9%.

Your company operating in the Infrastructure and Realty sector has huge potential for growth.

Robust growth in the economic activity in various sectors of the economy as well as all segments of Infrastructure and Constructions Industry turned in an impressive performance in recent time. International Outsource Phenomenon has given boost to the real estate business especially in Chennai due to the enable infrastructure support by the Government. Marg Constructions Limited put together another outstanding performance in the fiscal year 2006-07. The Company achieved a higher trajectory growth with revenues and profits posting significant increases and continues addition to the pipeline new Infrastructure and Constructions Projects.

The company has a well-earned reputation of completing projects with a total commitment to the highest work ethics and standard. Marg will continue its business strategy of building and creating value for all its stakeholders in both its existing and new business.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

All key functions and divisions are independently responsible for monitoring risk associated within their prospective areas of operations. Infrastructure and construction projects are subjected to international market forces of demand and supply.

The significant factors that could make a difference to the Company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the constructions sectors, changes in Government regulations, tax regimes and other statutes.

These are the following factors affecting infrastructure and constructions sectors:

- Increase in the competition in the infrastructure/ construction/

real estate industry.

- High increase in the property prices, labour costs and raw materials prices in India.
- Increases in prices of plant & machineries and insurance premium.
- Changes in laws and regulations having implications on infrastructure and constructions industry.

SEGMENTWISE / PRODUCTWISE PERFORMANCE

The Company has identified two business segments in line with the Accounting Standard on Segment Reporting (AS-17). These are (i) Projects Division and (ii) Leasing Division. Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. The table below gives the audited financial results of these segments.

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. In Lacs)

	Particulars	Year ended 31 st March 2007 (Audited)	Year ended 31 st March 2006 (Audited)
	Segment Revenue		
1	Projects Division	11,573	4,932
2	Leasing Division	848	831
	Total	12,421	5,763
	Segment Results		
	Profit/ (Loss) before tax and interest		
1	Projects Division	3,420	886
2	Leasing Division	638	650
	Total	4,058	1,536
	Less:		
1	Interest	422	378
2	Other un-allocable expenditure net of un-allocable income	(220)	125
	Profit before tax	3,856	1,033
	Capital Employed (Segment Assets less Segment Liabilities)		
1	Projects Division	2,648	1,157
2	Leasing Division	494	342
	Add : Un-allocable assets less un-allocable liabilities	12,368	904
	Total Capital Employed	15,510	2,403

OUTLOOK

India is among one of the most sought outsourcing destinations. With more contracts of infrastructure and constructions projects expected in the future, the Company has undertaken a number of projects i.e port at Karaikal, Mall, SEZ, Residential, etc. and is expected to have a good outcome from the above projects. MARG has ambitious plans to emerge as an integrated infrastructure and constructions solutions hub.

The consistency of performance, the stability of our operations and the clarity of vision will continue to make MARG among leading infrastructure developer. The initiatives taken by the Company will also continue to enhance stakeholder's wealth over the years.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has adequate system of internal control in place. This is to ensure that assets are safeguarded and all transactions are authorized, recorded and correctly reported. The internal audit function is empowered to examine the adequacy, relevance and effective control system, compliance with policies, plans and statutory requirements. The top management and the Audit Committee of the Board review the findings and recommend to the Board improvement on the same.

FINANCIAL PERFORMANCE

During the year the Company scaled new heights and several new benchmarks in its financial performance in terms of sales, profits, net worth and assets. During the year under review your Company achieved yet another milestone and the total income touched all time high of Rs. 14,185 Lacs and profit after tax stood at Rs. 2,991 Lacs as against Rs.819 Lacs in the previous year.

The financial performance of the Company has been given in detail separately in the Directors Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company believes, thinks and performs in a manner that is in line with global best of breed practices. Your company attaches significant importance to continuous upgradation of Human Resources for achieving higher levels of efficiency, customer satisfaction and growth.

Company has gone for recruitment drive and has attracted best people from industry in various departments in various positions. As part of the overall HR strategy, training programme has been organized for employees at all levels through internal and external resources.

ORGANIZATION STRUCTURE

Keeping in view the overall strategy, your company has re-looked the organization structure whereby the entire business has been bifurcated into Infrastructure and Real Estate verticals and each vertical is being headed by professional CEOs supported by corporate services like – HR & Admin / Finance / Quality / Strategic Planning Department. This process has facilitated to have focus/

attract experts with respective domain knowledge and inculcate a healthy competition among the teams.

Your Company in order to make the vision more focused has formed an Executive Council, representing the cross-functional executives. This is the apex body of the company, which drives the Strategies/ direction of the company.

Your Company has further formed a cross functional team called Operational Review Group. It reviews the day-to-day activities and escalate the issues for immediate attention and resolution.

The company has appointed Great Lakes Institute of Management – a reputed Management Institute found by Prof. Bala V Balachandran and Prof. J.L .Kellogg – J.L. Kellogg Graduate School of Management, North Western University, Evanston, Illinois, USA, to support the company in developing organization structure & having robust process mapping mechanism to meet the growth strategy of the company.

BRANDING

A brand offers the consumer an assurance and then delivers on it. With growing consumerism, branding has become the crux of selling in the new economy. A strong corporate branding strategy primarily creates simplicity; it stands at the top of the brand portfolio as the ultimate identifier of the corporation. The company name carries responsibility and guarantees the quality of the product.

MARG has proven competencies in managing construction projects, sourcing suitable financing, forging alliances with vendor partners in India and internationally and most importantly the domain expertise for risk mitigation. Additionally, an enviable land bank makes for a robust business model. The company has demonstrated its commitment for the long haul which is reaffirmed by projects across the entire developmental cycle.

Strong branding would work to leverage these strengths, propel the company to greater growth and also enhance the credibility of our forthcoming launches. "Brand MARG" would soon emerge as the company's competitive edge.

CAUTIONARY STATEMENT

Statements of Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements". As forward looking statements are based on certain assumptions and expectations of future events over which the Company exercises no control. The Company assumes no responsibility to publicity, amend, modify or revise any forward looking statements on the basis of any statements, development, information or events.

REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

The Company right from its inception has been committed to the highest standards of Corporate Governance Practices and to attain the highest levels of transparency, accountability and equity in all facets of its operations and in its all interactions with its Stakeholders including Shareholders, Employees, Lenders, Customers and the Government.

Marg Constructions Limited believes that all its actions must serve the underlying goal of enhancing overall Stakeholders' wealth over a period of time. It has adopted the best practice of Industry for Governance.

2. Board of Directors

The Board presently consists of six Directors comprising of the Managing Director and five Non-Executive Directors out of which three are Independent Directors.

During the year Board comprised of six Directors including Managing Director, Five Non-Executive Directors including three Independent Directors. The Board inducted one more Non Executive Independent Director on 30th March 2007 when two Non Executive Independent Directors resigned. One more Non Executive Independent Director has been inducted in Board on 20th June 2007.

Composition of the Board and category of Directors has been as follows:

Sl. No	Name(s) of Director (s)	Executive/ Non-executive/ Independent	Other Directships (Excluding Private Limited Companies)	Number of other committees held in other Company
1	Mr. G R K Reddy	PD/ED	12	Nil
2	Mr. G Raghava Reddy	PD/NED	7	Nil
3	Mrs. V P Rajini Reddy	PD/NED	13	Nil
4	Mr. R Rangarajan*	NED/ID	Nil	Nil
5	Mr. Ramani Ramaswamy*	NED/ID	Nil	Nil
6	Mr. P M Shivaraman	NED/ID	6	Nil
7	Mr. Arun Kumar Gurtu**	NED/ID	Nil	Nil
8	Mr. Karan Jit Singh Jasuja***	NED/ID	Nil	Nil

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

* Resigned from the Board on 30th March 2007

** Joined the Board on 30th March 2007

*** Joined the Board on 20th June 2007

Directors' Profile

Brief Resume of all the Directors are given below:

Mr. G R K Reddy, Chairman & Managing Director (Executive) aged 47 years, is a post-graduate in commerce. He started his career in 1985 with merchant banking industry and gained rich experience in advising and structuring financial closures. Later in 1994, he moved to the constructions and infrastructural industry and promoted the Marg Constructions Limited. He made it one of the prominent groups

operating in South India providing infrastructure, real estate, power, civil, electrical, residential and commercial projects.

Mrs. V P Rajini Reddy, Director (Non-Executive) aged 40 years, is a B. Tech with over eight years experience in the areas of Investment Consultancy and Capital Market Operations. She has over 11 years experience in the area of CAD/CAM systems, software development and training. She runs a BPO organization in Chennai, catering international clients back office activities. She has been instrumental guiding technology inflow in the Company.

Mr. G Raghava Reddy, Director (Non-Executive) aged 75 years, is a B.E MIE, with over 40 years of experience in infrastructure and construction industry having worked for Nagarjuna Sagar Dam Diversion Tunnel, Nagarjuna Sagar Dam Right Canal at Gundlakamma River, Krishna Delta Regulation System, Godavari Barrage, Water Supply Canal to Visakapatnam steel plant, Spilway works for Yellashwaram Reservoir and Multistory Commercial and Residential Complex in Vijayawada. He has been pallet guiding for Marg Constructions Limited.

Mr. Ramani Ramaswamy, Director (Non-Executive, Independent): Aged 47 years, is a mechanical Engineer from IIT M and MBA (AIM), Manila, Philippines. He has 15 years of project development experience in diverse areas and has pioneered the identification and development of Coated Paper Board. He has vast experience in integrating shipping of bulk commodities and BOT opportunities in the areas of Ports and Social Infrastructure. He has sharpened his business acumen by being executive assistant to the Chairman of a very diversified group in Thailand with interests in Trading, Shipping, Manufacturing, Hotels and Gems & Jewellery. He has been a key coordinator for the private sector initiatives in the Port sector in India.

Mr. R Rangarajan, Director (Non-Executive, Independent) – A B.Tech (Civil) from IIT and MBA (IIMB) having 14 years of project development experience, he pioneered the identification and development of BOT opportunities in the areas of Roads, Bridges, Ports and Social Infrastructure. He has let BOT projects in the infrastructure sector for Larsen & Toubro such as the Coimbatore Bypass and the Narmada Bridge.

Mr. P M Shivaraman, Director (Non-Executive, Independent) aged 52 years is a qualified Cost Accountant & Company Secretary. Mr. Shivaraman has held senior position in Credit and Merchant Banking in Allahabad Bank. He has got over 26 years of experience in project preparation and appraisal of various infrastructure projects. He has represented many companies in various forums. He is also well connected with Foreign Banks, Mutual Funds and Industrial Investors.

Mr. Arun Kumar Gurtu, Director (Non-Executive, Independent) aged 64 years is a fellow member of Institute of Chartered Accountants of India. He posses over 33 years of executive experience. Presently he is carrying on profession of advisory and consultancy services. He has held senior positions in various industries varying from Banking, Tea, Cable Paper and Constructions and Real Estate. For last twelve years he has been working in Constructions and Real Estate Industry.

He has handled various projects from conception stage to commissioning stage.

Mr. Karan Jit Singh Jasuja, Director (Non-Executive, Independent) aged 46 years is a fellow member of Institute of Chartered Accountants of India. He has been authoring articles on professional topics. He has held senior position in various industries. He is presently carrying on his practice as a Chartered Accountant. He has been advisor to all kind of Capital Market operation and is an expert on taxation and finance.

Attendance of Directors at Board Meetings and at Annual General Meeting

Following were the attendances of directors in the Board Meeting and AGM:

Sl. No.	Name(s) of Director (s)	No. of Board Meetings held	Board Meeting attended	Attendance at Previous AGM
1	Mr. G R K Reddy	11	11	Yes
2	Mr. G Raghava Reddy	11	10	Yes
3	Mrs. V P Rajini Reddy	11	11	Yes
4	Mr. Ramani Ramaswamy *	11	7	Yes
5	Mr. R Rangarajan *	11	7	Yes
6	Mr. P M Shivaraman	11	10	Yes
7	Mr. Arun Kumar Gurtu **	1	1	NA
8	Mr. Karan Jit Singh Jasuja ***	0	0	NA

* Resigned from the Board on 30th March 2007

** Joined the Board on 30th March 2007

*** Joined the Board on 20th June 2007

During the financial year 2006 - 07, eleven Board Meetings were held on following days: 13th April 2006, 23rd May 2006, 28th May 2006, 3rd July 2006, 31st July 2006, 2nd September 2006, 4th October 2006, 14th October 2006, 23rd December 2006, 31st January 2007 and 30th March 2007.

3. Committee of Directors

Board of Directors has constituted six Committees of Board for smooth functioning. Whereas three Committees are statutorily required, three more Committees have been constituted to enable the Board to take the decision faster. Following are the six Committees of Board:

- I. Audit Committee
- II. Remuneration Committee
- III. Shareholders/ Investor Grievance Committee
- IV. Banking and Legal Committee
- V. Allotment Committee
- VI. Compensation Committee

Two Committees were constituted by Board during the year for the specific purpose and was dissolved on completion of assigned responsibilities. They are:

- VII. Committee for FCCB Issue
- VIII. Committee for GDR Issue

I. Audit Committee

Pursuant to provisions of Section 292A of the Companies Act 1956 and

Clause 49 of the Listing Agreement, Board has constituted an Audit Committee in its meeting dated 16th April 2002. Presently, Committee comprise of four Non-Executive Directors out of which three Directors are Independent. All the members of the Committee are financially literate and Mr. P M Shivaraman has accounting expertise. During the year the constitution of the Committee has changed on 30th March 2007 pursuant to resignation of Mr. Ramani Ramaswamy and Mr. R Rangarajan. However, Board has again reconstituted the Committee pursuant to appointment of Mr. K S Jasuja as director and presently Committee comprise of four Non-Executive Directors out of which three Directors are Independent.

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

Sl. No.	Name	Category/Status	Meetings Held	Meetings Attended
1	Mrs. V P Rajini Reddy	NED/Member	4	4
2	Mr. Ramani Ramaswamy *	NED/ID/Member	4	2
3	Mr. R Rangarajan *	NED/ID/Member	4	2
4	Mr. P M Shivaraman	NED/ID/Chairman	4	4
5	Mr. Arun Kumar Gurtu **	NED/ID/Member	NA	NA
6	Mr. Karan Jit Singh Jasuja ***	NED/ID/Member	NA	NA

* Resigned from the Board on 30th March 2007

** Joined the Board on 30th March 2007. However no meeting has been held during the year after his appointment.

*** Joined the Board on 30th June 2007.

During the year Audit Committee met four times on 23rd May 2006, 31st July 2006, 4th October 2006 and 30th January 2007.

Terms of reference

Following are the terms of reference given by Board of Directors to Audit Committee:

- a) to review the results, announcement and the report and accounts / review at the end of the quarter, half-year and annual financial statements before submission to the Board, focusing particularly on:
 - i) Any changes in accounting policies.
 - ii) Significant adjustments made in the financial statements arising out of audit findings.
 - iii) Compliance with listing and other legal requirements relating financial statements.
 - iv) The going concern assumption.
 - v) Limited Review Report of Auditors.
 - vi) Compliance with applicable accounting standards.
- b) to recommend to the Board the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixing of audit fees.
- c) to discuss with the statutory auditor before the audit commences, the nature and scope of the audit.
- d) to review the statutory auditors report and presentations and managements response.
- e) to review the adequacy of internal audit programme and the major findings of any internal investigation.

- f) to review management discussion and analysis of financial condition and results of operations.
- g) to review the related party transactions submitted by management.
- h) to consider other matters, as may be referred to by the Board of Directors from time to time.

II. Remuneration Committee

Board has constituted Remuneration Committee in its meeting dated 29th January 2004. The Remuneration Committee presently consists of three Non-Executive Directors out of which two are Independent Directors. The Committee determines and recommends to the Board of Directors, the remuneration payable to the Executive Directors. The resolution for the appointment and remuneration payable to the Executive Directors including commission to Managing Director are approved by the shareholders of the Company.

Composition of the Remuneration Committee and Attendance of each member of the Committee are given below.

Sl. No	Name(s) of Director (s)	Chairman/ Member	Meetings held	Meetings attended
1	Mr. G Raghava Reddy	Member	2	2
2	Mr. Ramani Ramaswamy *	Member	2	2
3	Mr. R Rangarajan *	Member	2	1
4	Mr. P M Shivaraman**	Member	NA	NA
5	Mr. Arun Kumar Gurtu ***	Chairman	NA	NA

* Resigned from the Board on 30th March 2007

**Appointed as a member of the Committee on 30th March 2007. However no meeting has been held during the year after his appointment.

*** Joined the Board on 30th March 2007. However no meeting has been held during the year after his appointment.

During the year two meetings were held on 2nd June 2006 and 30th January 2007.

Terms of reference

Following are the terms of reference given by Board of Directors to Audit Committee:

- (a) To decide on the remuneration policy of the managerial personnel.
- (b) To approve of the appointment/ reappointment of the managerial personnel for such tenure as they may decide.
- (c) To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said act.
- (d) other benefits entitlement viz., accommodation, insurance, medical expenses reimbursement, Leave Travel Allowance, Company's Car and telephone at residence, etc.,
- (e) Such other powers/ functions as may be delegated by the Board from time to time.

Remuneration Policy

Company is slowly moving towards industry standard in terms of remuneration. The Company now provides very competitive salary and at par with the industry standard.

Remunerations to Non Executive Directors

The Company presently doesn't pay any salary or remuneration to non executive directors other than sitting fee. Non Executive Directors are paid sitting fee of Rs. 20,000 for each Board Meeting and Rs. 10,000 for each Committee Meeting attended by them w.e.f. 20th June 2007. Before this date Non Executive Directors were paid sitting fee of Rs. 5,000 for each Board Meeting and Rs. 2,500 for each Committee Meeting attended by them. However, looking at increased operation of the Company and prevalent market conditions the sitting fee has been revised to bring it up to Industry Standard.

Remunerations to Executive Director

Mr. G R K Reddy has been appointed as Managing Director for five years. As per the terms of appointment as revised by shareholders, he has been paid salary of Rs. 36 Lacs, HRA of Rs. 21.6 Lacs and other benefit as per company rules. No stock option has been granted to him. He has also been paid commission of 1% on net profit of the Company amounting to Rs. 22.74 Lacs. Contract for the same has been entered with him.

The remuneration paid to the Managing Directors consists of fixed salary, HRA and other benefit, Commission on net profit and perquisites. The leave travel allowances, provident fund and superannuation are provided as per the Company's rules and policies. No sitting fee is paid to Managing Director. As per the terms of appointment the service contract was for a period of five years. There is no agreed notice period in the contract entered into with Managing Director and there is no severance fee.

The term of managing director for five years comes to end and Board has reappointed him for further five years subject to approval of shareholders.

The Company has paid following Remuneration to Managing Director in the last year:

Rs. in Lacs

Name(s) of Director (s)	Salary Including HRA	Other Benefit	Commission / Bonus / Incentives	Total
Mr.G R K Reddy	57.60	4.32	22.74	84.66

III. Shareholders'/ Investors' Grievance Committee

The Board has constituted Shareholders'/ Investors' Grievance Committee in its meeting dated 29th October 2002. Presently, Committee consists of three Non-Executive Directors out of which two are Independent Directors. Committee approves issue of duplicate share certificates and oversees and reviews all matters connected with transfer of securities, non-receipt of balance sheet and attending the grievances of the shareholders. The Committee has delegated the authority for share transfers to Managing Director so that it can be taken up at

regular interval. The Committee oversees performance of Registrars and Transfer Agents of the Company and recommends measures for overall improvements in the quality of investor services.

During the year three meetings has been held. The composition of the Committee and attendance of each Committee member is given under:

* Resigned from the Board on 30th March 2007

Sl. No	Name(s) of Director (s)	Chairman/ Member	Meetings held	Meetings attended
1	Mr. G Raghava Reddy	Chairman	3	3
2	Mr. Ramani Ramaswamy *	Member	3	2
3	Mr. R Rangarajan *	Member	3	1
4	Mr. P M Shivaraman**	Member	NA	NA
5	Mr. Arun Kumar Gurtu ***	Member	NA	NA

**Appointed as a member of the Committee on 30th March 2007. However no meeting has been held during the year after his appointment.

*** Joined the Board on 30th March 2007. However no meeting has been held during the year after his appointment.

Compliance Officer

Mr. Gouri Shankar Mishra, Company Secretary of the Company has been appointed as Compliance Officer and is responsible for the Compliance. Further Company Secretary has been authorized to deal with all correspondence and complaints from the investors. He informs the Committee about status of Complaints.

Investors' Grievance Redressal

During the year total 25 complaints were received. All the complaints have been resolved to the satisfaction of shareholders.

There were no outstanding complaints as on 31st March 2007. All queries from investors in general have been satisfactorily replied.

IV. Banking and Legal Matters Committee

The Board in its meeting dated 29th October 2005 has constituted a Banking and Legal Matters Committee. Presently 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 the banking and legal issue including availing of loans and other related issue. Board has delegated the powers to Committee along with limitations.

During the year 2006 - 07 fourteen meetings has been held. Following is the composition of the Committee:

Sl. No.	Names	Chairman / Member
1	Mr. G. R K Reddy	Chairman
2	Mr. P M Shivaraman	Member
3	Mr. R Rangarajan*	Member
4	Mrs. V P Rajini Reddy**	Member
5	Mr. Arun Kumar Gurtu***	Member

* Resigned from the Board on 30th March 2007

**Appointed as a member of the Committee on 30th March 2007.

*** Joined the Board on 30th March 2007.

V. Allotment committee

The Board in its meeting dated 30th March 2007 has constituted an Allotment Committee consisting of one Executive and three Non-Executive Directors out of which two are Independent Directors. Committee is authorised and entitled to allot the shares only on conversion of the Foreign Currency Convertible Bonds or the warrants issued by the Company. The Committee has been constituted to meet at short interval to take up any conversion.

Following is the composition of the Committee:

Sl. No.	Names	Chairman / Member
1	Mr. G. R K Reddy	Chairman
2	Mrs. V P Rajini Reddy	Member
3	Mr. P M Shivaraman	Member
4	Mr. Arun Kumar Gurtu	Member

The committee was constituted on 30th March 2007 and no meeting has been held till the end of the financial year, i.e. 31st March 2007.

VI. Compensation Committee

The Board has constituted Compensation Committee in its meeting dated 2nd September 2006. The Committee presently consists of three Non-Executive Directors out of which two are Independent Directors.

The Committee has been constituted for the purpose of ESOP. During the year one meeting has been held. No option has been granted during the year. Following is the composition of the Committee:

Sl. No.	Names	Chairman / Member
1	Mr. P M Shivaraman	Member
2	Mr. Ramani Ramaswamy *	Member
3	Mrs. V P Rajini Reddy	Member
4	Mr. Arun Kumar Gurtu**	Member

* Resigned from the Board on 30th March 2007

**Appointed as a member of the Committee on 30th March 2007.

VII. Committee for FCCB Issue

The Board has constituted Committee for FCCB Issue in its meeting dated 23rd May 2006. The Committee consisted of one Executive Director and two Non-Executive Directors. The Committee has been constituted for the purpose of offering of US\$ 12.5 million 3% Unsecured Foreign Currency Convertible Bonds due 2011.

The Committee has successfully issued and allotted US\$ 12.5 million 3% Unsecured Foreign Currency Convertible Bonds due 2011 in their meeting dated 22nd June 2006. After allotment of Bond, the Committee has been dissolved on 3rd July 2006.

VIII. Committee for GDR Issue

The Board has constituted Committee for GDR Issue in its meeting

dated 23rd December 2006. The Committee consisted of one Executive Director and two Non-Executive Directors. The Committee has been constituted for the purpose of offering up to of US\$ 55 million by way of GDR.

The Committee has successfully issued and allotted 13,51,500 Global Depository Receipts for US\$ 15 million in its meeting dated 28th February 2007. Each GDR represented two equity shares of the Company. Committee has allotted 27,03,000 equity shares of Rs.10 each underlying Global Depository Receipts. After allotment of Bond, the Committee has been dissolved on 30th March 2007.

4. Subsidiaries

The Company has twenty four subsidiary companies as on 31st March 2007. Details regarding subsidiary and business undertaken by them are provided in Annexure IV. All subsidiaries other than Signa Infrastructure India Limited are wholly owned subsidiary. Company holds 74% of the Equity Shares of the Signa Infrastructure India Limited.

5. General Body Meeting

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

Year	Date	Time	Venue	No. of Special Resolution passed	Type of Meeting
2005-06	30.09.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road Kottivakkam, Chennai – 600 041	6	AGM
2005-06	13.05.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road Kottivakkam, Chennai – 600 041	1	EGM
2005-06	22.02.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road Kottivakkam, Chennai – 600 041	5	EGM
2004-05	01.09.2005	11.00 A.M.	Narada Gana Sabha Trust, 254, T T K Road, Chennai-600 018.	6	AGM
2003-04	31.12.2004	10.00 A.M.	Sri Sai Subhodaya, 57/2B, Muttukadu Road, Thiruvanmiyur, Chennai-600 041	Nil	AGM

6. Postal Ballot

During the previous year 2006-07 two Special Resolutions were passed through postal ballot in connection with approval of shareholders for guarantee given to Marg Realities Limited for Rs. 46.60 Crores and Obtaining En-bloc approval of Rs. 250 Crores of Corporate Guarantee for one financial year and total limit of Rs. 500 Crores of Corporate Guarantee outstanding at any time pursuant to Sec. 372A of the Companies Act, 1956.

Mr. T. Murgan, Practicing Company Secretary, acted as Scrutinizer,

who conducted and exercised the postal ballot resolution as per the procedure laid down in section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

According to report of Scrutinizer to the Chairman, following is the detail of voting pattern:

Particulars	No. of Postal Ballot Forms	No. of shares	% of total paid up equity capital
A Total postal ballot forms received	66	4448200	43.65%
B Less: Invalid postal ballot forms (as per register)	6	0	0.00%
C Less: Rejections	1	1000	0.01%
D Net valid postal ballot forms (as per register)	59	4447200	43.64%
E Postal ballot forms with assent for the Resolution for Item No 1	57	4445800	43.63%
F Postal ballot forms with dissent for the Resolution Item No 1	2	1400	0.01%
G Postal ballot forms with assent for the Resolution Item No 2	55	4442400	43.60%
H Postal ballot forms with dissent for the Resolution Item No 2	4	4800	0.05%

The Company proposes to obtain approval of shareholder through Postal Ballot in relation to increase in limit of Corporate Guarantee under Section 372A, Change in Object of the Company under Section 17 and to create charge over assets of the Company under Section 293(1)(a).

Procedure for Postal Ballot

The Board appoints a Company Secretary in Whole Time Practice, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The printed postal ballot form, instructions regarding postal ballot, resolutions along with explanatory statements along with prepaid stamps on business reply envelope is sent to the shareholders. Shareholders are given minimum 30 days time to reply regarding their consent or dissent from the date of dispatch of the postal ballot notice. Any receipt subsequent to specified said date are treated as not having been received.

All the postal ballot received back is handed over to Scrutinizer. The scrutinizer shall maintain a register to record the consent or otherwise received, providing the particulars of name, address, folio number, number of shares, nominal value of shares, etc. The Scrutinizer also maintains record for postal ballot which are received in defaced or mutilated form.

The Scrutinizer forwards his report to the Chairman or any Director of the Company after the completion of the scrutiny of the postal ballots. The result is announced by the Chairman or any Director of the Company either on any General Meeting or the same is displayed on the notice board of the Company. Company also releases the outcome of Postal Ballot in two newspapers, one in English and one in local vernacular.

The resolution relating to the items being Ordinary Resolutions is declared passed if votes cast in favor of the resolution are not less than votes cast against the resolution. The resolution relating to the items being Special Resolutions is declared passed if votes cast in favor of the resolution are not less than three times the number of the votes cast against the resolution.

7. Disclosures

I. There are no materially significant transactions with the related parties viz., Promoters, Directors or the Senior Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosures as required by the Accounting Standard (AS 18) relating to "Related Party Transactions" have been made separately in the Annual Report.

II. Company has complied with all requirements of the listing agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. The suspension in the trading of Company's scrip has been revoked and the trading has resumed w.e.f. 11th August 2005. Other than as mentioned, there has been no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter 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 entire mandatory requirement as provided under Clause 49 of listing agreement. The Company also complies with entire non-mandatory requirement. The Company has obtained a certificate from its auditors regarding compliance of conditions of corporate governance and certificate is annexed to the Directors' Report of the Company which are sent to share holders and Stock Exchanges with the Annual Report of the Company.

8. Means of Communication

I. The un-audited Financial Results on quarterly basis along with Limited Review by the Auditors of the Company are taken on record by the Board of Directors at its meeting within one month of the close of every quarter and the same are furnished to all the Stock Exchanges where the Company's Shares are listed within fifteen minutes of Close of Meeting. The un-audited Financial Results along with Limited Review by the Auditors are first placed before the Audit Committee. The same along with recommendation of the Committee are forwarded to Board of Directors for their consideration.

II. The quarterly results and audited results as per the requirement of Clause 41 are also published within 48 hours in two newspapers, one in English daily News Today and one in Regional (Tamil) Language Malai Sudar. Additionally it is also published in magazine and financial newspaper having national circulation.

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of Company, i.e. www.MargInfrastructure.com. The Company's website provides all information and contains news releases. The presentations made to Institutional Investors or to analysts are also put on the website of the Company.

9. General Shareholder Information:

I. Information about Twelfth Annual General Meeting

Date and Time: 25th September 2007 at 4.00 P.M.

Venue: **Hotel Maathus, 7 East Coast Road, Kottivakkam, Chennai – 600 041**

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2006-07 started on 1st April 2006 and ended on 31st March 2007. The current financial year 2007-08 started on 1st April 2007 and would end on 31st March 2008.

Financial Calendar (Tentative)

First Quarter 30th June 2007 : on or before 31st July 2007

Second Quarter 30th September 2007 : on or before 31st October 2007

Third Quarter 31st December 2007 : on or before 31st January 2008

Fourth Quarter 31st March 2008 : on or before 30th June 2008

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of eight days starting 18th September to 25th September 2007 (Inclusive of Both Days).

IV. Dividend Payment Date

Your Company has already declared interim dividend of 20% during the current financial year. Board has not recommended any further dividend for the year.

V. Listing on Stock Exchange

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited. The Foreign Currency Convertible Bonds and Global Depository Receipts of the Company are listed at Luxembourg Stock Exchange.

VI. Stock Code

i) Bombay Stock Exchange Limited

Stock Code: 530543 (For Equity Shares of the Company)

ii) Madras Stock Exchange Limited

Stock Code: MARG CONST (For Equity Shares of the Company)

iii) Luxembourg Stock Exchange

Stock Code: XS0258376812 (For FCCBs issued by the Company)

Stock Code: US56656Q1013 (For GDRs issued by the Company)

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

VII. Market Price Data

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

Year	Month	High(Rs.)	Low(Rs.)	Monthly Volume
2006	April	193.65	98.00	394,700
2006	May	213.45	131.40	445,000
2006	June	155.50	93.80	182,100
2006	July	104.75	77.00	109,100
2006	August	134.75	86.65	129,000
2006	September	124.00	101.70	81,800
2006	October	184.45	126.90	484,260
2006	November	242.80	143.05	2,417,249
2006	December	285.40	225.00	2,761,505
2007	January	305.95	266.00	4,398,805
2007	February	311.00	232.25	2,702,980
2007	March	232.10	135.90	1,602,725

VIII. Performance vis a vis BSE Sensex

The Share Prices of Equity Shares of the Company has appreciated and responded very well to the BSE sensex. As the sensex moved upwards, the share price of the Company also increased.

IX. Registrar and Share Transfer Agents

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

M/s CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, 1, Club House Road,
Chennai – 600 002. Ph: 28460390 Fax: 28460129
Email: cameo@cameoindia.com

X. Share Transfer System

The physical transfers are normally processed within 15-20 days from the date of receipt of documents complete in all respect. Share Transfers in physical form have to be lodged with the Registrar and Transfer Agents.

XI. Distribution of shareholding as at 31st March 2007

No. of Shares held	No. of shareholders	% of shareholding	Amount	%
Upto 500	3070	76.33	590561	3.56
501 to 1000	523	13.00	454319	2.74
1001 to 2000	184	4.57	293195	1.77
2001 to 3000	72	1.79	185403	1.12
3001 to 4000	32	0.80	113913	0.69
4001 to 5000	36	0.90	169301	1.02
5001 to 10000	48	1.19	364832	2.20
10001 & above	57	1.42	14421376	86.91
Total	4022	100.00	16592900	100.00

XII. Dematerialization of Equity Shares and Liquidity

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

Authorized Capital of Rs. 50,00,00,000 comprising of into 5,00,00,000 equity shares of Rs.10/- each. Paid up Capital of the Company as on 31st March 2007 is Rs. 16,59,29,000 comprising of 1,65,92,900 Equity shares of Rs.10/- each. Out of the above shares 27,03,000 equity shares underlying GDR allotted on 28th February 2007 and 36,99,900 equity shares allotted on 30th March 2007 on conversion of warrants are in physical form pending listing and trading approval from Stock Exchanges. Out of the balance 1,01,90,000 Equity Shares, 74,55,099 Equity Shares representing 73.16% is held in dematerialised form.

The Company Equity shares are highly liquid since the shares are frequently traded at Bombay Stock Exchange. The same can also be seen from monthly volume of trading given in Market Price Data.

XIII. Outstanding GDR / FCCB / Warrants

Warrants

Subsequent to the consent of the Shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting, the Board of Directors of the Company in its meeting dated 13th April 2006 has allotted 81,00,000 (Eighty One Lacs) warrants to promoter and promoters group at Rs. 88.75 per warrant on preferential basis. Each warrant is convertible into one Equity Share of Rs. 10/- (Rupees Ten). On conversion each warrant would result into Equity shares of Rs. 10 (Rupees Ten) allotted at a premium of Rs. 78.75 (Rupees Seventy Eight and paise Seventy five Only). According to the terms of issue, the company has received 10% of the consideration amount at the time of allotment of the warrants.

During the financial year, Board on receipt of balance 90% of consideration amounting towards 36,99,900 warrants has converted the same into 36,99,900 equity shares in its meeting dated 30th March 2007.

Further, subsequent to the consent of the Shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting, the Board of Directors of the Company in its meeting dated 23rd May 2006, has allotted 1,90,000 (One Lacs and Ninety Thousand) to Deutsche Asia Pacific Limited (SEBI registered FII), Equity shares of Rs. 10/- (Rupees Ten) each at a premium of Rs. 110/- (Rupees One Hundred and Ten Only) aggregating to Rs. 120/- (Rupees One Hundred Twenty Only) per share on preferential basis as fully paid up.

The above mentioned equity shares issued and allotted rank pari passu with the existing equity shares of the Company in all respects including payment of dividend. Company has complied all laws, rules, regulations for time being in force in this behalf. These Shares have been listed at Bombay Stock Exchange and Madras Stock Exchange.

As on 1st April 2007, 44,00,100 warrants of the promoters are outstanding to be converted into equity shares. The warrant is

valid for eighteen months within which same has to be made fully paid up and converted into equity shares of the company. Accordingly, all the warrants would be made fully paid up by 12th October 2007 and would be converted into equity shares of the Company. On conversion of all the warrants, it would result into 44,00,100 additional Equity Shares thereby Paidup capital would increase by 4,40,01,000 and Share Premium would increase by 34,65,07,875.

The conversion would not have effect on the equity shares of the Company other than increase of share capital. The Earning Per Share of the present Equity Shares would also remain almost stable as Company is progressive and has shown good increase in its EPS and new allotment would bring substantial money for the project of Company.

FCCBs

As per the consent of the Shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting, the Committee of Directors for FCCB Issue in its meeting dated 22nd June 2006, has allotted 2500, 3% Unsecured Foreign Currency Convertible Bonds of USD 12.5 Million. These bonds are listed at Luxembourg Stock Exchange. These bonds are to be redeemed after five years unless converted into equity shares of the Company. The exchange rate for conversion into Indian Rupee of USD has been fixed at Rs. 45.92 and conversion price to Equity Shares has been fixed at Rs. 130. Accordingly FCCB on conversion would result into Equity Shares of Rs. 10 each allotted on premium of Rs. 120.

During the year, Company has not converted any FCCB. However, it has received conversion request from one of the Bondholder for conversion of 435 FCCB for a value of USD 21,75,000.

Further as agreed in Offering Circular, the Company has achieved mandatory conversion condition in February 2007 and accordingly all the FCCB would be converted into Equity Share of the Company. On conversion of all the bonds, it would result into 44,15,384 Equity Shares thereby Paid Up capital would increase by 4,15,384 and Share Premium would increase by 52,98,46,080.

The above mentioned equity shares would rank pari passu with the existing equity shares of the Company in all respects including payment of dividend.

The conversion would not have effect on the equity shares of the Company other than increase of share capital. The Earning Per Share of the present Equity Shares would also remain almost stable as Company is progressive.

GDRs

As per the consent of the Shareholders by way of Special Resolution under Section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting, the Committee of Directors for GDR Issue in its meeting dated 28th February 2007, has allotted 13,51,500 Global Depository Receipts for an amount of USD 15 Million. Each GDR represents two equity shares of Company. GDRs are listed at Luxembourg Stock Exchange.

Accordingly, the Company in terms of the issue of GDR has allotted 27,03,000 Equity Shares of Rs. 10 each at a premium of Rs. 235.92 to Bank of New York, the Custodian. Since the underlying equity shares have already been allotted, it would not result in any further shares on conversion.

The above mentioned equity shares issued and allotted rank pari passu with the existing equity shares of the Company in all respects including payment of dividend. Company has complied all laws, rules, regulations for time being in force in this behalf. These Shares have been listed at Bombay Stock Exchange and Madras Stock Exchange.

The above allotment had no effect on the equity shares of the Company other than increase of share capital. The Earning Per Share of the present Equity Shares has also been calculated taking these shares into consideration.

Conversion of Pending Instrument

On conversion of the entire convertible instrument allotted during the year 2007-08 as provided above, it would result into increase of paid up capital to Rs. 25,40,83,850.

XIV. Plant Location

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.

XV. Address for Correspondence

The registered office of the Company is situated at following address. Further all correspondence with the Company can be done at following address:

The Company Secretary
Marg Constructions Limited
Marg Axis, 4/138,
Old Mahabalipuram Road
Kottivakkam, Chennai – 600 041

◆ Categories of Shareholding as at 31st March 2007

	Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters	8259900	49.78
2	Persons acting in Concert	40000	0.24
	Sub Total	8299900	50.02
B	Non Promoters Holding		
a	FII's	1668359	10.05
b	Private Body Corporate	1573200	9.48
c	Indian Public	2251301	13.57
d	NRI/OCB	31400	0.19
e	Others-(Clearing Members)	65740	0.40
f	Shares represented by GDRs	2703000	16.29
	Sub Total	8293000	49.98
	Grand Total	16592900	100.00

◆ Insider Trading

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Company has prescribed a Code of Conduct for prevention of Insider Trading. All the employees including directors of the Company complies with Insider Trading Regulations framed by the Company. None of the employee/ director has contravened the regulations during the year.

◆ Secretarial Audit

Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated 30th June 2002 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 Secretarial Audit Report for all the four quarters during the year ended 31st March 2007 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.

◆ Code of Conduct

The Board of Marg Constructions Limited has laid down a code of conduct for all the Board members and the Senior Management personnel. All the Board Members and Senior Management personnel comply to the code of conduct. The code of conduct has been posted on the Company's Web site (www.MargInfrastructure.com) and a declaration have been made to give effect to the code signed by the Managing Director.

◆ CEO / CFO Certification

As required under the Clause 49 of the Listing Agreement a certificate duly signed by Mr. B Bhushan, Chief Financial Officer of the Company was placed at the meeting of the Board of Directors. The same is provided as Annexure III.

XVI. Non Mandatory Requirements

1. The Board:

No separate office is maintained since chairman is Executive.

2. Remuneration Committee:

The Company has constituted a Remuneration Committee; full details are furnished under the head Committee of Directors of this Report.

3. Shareholders Communications:

The Company displays its quarterly (unaudited), half yearly (unaudited) and annual (audited) result on its website at www.MargInfrastructure.com, which is accessible to all. The results are also published in English newspaper having a wide circulation and in Tamil newspaper having a wide circulation in Tamil Nadu respectively.

4. Audit Qualifications:

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

5. Training of Board Members:

The Company's Board of Directors consists of professionals with expertise in their respective field and industry. They endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshop and seminars to keep themselves abreast with the changing business environment.

6. Mechanism for evaluating Non-Executive Board Members:

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

7. Whistle Blower Policy:

The Company has adopted whistle blower policy. All the employees have the access to Board and Audit Committee. Further Board / Audit Committee ensure that no victimization is done to such employee.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted the Code of Conduct for its Non-Executive Directors. The Code of Conduct is available on the Company's Website.

I confirm that the Company has in respect of the financial year ended 31st March 2007 received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with the code of conduct as applicable to them.

For the Purpose of this declaration, Senior Management personnel mean Chief Executive Officer, Chief Financial Officer, Company Secretary and employees in the General Manager cadre and above as on 31st March 2007.

For and on behalf of the Board of Directors

G R K Reddy
Chairman & Managing Director

Place: Chennai
Date : 20th June 2007

ANNEXURE I										
Information as per Section 217 (2A)(b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2007										
S. No.	Name	Age	Designation	Date of Commencement of Employment	Actual Remuneration (Per Annum) (Rs. In Lacs)	Other Benefit	Remuneration Received / Receivable (Rs. In Lacs)	Qualification	Tota Experience (Years)	Previous Employer
1	G.R.K. Reddy	47	Managing Director	25.07.2002	61.92	1% commission on Net Profits	84.76	M.Com, MBA	22	Marg Holdings and Financial Services Limited
2	BG Menon	49	Chief Executive Officer (Infrastructure BU)	01.06.2006	68.6	No other benefits	51.13	B.TECH, PGDBM	22	Mahindra World City Developers
3	Hari Nair	38	Vice President - (Real estate BU)	04.09.2006	40	Incentive of Rs. 9 Lacs & Performance Pay of Rs. 11 Lacs	13.6	BA, DCE, MBA	15	RNA (NG) Builders
4	Subramanyam Muthuru	43	Head-Strategic Planning	05.10.2006	27	No other benefits	13.62	B.Com, ACA	17	Kirby Building Systems
5	K. Maimarugan	37	Vice President - Infrastructure BU	19.12.2006	32	No other benefits	6.69	B.E., PGDM	13	TNRDC Ltd.
6	Lazar Pilli	46	Vice President - Human Resource	10.03.2007	38	No other benefits	2.11	MBA	22	Samtel Color Ltd

- 1 All the employment are contractual.
- 2 Mr. G R K Reddy, Managing Director is promoter director and relative of Mr. G Raghva Reddy and Mrs. V P Rajini Reddy, Directors. None of the other employee as shown in the list above is related to any director.
- 3 Gross remuneration shown above is subject to tax and comprises Salaries, bonus, Allowance, Medical Benefits, Leave Travel Assistance as applicable in accordance with the Company's rules, commission, Company's contribution to Provident fund and Superannuation fund and the perquisites evaluated as per Income-Tax rules, in addition to the above, the employees are entitled to Gratuity.

ANNEXURE II
FOREIGN EXCHANGES TRANSACTIONS

Foreign Exchange Earning and Outgo

a.	Value of Imports calculated on CIF Basis :	Rs. In Millions
	i Components, embedded goods and spare-parts	40.30
	ii Capital goods	16.29
b.	Expenditure in foreign currencies:	
	i Travelling expenses	0.79
	ii Expenses on FCCB Issue	8.46
	iii Expenses on GDR Issue	2.81

GDR and FCCB issues:

During the Financial Year ended 31st March 2007, the company raised funds by issuing 2,500 Foreign Currency Convertible Bonds of US \$ 5,000 each aggregating to US \$ 12.5 Millions. These FCCBs are convertible upto Financial Year 2011.

The company has also issued 1,351,500 Global Depository Receipts of US \$ 11.10 each represented by two equity shares per GDR and raised a sum of US \$ 15 Million.

ANNEXURE III
CERTIFICATE OF CHIEF FINANCIAL OFFICER

This is to certify that

a) I have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of my 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) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee.

(d) I have indicated to the auditors and the Audit committee

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For MARG Constructions Limited

B BHUSHAN
Chief Financial Officer
20th June 2007

ANNEXURE IV

List of Subsidiaries

1. Marg Business Park Private Limited

The Company was incorporated on 11th October 2004. The Company is situated in state of Tamilnadu and has become wholly owned subsidiary of your Company w.e.f 28th April 2006. The Company is presently executing a project of Serviced Apartment and IT SEZ.

2. Karaikal Port Private Limited

The Company was incorporated on 16th February 2006 as Special Purpose Company in terms of concession agreement entered with Government of Puducherry for implementing Karaikal Port. The Company is situated in state of Puducherry and is wholly owned subsidiary of your Company. The Company is executing Port project.

3. Riverside Infrastructure (India) Private Limited

The Company was incorporated on 17th February 2006 in state of Tamilnadu and has become wholly owned subsidiary of Marg Constructions Limited w.e.f 30th March 2006. The company is developing a mall with multiplex and a business class hotel. The mall will have food courts and fine dining.

4. New Chennai Township Private Limited

The Company was incorporated on 24th March 2006 in state of Tamilnadu and is a wholly owned subsidiary of Marg Constructions Limited. The Company is establishing two Special Economic Zones (SEZ) near Chennai. Company has already received the formal approval from Government to establish SEZ.

5. O M R Developers Private Limited

The Company was incorporated on 27th March 2006 in state of Tamilnadu and is a wholly owned subsidiary of Marg Constructions Limited. The Company is conceptualizing and developing premium residential apartments in Chennai.

6. Aprati Constructions Private Limited

The Company was incorporated on 12th July 2006. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

7. Arohi Infrastructure Private Limited

The Company was incorporated on 12th July 2006. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

8. Aroopa Infradevelopers Private Limited

The Company was incorporated on 12th July 2006. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

9. Siddhi Infradevelopers Private Limited

The Company was incorporated on 12th July 2006. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

10. Signa Infrastructure India Limited

The Company was incorporated on 18th August 2006 as subsidiary of Marg Constructions Limited. It is a joint venture between Marg Constructions Limited and Housing and Urban Development Corporation Limited (HUDCO). The shareholding of Marg Constructions Limited and HUDCO is in the ratio of 74:26. This has been incorporated with a view to take up infrastructural projects.

11. Bhushan Tradelinks Private Limited

The Company was incorporated in Delhi on 27th September 2006. The company has become wholly owned subsidiary of Marg Constructions Limited w.e.f from 9th March 2007. The Company is in business of gems and jewellery.

12. Aaram Constructions Private Limited

The Company was incorporated on 11th January 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

13. Bay Infradevelopers Private Limited

The Company was incorporated on 12th January 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

14. Sarang Infradevelopers Private Limited

The Company was incorporated on 19th January 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The

Company has been incorporated to take up constructions and infrastructural projects.

15. Magnumopus Infrastructure Private Limited

The Company was incorporated on 20th January 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

16. Dasha Infradevelopers Private Limited

The Company was incorporated on 21st February 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

17. Arogya Constructions Private Limited

The Company was incorporated on 22nd February 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

18. Singar Constructions Private Limited

The Company was incorporated on 22nd February 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

19. Wisdom Constructions Private Limited

The Company was incorporated on 22nd February 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

20. Viswadhara Constructions Private Limited

The Company was incorporated on 2nd March 2007. The Company is situated in state of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

21. Sanjog Infrastructure Private Limited

The Company was incorporated on 2nd March 2007. The Company is situated in state of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to

enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

22. Ajani Constructions Private Limited

The Company was incorporated on 9th March 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

23. Avatar Constructions Private Limited

The Company was incorporated on 16th March 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

24. Pathang Constructions Private Limited

The Company was incorporated on 20th March 2007. The Company is situated in state of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire land. The Company has been incorporated to take up constructions and infrastructural projects.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of MARG Constructions Limited

1. We have examined the compliance of conditions of Corporate Governance of Marg Constructions Limited, for the year ended 31st March 2007, as stipulated in clause 49 of the Listing Agreement of the said company with 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 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**

**R M V BALAJI
Partner**

Place : Chennai

Date : 20th June 2007

AUDITORS' REPORT

TO THE SHAREHOLDERS OF MARG Constructions Limited

1. We have audited the attached Balance Sheet of M/s **MARG Constructions Limited** as on 31st March 2007 and the annexed Profit & Loss Account of the said Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to this Company.
4. Further to the comments in the Annexure referred to above, audit report enclosed along with the Company's Balance Sheet, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge were necessary for the purpose of our Audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the Books of Account of the Company.
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211(3C) of The Companies Act 1956, in so far as they are applicable to the Company.
 - e. On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director U/s 274(1)(g) of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes given the information required by the Companies Act, 1956 in the manner required and give a true and fair view,
 - i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2007.
 - ii. In the case of Profit and Loss Account of the profit for the year ended 31st March 2007; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended 31st March 2007.

For K RAMKUMAR & CO.,
Chartered Accountants

R M V BALAJI
Partner

Place: Chennai
Date : 20th June 2007

**ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1
OF OUR REPORT OF EVEN DATE**

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) According to the information and explanation given to us the fixed assets have been physically verified by the management at the end of the financial year. No Material discrepancies were noticed on such verification.
c) No substantial part of fixed assets has been disposed off during the year.
- 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 material discrepancies noticed on verification between physical stocks and book stocks were not material.
3. The Company has not taken/granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
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. 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 & the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed the maintenance of Cost Records under the provisions of Section 209(1)(d) of the Companies Act, 1956.
9. a) According to the records of the Company, apart from certain instances of delays, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Wealth Tax, Custom Duty, Cess, Sales Tax, Service Tax, and other material statutory dues applicable to it.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and cess were in arrears as at 31st March 2007, 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/ Sales Tax/Customs Duty/Cess, which have not been deposited on account of any dispute are as follows.

Asst. Year	Nature of Tax	I T Dept. Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	Tax on Income	16,785,003	10,639,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (A)
1996-97	T D S	21,503	4,931	ITAT & CIT (A)
1997-98	T D S	2,368,619	1,467,682	ITAT & CIT (A)
1998-99	T D S	1,628,830	335,896	ITAT & CIT (A)
1999-00	T D S	1,857,640	496,358	ITAT & CIT (A)
2000-01	T D S	442,820	327,370	CIT (A)
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	519,503	DCTO Enforcement

10. The Company has no accumulated losses and has no cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.
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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantees aggregating to Rs 429.70 Crores for loans raised by others from Banks.
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. No long-term funds have been used to finance short-term assets.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
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 period 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 noticed or reported during the year.

For **K RAMKUMAR & CO.**,
Chartered Accountants

R M V BALAJI
Partner

Place : Chennai
Date : 20th June 2007

MARG CONSTRUCTIONS LIMITED
BALANCE SHEET

PARTICULARS	Schedule	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	165,929,000	100,000,000
Warrant Application Money		64,575,588	-
Reserves & Surplus	2	1,320,453,576	142,569,848
LOAN FUNDS			
Secured Loans	3	1,034,036,737	516,618,435
Unsecured Loans	4	100,895,160	3,600,000
Foreign Currency Convertible Bonds		574,000,000	-
DEFERRED TAX LIABILITY (Net)	5	19,576,634	13,890,381
		3,279,466,695	776,678,664
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	587,684,680	585,537,151
Less : Depreciation		47,822,830	49,973,005
Net Block		539,861,850	535,564,146
INVESTMENTS	7	1,307,770,000	23,300,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	8	303,744,327	83,092,505
Sundry Debtors		505,334,230	185,011,602
Cash & Bank Balances		257,559,457	17,633,456
Loans & Advances		1,134,375,439	210,973,830
		2,201,013,453	496,711,393
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	9	646,529,949	222,890,288
Lease Deposits/ Rental Advances		41,910,881	45,248,761
Provisions		80,737,778	13,007,826
		769,178,608	281,146,875
NET CURRENT ASSETS		1,431,834,845	215,564,518
MISCELLANEOUS EXPENSES			
(To the extent not written off or adjusted)			
Preliminary Expenses	10	-	2,250,000
		3,279,466,695	776,678,664
NOTES ON ACCOUNTS	18	-	-

As per our Report of even date attached

For K RAMKUMAR & CO.,

Chartered Accountants

R M V BALAJI

Partner

Place : Chennai

Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director

V P RAJINI REDDY, Director

G RAGHAVA REDDY, Director

P M SHIVARAMAN, Director

ARUN KUMAR GURTU, Director

B BHUSHAN, Chief Financial Officer

GOURI SHANKER MISHRA, Company Secretary

**MARG CONSTRUCTIONS LIMITED
PROFIT & LOSS ACCOUNT**

PARTICULARS	Schedule	As At	As At
		31-Mar-07 Rs	31-Mar-06 Rs
INCOME			
Income from Operations	11	1,242,084,432	576,268,127
Other Income	12	176,371,898	26,323,421
		1,418,456,330	602,591,548
EXPENDITURE			
Cost of Projects/Other Operating Expenses	13	818,832,612	405,182,668
Personnel Expenses	14	56,424,410	15,823,477
Administrative Expenses	15	72,699,538	21,427,235
		947,956,560	442,433,380
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		470,499,770	160,158,168
Depreciation	6	19,149,825	18,727,050
PROFIT BEFORE INTEREST & TAX		451,349,945	141,431,118
Interest & Finance Charges	16	65,779,100	37,774,678
PROFIT BEFORE TAX		385,570,845	103,656,440
TAX EXPENSE			
Provision for Income Tax		80,000,000	12,600,000
Deferred Tax Expense	17	5,686,253	8,777,369
Fringe Benefit Tax		745,000	407,826
PROFIT AFTER TAX		299,139,592	81,871,245
Balance brought forward from Previous Year		112,569,848	30,802,522
AMOUNT AVAILABLE FOR APPROPRIATION		411,709,440	112,673,767
APPROPRIATIONS			
Prior Period Expenses		-	103,919
Proposed Interim Dividend		20,835,155	-
Dividend Tax on the Dividend		2,922,130	-
General Reserve		29,913,959	-
Balance carried to Balance Sheet		358,038,196	112,569,848
		411,709,440	112,673,767
EARNINGS PER SHARE			
Basic		28.76	11.68
Diluted		20.97	11.68
NOTES ON ACCOUNTS	18	-	-

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants
R M V BALAJI
Partner

Place : Chennai
Date : 20-June-2007

For and on behalf of Board of Directors
G R K REDDY, Chairman & Managing Director
V P RAJINI REDDY, Director
G RAGHAVA REDDY, Director
P M SHIVARAMAN, Director
ARUN KUMAR GURTU, Director
B BHUSHAN, Chief Financial Officer
GOURI SHANKER MISHRA, Company Secretary

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of Rs.10 each (Previous year 50,000,000 Equity Shares of Rs.10 each)	500,000,000	500,000,000
Issued, Subscribed and Paid up Capital		
16,592,900 Equity Shares of Rs.10 each (Previous year 10,000,000 Equity Shares of Rs.10 each)	165,929,000	100,000,000
	165,929,000	100,000,000
SCHEDULE 2 : RESERVES & SURPLUS		
Securities Premium Account	932,501,421	30,000,000
General Reserve	29,913,959	-
Profit & Loss Account	358,038,196	112,569,848
	1,320,453,576	142,569,848
SCHEDULE 3 : SECURED LOANS		
IREDA - Term Loan	-	1,115,000
ICICI Bank Limited - Equipment Loan	-	570,163
ING Vysya Bank Limited - Rental Loan	190,735,710	207,422,672
Indian Overseas Bank - Rental Loan	888,501	1,549,172
ING Vysya Bank Limited - Medium Term Loan	36,863,758	49,379,370
Indian Overseas Bank - Term Loan	-	27,803,728
Corporation Bank - Rental Loan	210,288,018	225,551,875
Catholic Syrian Bank Limited - Term Loan	201,614,118	-
HUDCO Limited - Construction Loan	72,880,034	-
UTI Bank Limited - Office Automation Loan	8,894,533	-
Cash Credit Accounts	267,647,941	-
ING Vysya Bank Limited - Loan against Fixed Deposit	36,031,438	-
Vehicle Loans	7,496,332	3,226,455
Interest Accrued But Not Due	696,354	-
	1,034,036,737	516,618,435
SCHEDULE 4 : UNSECURED LOANS		
Loans From Subsidiaries	100,895,160	-
Loans From Others	-	3,600,000
	100,895,160	3,600,000
SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	19,576,634	13,890,381
Less : Deferred Tax Asset	-	-
	19,576,634	13,890,381

MARG CONSTRUCTIONS LIMITED

SCHEDULE 6 : FIXED ASSETS

In Rs

Particulars	Gross Block				Depreciation				Net Block	
	As At 1-Apr-06	Additions	Deductions/ Transfers	As At 31-Mar-07	As At 1-Apr-06	For the year	For the Period Deletion	Total	As At 31-Mar-07	As At 31-Mar-06
Digital Zone - I										
Land	53,710,616	-	1,389,641	52,320,975	-	-	-	-	52,320,975	53,710,616
Phase I										
Building	109,436,953	-	-	109,436,953	3,121,688	1,783,822	-	4,905,510	104,531,443	106,315,265
Plant & Machinery	23,292,047	133,128	-	23,425,175	1,936,153	1,106,407	-	3,042,560	20,382,615	21,355,894
Electrical Equipment & Fittings	62,917,668	610,624	-	63,528,292	5,230,031	3,009,352	-	8,239,383	55,288,909	57,687,637
Furniture & Fixtures	43,082,052	275,800	-	43,357,852	4,772,414	2,740,926	-	7,513,340	35,844,512	38,309,638
Phase II										
Building	114,922,769	-	-	114,922,769	1,907,044	1,873,241	-	3,780,285	111,142,484	113,015,725
Plant & Machinery	32,169,476	391,830	-	32,561,306	1,507,853	1,529,348	-	3,037,201	29,524,105	30,661,623
Electrical Equipment & Fittings	44,332,512	1,107,080	-	45,439,592	1,761,048	2,153,414	-	3,914,462	41,525,130	42,571,464
Furniture & Fixtures	49,814,435	223,364	-	50,037,799	2,631,387	3,162,462	-	5,793,849	44,243,950	47,183,048
Other Assets										
Land & Building	4,462,500	-	-	4,462,500	-	-	-	-	4,462,500	4,462,500
Computers	5,727,347	3,643,426	-	9,370,773	4,573,498	500,963	-	5,074,461	4,296,312	1,153,849
Office Equipment	1,384,460	7,695,324	-	9,079,784	239,249	186,128	-	425,377	8,654,407	1,145,211
Motor Vehicles	4,906,628	6,892,449	-	11,799,077	420,088	613,088	-	1,033,176	10,765,901	4,486,540
Furniture & Fittings	1,410,113	12,859,796	-	14,269,909	212,341	399,662	-	612,003	13,657,906	1,197,772
Plant & Machinery	1,083,902	1,608,415	-	2,692,317	360,211	91,012	-	451,223	2,241,094	723,691
SPV Lanterns	21,300,000	-	21,300,000	-	21,300,000	-	21,300,000	-	-	-
Agricultural Land	11,583,673	-	10,604,066	979,607	-	-	-	-	979,607	11,583,673
Port Licence	-	7,549,687	7,549,687	-	-	-	-	-	-	-
Grand Total	585,537,151	42,990,923	40,843,394	587,684,680	49,973,005	19,149,825	21,300,000	47,822,830	539,861,850	535,564,146
Previous Year	566,954,045	101,025,889	82,442,783	585,537,151	31,416,037	18,727,050	170,082	49,973,005	535,564,146	535,538,008

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS				As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 7 : INVESTMENTS					
Investments in Shares (Long Term, Non-Quoted Stated at Cost)					
Company	Face Value	No of Shares			
		31-Mar-07	31-Mar-06		
Subsidiaries					
Aaram Constructions Pvt Ltd	10	10,000	-	100,000	-
Ajani Constructions Pvt Ltd	10	10,000	-	100,000	-
Aprati Constructions Pvt Ltd	10	10,000	-	100,000	-
Arogya Constructions Pvt Ltd	10	10,000	-	100,000	-
Arohi Infrastructure Pvt Ltd	10	10,000	-	100,000	-
Aroopa Infradevelopers Pvt Ltd	10	10,000	-	100,000	-
Avatar Constructions Pvt Ltd	10	10,000	-	100,000	-
Bay Infradevelopers Pvt Ltd	10	10,000	-	100,000	-
Bhushan Tradelinks Pvt Ltd	10	10,000	-	100,000	-
Dasha Infradevelopers Pvt Ltd	10	10,000	-	100,000	-
Karaikal Port Pvt Ltd	10	57,250,000	10,000	572,500,000	100,000
Magnumopus Infrastructure Pvt Ltd	10	10,000	-	100,000	-
Marg Business Park Pvt Ltd	10	10,000	-	100,000	-
New Chennai Township Pvt Ltd	10	51,000,000	10,000	510,000,000	100,000
OMR Developers Pvt Ltd	10	10,000	10,000	100,000	100,000
Pathang Constructions Pvt Ltd	10	10,000	-	100,000	-
Riverside Infrastructure (India) Pvt Ltd	10	20,000,000	10,000	200,000,000	100,000
Sanjog Infrastructure Pvt Ltd	10	10,000	-	100,000	-
Sarang Infradevelopers Pvt Ltd	10	10,000	-	100,000	-
Siddhi Infradevelopers Pvt Ltd	10	10,000	-	100,000	-
Signa Infrastructure India Ltd	10	37,000	-	370,000	-
Singar Constructions Pvt Ltd	10	10,000	-	100,000	-
Viswadhara Constructions Pvt Ltd	10	10,000	-	100,000	-
Wisdom Constructions Pvt Ltd	10	10,000	-	100,000	-
				1,284,870,000	400,000
Others					
Marg Digital Infrastructure Pvt Ltd	10	595,000	595,000	5,950,000	5,950,000
Marg Realities Ltd	10	995,000	995,000	9,950,000	9,950,000
RR Infotech Ltd	10	700,000	700,000	7,000,000	7,000,000
				22,900,000	22,900,000
				1,307,770,000	23,300,000

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 8 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	294,480,125	74,296,171
Stock of Materials at Site	903,458	435,590
	<u>303,744,327</u>	<u>83,092,505</u>
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	833,245	17,147,076
Others	504,500,985	167,864,526
	<u>505,334,230</u>	<u>185,011,602</u>
Cash and Bank Balances		
Cash Balance	562,960	239,928
Balances with Scheduled Banks		
In Current Accounts	148,666,355	12,824,897
In Deposit Accounts	104,081,550	1,867,989
In Margin Money Accounts	4,248,592	2,700,642
	<u>257,559,457</u>	<u>17,633,456</u>
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	727,323,710	121,632,215
Advances to Suppliers	113,969,789	26,161,512
Share Application Money	199,460,000	21,060,000
Staff Advances	619,752	114,617
Prepaid Taxes	78,217,277	40,449,812
Security Deposits	14,784,911	1,555,674
	<u>1,134,375,439</u>	<u>210,973,830</u>
	<u>2,201,013,453</u>	<u>496,711,393</u>

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	217,388,277	44,624,656
Advances from Customers		
Advances from Customers	367,561,902	600,266,175
Less: Value of Works Executed	-	425,640,031
	<u>584,950,179</u>	<u>219,250,800</u>
Expenses Payable	13,472,469	907,026
Statutory Dues	23,455,130	975,800
Other Liabilities	-	-
Due to Directors	3,817,016	1,756,662
Interim Dividend	20,835,155	-
	<u>646,529,949</u>	<u>222,890,288</u>
Lease Deposits / Rental Advances	41,910,881	45,248,761
Provisions		
Income Tax	80,000,000	12,600,000
Fringe Benefit Tax	737,778	407,826
	<u>80,737,778</u>	<u>13,007,826</u>
	<u>769,178,608</u>	<u>281,146,875</u>
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance / Incurred During the Year	2,250,000	2,250,000
Less : Charged to Revenue	2,250,000	-
Balance Carried forward	<u>-</u>	<u>2,250,000</u>

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 11 : INCOME FROM OPERATIONS		
Income from Projects	1,157,269,772	493,155,034
Lease Rent Income (Building & Facilities)	84,814,660	80,110,627
Lease Rent from Equipment (SPV Lanterns)	-	3,002,466
	1,242,084,432	576,268,127
SCHEDULE 12 : OTHER INCOME		
Interest Received	3,166,935	533,042
Profit on Sale of Assets	166,639,774	24,333,789
Miscellaneous Income	6,501,919	1,212,690
Agricultural Income	63,270	243,900
	176,371,898	26,323,421
SCHEDULE 13 : COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	74,296,171	-
Stock of Materials at Site	435,590	816,445
	83,092,505	9,177,189
Expenditure During the year		
Cost of Projects	1,035,837,379	478,554,251
Closing Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	294,480,125	74,296,171
Stock of Materials at Site	903,458	435,590
	303,744,327	83,092,505
Cost of Projects	815,185,557	404,638,935
Repairs & Maintenance-Leased Properties	3,647,055	543,733
	818,832,612	405,182,668

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

PARTICULARS	Year Ended 31-Mar-07 Rs	Year Ended 31-Mar-06 Rs
SCHEDULE 14 : PERSONNEL EXPENSES		
Salaries & Allowances	33,702,212	10,340,096
Directors Remuneration	8,466,000	2,187,018
Rent Staff	543,500	153,700
Contribution to Funds	2,583,632	852,408
Recruitment & Training Expenses	7,575,420	1,231,232
Staff Welfare Expenses	2,489,988	780,869
Retirement Benefits	1,063,658	278,154
	56,424,410	15,823,477
SCHEDULE 15 : ADMINISTRATIVE EXPENSES		
Rent	5,486,049	404,289
Rates & Taxes	464,800	149,076
Communication Costs	2,565,586	1,329,800
Electricity Charges	662,395	558,357
Travelling and Conveyance	11,040,117	4,734,776
Repairs & Maintenance	982,482	822,115
Secretarial Expenses	2,764,162	959,730
Advertisement & Business Promotion	13,198,861	2,330,068
Printing & Stationery	3,952,327	1,119,531
Postage and Courier	543,346	102,151
Payment to Auditors		
Statutory Audit Fee	168,540	112,240
Other Services	368,406	55,100
Reimbursement of Expenses	-	1,961
Insurance Premium	4,240,610	388,421
Professional & Consultancy Charges	22,427,957	6,331,830
Office Maintenance	2,241,875	269,128
Vehicle Maintenance	697,565	241,061
General Expenses	894,460	1,517,601
	72,699,538	21,427,235
SCHEDULE 16 : INTEREST & FINANCE CHARGES		
Interest on Loans	63,594,466	37,074,160
Bank & Finance Charges	2,184,634	700,518
	65,779,100	37,774,678
SCHEDULE 17 : DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	5,686,253	4,812,037
Less : Deferred Tax Asset	-	(3,965,332)
	5,686,253	8,777,369

MARG CONSTRUCTIONS LIMITED

SCHEDULE 18 : NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
2. 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 & expenses during the reporting period. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.
3. Method of Accounting - The Company maintains its accounts on accrual basis.
4. The Accounting Standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.

B. REVENUE RECOGNITION

1. 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 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.
2. In respect of other incomes, accrual system of accounting is followed.

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

1. 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.
2. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
3. 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.
4. Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work - in - Progress.
5. 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 against recognized in the profit and loss account.

D. OPERATING LEASES

The company is not 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.

The company leases office facilities and residential space under cancelable operating lease agreements. The group intends to renew such leases in the normal course of its business. Total rental expenses under cancelable operating leases was Rs. 2,629,554/- and Rs. 5,776,559/- for the last quarter and year ended 31st March 2007 respectively

E. VALUATION OF CLOSING STOCK

- a. Raw Material: Raw Material, Stores and Spares are valued at Cost. Cost comprises of 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.

F. 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.

G. RETIREMENT BENEFITS

The company's contribution to provident Fund is deposited with Regional Provident Fund Commissioner and is charged to Profit and Loss Account every year.

The Gratuity and leave encashment benefits are being accounted on actuarial valuation basis.

H. 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.

I. 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 date. Gain 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.

The Foreign Currency transactions on account of Foreign Convertible Currency Bonds and Global Depository Receipt are accounted as per the terms and conditions of the issue.

NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES:

- a. Estimated amount of liability on capital contracts as on 31st March 2007 is Rs. 2.83 Millions (Previous year : NIL)
- b. Corporate Guarantees given to Banks in respect of loans taken by other companies : Rs. 4,297 Millions (Previous year Rs. 646 Millions)
- c. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them : Rs. 8.8 Millions (Previous year Rs. 7.5 Millions)
- d. (i) Unfulfilled Export Obligations of Rs. 11.44 Millions (Previous Year : Rs. 11.44 Millions) & Rs. 11.29 Millions (Previous Year : NIL) to be performed on or before 18th February 2012 and 28th February 2015 respectively, undertaken by the company for import of capital goods.
(ii) Company has availed concessional import duty of Rs 6.5 Millions (Previous Year : Rs. 6.5 Millions) for which the STP Unit (Tenant) is required to perform export obligation as stipulated.
- e. Claims not acknowledged as debts by the Company: Rs NIL (Previous year Rs. 6.94 Millions)

f. Income Tax Demand:

Assessment Year	Nature of Tax	Income Tax Department Demand	Amount Paid Under Protest	Forum Where Dispute is Pending
2001-02	Tax on Income	16,785,003	10,639,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (Appeals)
1996-97	T D S	21,503	4,931	ITAT & CIT (Appeals)
1997-98	T D S	2,368,619	1,467,682	ITAT & CIT (Appeals)
1998-99	T D S	1,628,830	335,896	ITAT & CIT (Appeals)
1999-00	T D S	1,857,640	496,358	ITAT & CIT (Appeals)
2000-01	T D S	442,820	327,370	CIT (Appeals)

g. Sales Tax Demand :

Assessment Year	Nature of Tax	Sales Tax Department Demand	Amount Paid Under Protest	Forum Where Dispute is Pending
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	519,503	DCTO Enforcement

2. SECURED LOANS

- a. ING Vysya Bank Limited – Rental Loan - The loan (Limit Rs 225 Millions) is secured by way of assignment of lease rentals payable by TCS for Digital Zone Phase 1. The loan is further secured by EM of land and building relating to Phase 1 of the said project and plant & machinery erected thereon, including interiors and landscaping and also another piece of land at Karapakkam. Two of the directors also have given personal guarantee.
- b. Indian Overseas Bank - Rental Loan - The loan (Limit Rs 3 Millions) is secured by way of assignment of rentals from the property held by the Company.
- c. ING Vysya Bank Limited - Medium Term Loan – The Loan (Limit: Rs 50 Millions) is secured by way of charge on the immovable properties of the Company.
- d. Corporation Bank - Rental Loan - The loan (Limit Rs. 240 Millions) is secured by way of assignment of lease rentals payable by TCS for Digital Zone - Phase 2. The loan is further secured by EM of building along with the undivided share of land relating to Phase 2 of the said project. Two of the directors also have given personal guarantee.
- e. Catholic Syrian Bank Limited – Term Loan – The Loan (Limit Rs. 200 Millions) is secured by way of land property of the company and personal guarantee of a Director.
- f. HUDCO Limited – Construction Loan – The Loan (Limit Rs. 124 Millions) is secured by way of project immovable properties and personal guarantee of two Directors.
- g. UTI Bank Limited– Office Automation Loan – The Loan (Limit Rs. 10 Millions) secured by way of equitable mortgage of company's vacant residential plots.
- h. ING Vysya Bank Limited – Cash Credit – The Loan (Limit Rs. 2.2 Millions) is secured by way of Fixed Deposit Receipts.
- i. Federal Bank Limited – Cash Credit – The Loan (Limit Rs. 200 Millions) is secured by way of stocks and Debtors in respect of contract for construction of Karaikal Port.
- j. UTI Bank Limited– Overdraft – The Loan (Limit Rs. 50 Millions) is secured by way of equitable mortgage of the assets and personal guarantee of two Directors.
- k. ING Vysya Bank Limited – Loan against Fixed Deposits – The Loan (Limit Rs. 36 Millions) is secured by way of Fixed Deposit Receipts.
- l. Vehicle Loans – These Loans are secured by way of hypothecation of car purchased under the scheme in favour of the Lender.

3. DEFERRED TAX LIABILITY

As per the Accounting Standard (AS 22) laid down by the Institute of Chartered Accountants of India, the Company is required to make a provision for deferred tax liability.

During the year an amount of Rs. 5,686,253/- has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2007 is Rs.19,576,634/- the details of which are as follows:

	31 st March 2007 Rs	31 st March 2006 Rs.
Timing difference on account of depreciation	5,686,253	4,812,037
Outstanding deferred tax liability	13,890,381	13,890,381
Outstanding deferred tax liability (net)	19,576,634	13,890,381

4. Balance confirmations have not been obtained from all Sundry Debtors, Sundry Creditors and other balances.
5. None of the suppliers had informed the company that they are Small Scale Industrial undertaking. Hence information regarding dues to such undertaking could not be furnished.
6. 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.
7. The company has allotted the equity shares during the year as under:
 - a. 190,000 equity shares of Rs. 10 each at premium of Rs. 110/- to Deutsche Securities (Mauritius) Ltd.
 - b. 2,703,000 equity shares of Rs. 10 each against 1,351,500 Global Depository Receipts at a price of US \$ 11.10 per Global Depository Receipts. Each GDR represents two equity shares of Rs. 10 each.
 - c. 3,699,900 equity shares of Rs. 10 each at a premium of Rs. 78.75 to the promoters and their associates on conversion of warrants.

8. GDR AND FCCB ISSUES:

During the Financial Year ended 31st March 2007, the company raised funds of Rs. 574 Millions by issuing 2,500 Foreign Currency Convertible Bonds of US \$ 5,000 each aggregating to US \$ 12.5 Millions. These FCCBs are convertible during Financial Year 2011.

The company has also issued 1,351,500 Global Depository Receipts of US \$ 11.10 each represented by two equity shares per GDR.

9. SECURITIES PREMIUM ACCOUNT:

During the Financial Year ended 31st March 2007, the company has adjusted the FCCB Issue Expenses of Rs 19.31 Millions and GDR Issue Expenses of Rs 28.14 Millions against the balance in Securities Premium Account.

10. SEGMENTAL RESULTS:

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

Business Segment:

For Management reporting purposes, the Company is organised into two major operating divisions – Projects and Leasing. The divisions are the basis on which the Company reports its primary segment information. The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The following table presents the revenue, profit (loss), assets and liabilities information relating to the respective Business Segments for the year ended on 31st March 2007.

Rs. In Millions

Description	Year Ended 31 st March 2007			Year Ended 31 st March 2006		
	PROJECTS	LEASING	TOTAL	PROJECTS	LEASING	TOTAL
REVENUE						
External Revenue	1,157	85	1,242	493	83	576
Internal Revenue	-	-	-	-	-	-
Total Revenue	1,157	85	1,242	493	83	576
RESULT						
Segment Result before Interest & Tax	342	64	406	90	65	155
Interest Expense	4	38	42	-	36	37
Net Segment Result	338	26	364	90	29	118
Other Unallocated Expenses net of Unallocated Income			(22)			15
Profit before Tax			386			103
Taxes			87			21
Profit After Tax			299			82
OTHER INFORMATION						
Segment Assets	1,171	50	1668	412	511	923
Unallocated Corporate Assets			2,393			132
Total Assets			4,061			1,055
Segment Liabilities	856	448	1,304	296	481	777
Unallocated Corporate Liabilities			1,206			38
Total Liabilities			2,510			802
Capital Expenditure	2	3		-	56	
Depreciation	-	17		1	18	
Non Cash expenses other than Depreciation						

Geographical Segment:

The Company's projects are focused in areas having similar risks and returns and hence separate geographical segmental information has not been given in the financial statements

11. The remuneration paid to directors is as follows:

	2006-2007	2005-2006
Remuneration to Managing Director	Rs. 6,192,000	Rs.1,376,000
Commission to Managing Director	Rs. 2,274,000	Rs. 800,000

12. Statement of computation of net profit under section 349 of the Companies Act, 1956 for the remuneration payable to whole time and other directors for the year ended 31st March 2007

Particulars	Rs. In Millions
Profit Before Tax as per Profit & Loss Account	385.57
Add : Depreciation charged as per Profit & Loss account	19.15
Less: Profit on Sales of Assets	166.64
Add : Managerial Remuneration debited to Profit & Loss Account	8.47
	246.55
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	19.15
Net Profit as per Sec 349 of the Companies Act, 1956	227.40
Maximum amount of Remuneration permissible to Whole Time Directors (@ 5% of the Net Profit)	11.37

13. RELATED PARTY DISCLOSURES:

The Company had transactions with the following related parties:

- a. Subsidiaries : The following are subsidiaries of the Company

Sl No	Name of the Company
1	Aaram Constructions Private Limited
2	Ajani Constructions Private Limited
3	Aprati Constructions Private Limited
4	Arogya Constructions Private Limited
5	Arohi Infrastructure Private Limited
6	Aroopa Infradevelopers Private Limited
7	Avatar Constructions Private Limited
8	Bay Infradevelopers Private Limited
9	Bhushan Tradelinks Private Limited
10	Dasha Infradevelopers Private Limited
11	Karaikal Port Private Limited
12	Magnumopus Infrastructure Private Limited
13	Marg Business Park Private Limited
14	New Chennai Township Private Limited
15	OMR Developers Private Limited
16	Pathang Constructions Private Limited
17	Riverside Infrastructure (India) Private Limited
18	Sanjog Infrastructure Private Limited
19	Sarang Infradevelopers Private Limited
20	Siddhi Infradevelopers Private Limited
21	Signa Infrastructure India Ltd
22	Singar Constructions Private Limited
23	Viswadhara Constructions Private Limited
24	Wisdom Constructions Private Limited

- b. Associates:

- i There are no companies in which the Company holds more than 20% of the Equity Capital of the Investee Company.
- ii The following are the Companies in which there are common directors :
 1. R R Infotech Limited
 2. Marg Digital Infrastructure Private Limited
 3. Marg Realities Limited

c. The following are the Key Management Personnel :

i G R K Reddy – Chairman cum Managing Director

The following Transactions were carried out with the related parties in the ordinary course of the business.

Rs. In Millions

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Revenue	698	651	-	1,348
Remuneration	-	-	8	8
Investments Made	1,284	-	-	1,284
Loans & Advances Made	981	-	-	981
Advances received	503	3	-	506
Guarantees and Collaterals	4,005	112	-	4,117

Balances as on 31st March 2007				
Investments	1,285	23	-	1,308
Sundry Debtors	110	-	-	110
Loans & Advances	662	21	-	683
Advances received	104	26	-	130
Remuneration	-	-	4	4
Guarantees	4,005	292	-	4,297

14.	a. Value of Imports calculated on CIF Basis :	2006-07 Rs. In Millions	2005-06
	i Components, embedded goods and spare-parts	40.30	-
	ii Capital goods	16.29	4.41
	b. Expenditure in foreign currencies:		
	i Travelling expenses	0.79	0.98
	ii Expenses on FCCB Issue	8.46	-
	iii Expenses on GDR Issue	2.81	-
15.	Earnings per share (EPS):		
	a. Profit After Tax (Rs. Millions)		
	For Basic EPS	299.14	81.87
	For Diluted EPS	301.85	81.87
	b. Weighted average number of equity shares (Nos)		
	For Basic EPS	10,399,514	7,000,000
	For Diluted EPS	14,393,573	7,000,000
	c. Earning Per Share (Rs.)		
	Basic	28.76	11.68
	Diluted	20.97	11.68

16. Disclosure as required by clause 32 of listing agreement with stock exchanges :

Type of Relation-ship	Name of the Company	Amount outstanding As at 31-03-07 (Rs Millions)	Maximum Amount outstanding during the year
a. Loans & advances given			
Subsidiaries	Aaram Constructions Pvt Ltd	6.32	6.32
	Ajani Constructions Pvt Ltd	0.01	0.01
	Arogya Constructions Pvt Ltd	0.01	0.01
	Avatar Constructions Pvt Ltd	0.61	0.61
	Bay Infradevelopers Pvt Ltd	81.38	81.38
	Bhushan Tradelinks Pvt Ltd	9.00	9.00
	Dasha Infradevelopers Pvt Ltd	5.71	5.71
	Magnumopus Infrastructure Pvt Ltd	67.31	76.31
	OMR Developers Pvt Ltd	1.87	32.85
	Pathang Constructions Pvt Ltd	0.01	0.01
	Sanjog Infrastructure Pvt Ltd	0.01	0.01
	Sarang Infradevelopers Pvt Ltd	55.42	55.42
	Siddhi Infradevelopers Pvt Ltd	14.5	14.5
	Signa Infrastructure India Ltd	0.61	0.61
	Singar Constructions Pvt Ltd	2.21	2.21
	Viswadhara Constructions Pvt Ltd	2.51	2.51
	Wisdom Constructions Pvt Ltd	51.1	51.1
	Marg Business Park Pvt Ltd	33.00	78.58
	New Chennai Township Pvt Ltd	151.71	165.29
	OMR Developers Pvt Ltd - Sh App	16.60	16.60
Riverside Infrastructure (I) Pvt Ltd-Sh App	161.80	161.80	
Associates	Marg Digital Infrastructure Pvt Ltd - Sh App	21.06	21.06
b. Loans & Advances Received			
Subsidiaries	Aprati Constructions Pvt Ltd	31.01	41.01
	Arohi Infrastructure Pvt Ltd	26.45	36.45
	Aroopa Infradevelopers Pvt Ltd	33.89	43.89
	Riverside Infrastructure (I) Pvt Ltd	9.55	179.89
	New Chennai Township Pvt Ltd	2.58	2.58
Associates	Marg Realities Ltd	26.09	26.09

17. In terms of approval granted by Ministry of Company Affairs, Government of India under Section 212 (8) of the Companies Act, 1956, a copy of Balance Sheet, Profit & Loss Account, Report of Board of Directors and the Report of the Auditors of the Subsidiary companies have not been attached with Annual Report of the Company. The Company will make available these documents and the related details upon request by any investor of the Company and its Subsidiary. These documents will also be available for inspection by any investor at the Registered Office of the Company at "Marg Axis", 4/318, Old Mahabalipuram Road, Kottivakkam, Chennai – 600 041.

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

Signatories to Schedule 1 to 18

As per our Report of even date attached

For K RAMKUMAR & CO.,

Chartered Accountants

R M V BALAJI

Partner

Place : Chennai

Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director

V P RAJINI REDDY, Director

G RAGHAVA REDDY, Director

P M SHIVARAMAN, Director

ARUN KUMAR GURTU, Director

B BHUSHAN, Chief Financial Officer

GOURI SHANKER MISHRA, Company Secretary

AUDITORS' REPORT ON CASH FLOW STATEMENT

We have examined the above Cash Flow Statement of Marg Constructions Limited for the year ended 31st March 2007. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreement entered with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

For K RAMKUMAR & Co.
Chartered Accountants

R M V BALAJI
Partner

Chennai,
20th June 2007

MARG CONSTRUCTIONS LIMITED
CASH FLOW STATEMENT as at 31st March 2007

S. No. PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit before Taxation and Extraordinary Items	384,825,845	103,144,695
Adjustment for:		
Depreciation	19,149,825	18,727,050
Preliminary & Public Issue Expenses Written Off	2,250,000	-
Non Cash Income		
Profit on Sale of Fixed Assets	(166,639,774)	(24,333,789)
Operating Profit before Working Capital Changes	239,585,896	97,537,956
Increase in Sundry Debtors	(320,322,628)	(160,939,873)
Increase in Inventories	(220,651,822)	(73,915,316)
Increase in Loans & Advances	(923,401,609)	(32,925,496)
Increase in Current Liabilities	396,874,447	103,484,989
Cash Generated from Operations	(827,915,716)	(66,757,740)
Fringe Benefit tax Paid		
Income Tax Paid	(12,600,000)	(1,337,875)
Cash Flow before Extraordinary Items	(840,515,716)	(68,095,615)
Adjustment for Extraordinary Items (Preliminary Expenses)	-	(2,250,000)
NET CASH FROM OPERATING ACTIVITIES (A)	(840,515,716)	(70,345,615)
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(35,441,236)	(20,935,899)
Purchase/Sale of Investments	(1,284,470,000)	(7,520,000)
Proceeds from Sale of Fixed Assets	178,633,481	26,516,500
NET CASH FROM INVESTING ACTIVITIES (B)	(1,141,277,755)	(1,939,399)
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Share Capital	1,033,006,009	41,140,000
Proceeds from Long Term Borrowings	614,713,463	44,488,475
FCCB Issue	574,000,000	
Proceed from Short Term Borrowings		(300,000)
NET CASH USED IN FINANCING ACTIVITIES (C)	2,221,719,472	85,328,475
Net Increase in Cash and Cash Equivalents (A+B+C)	239,926,001	13,043,461
Cash and Cash Equivalents at beginning of Period	17,633,456	4,589,995
Cash and Cash Equivalents at end of Period	257,559,457	17,633,456

As per our Report of even date attached

For K RAMKUMAR & CO.,
Chartered Accountants
R M V BALAJI
Partner

Place : Chennai
Date : 20-June-2007

For and on behalf of Board of Directors
G R K REDDY, Chairman & Managing Director
V P RAJINI REDDY, Director
G RAGHAVA REDDY, Director
P M SHIVARAMAN, Director
ARUN KUMAR GURTU, Director
B BHUSHAN, Chief Financial Officer
GOURI SHANKER MISHRA, Company Secretary

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF MARG CONSTRUCTIONS LIMITED

We have audited the attached consolidated balance sheet of MARG CONSTRUCTIONS LIMITED and its subsidiaries (the Group) as at 31st March, 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of MARG CONSTRUCTIONS LIMITED's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of MARG CONSTRUCTIONS LIMITED incorporate the accounts of Aaram Constructions Private Limited, Ajani Constructions Private Limited, Aprati Constructions Private Limited, Arogya Constructions Private Limited, Arohi Infrastructure Private Limited, Aroopa Infradevelopers Private Limited, Avatar Constructions Private Limited, Bay Infradevelopers Private Limited, Dasha Infradevelopers Private Limited, Karaikkal Port Private Limited, Magnumopus Infrastructure Private Limited, Marg Business Park Private Limited, New Chennai Township Private Limited, OMR Developers Private Limited, Pathang Constructions Private Limited, Riverside Infrastructure(India) Private Limited, Sanjog Infrastructure Private Limited, Sarang Infradevelopers Private Limited, Siddhi Infradevelopers Private Limited, Singar Constructions Private Limited, Viswadhara Constructions Private Limited and Wisdom Constructions Private Limited for the year ended 31st March, 2007 which have been audited by us and whose reports have been considered by us.

We did not audit the financial statements of subsidiaries namely Bhushan Trade Links Pvt Ltd and joint venture namely Signa Infrastructure India Limited, whose financial statements reflect total assets of Rs 95.74 lakhs as at 31st March, 2007, the total income of Rs NIL for the year ended on that date and the net cash flows amounting to Rs 9.24 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by MARG CONSTRUCTIONS LIMITED's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

Based on our audit of the financial statements and the other financial information, in our opinion and to the best of our information and according to the explanations given to us, the attached 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 MARG CONSTRUCTIONS LIMITED Group as at 31st March, 2007;
- (b) in the case of the consolidated profit and loss account, of the profit 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.

For K RAMKUMAR & Co.
Chartered Accountants

R M V BALAJI
Partner

Chennai,
20th June 2007

MARG CONSTRUCTIONS LIMITED
CONSOLIDATED BALANCE SHEET

PARTICULARS	Schedule	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	165,929,000	100,000,000
Warrant Application Money		64,575,588	-
Reserves & Surplus	2	896,323,242	111,676,516
		95,521	-
MINORITY INTEREST			
LOAN FUNDS			
Secured Loans	3	1,539,728,959	516,618,435
Unsecured Loans	4	-	3,600,000
Foreign Currency Convertible Bonds		574,000,000	-
		19,576,634	13,890,381
DEFERRED TAX LIABILITY (Net)	5	<u>3,260,228,944</u>	<u>745,785,332</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	1,949,659,083	718,351,555
Less : Depreciation		47,843,903	49,973,005
Net Block		<u>1,901,815,180</u>	<u>668,378,550</u>
INVESTMENTS			
	7	22,900,000	22,900,000
CURRENT ASSETS, LOANS & ADVANCES			
	8		
Inventories		316,937,277	83,092,505
Sundry Debtors		395,871,939	21,327,102
Cash & Bank Balances		331,707,392	18,062,168
Loans & Advances		947,213,409	210,390,304
		<u>1,991,730,017</u>	<u>332,872,079</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
	9		
Current Liabilities		534,546,903	223,138,936
Lease Deposits/ Rental Advances		41,910,881	45,248,761
Provisions		80,738,073	12,600,000
		<u>657,195,857</u>	<u>280,987,697</u>
NET CURRENT ASSETS		1,334,534,160	51,884,382
MISCELLANEOUS EXPENSES			
(To the extent not written off or adjusted)			
Preliminary Expenses	10	979,604	2,622,400
		<u>3,260,228,944</u>	<u>745,785,332</u>
NOTES ON ACCOUNTS	18	-	-

As per our Report of even date attached
For K RAMKUMAR & CO.,
Chartered Accountants

R M V BALAJI
Partner

Place : Chennai
Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director
V P RAJINI REDDY, Director
G RAGHAVA REDDY, Director
P M SHIVARAMAN, Director
ARUN KUMAR GURTU, Director
B BHUSHAN, Chief Financial Officer
GOURI SHANKER MISHRA, Company Secretary

MARG CONSTRUCTIONS LIMITED
CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	Schedule	Year Ended 31-Mar-07 Rs	Year Ended 31-Mar-06 Rs
INCOME			
Income from Operations	11	738,805,496	438,970,127
Other Income	12	10,588,767	1,991,325
		749,394,263	440,961,452
EXPENDITURE			
Cost of Projects/Other Operating Expenses	13	532,237,188	274,422,668
Personnel Expenses	14	56,429,137	15,823,477
Administrative Expenses	15	83,368,312	21,450,471
		672,034,637	311,696,616
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		77,359,626	129,264,836
Depreciation	6	19,149,825	18,727,050
PROFIT BEFORE INTEREST & TAX		58,209,801	110,537,786
Interest & Finance Charges	16	65,912,767	37,774,678
PROFIT BEFORE TAX		(7,702,966)	72,763,108
TAX EXPENSE			
Provision for Income Tax		80,000,000	12,600,000
Deferred Tax Expense	17	5,686,253	8,777,369
Fringe Benefit Tax		745,000	407,826
PROFIT AFTER TAX		(94,134,219)	50,977,913
Balance brought forward from Previous Year		81,676,516	30,802,522
Minority Interest		34,479	-
AMOUNT AVAILABLE FOR APPROPRIATION		(12,423,224)	81,780,435
APPROPRIATIONS			
Prior Period Expenses		-	103,919
Proposed Interim Dividend		20,835,155	-
Dividend Tax on the Dividend		2,922,130	-
General Reserve		29,913,959	-
Balance carried to Balance Sheet		(66,094,468)	81,676,516
		(12,423,224)	81,780,435
EARNINGS PER SHARE			
Basic		(9.05)	7.27
Diluted		(6.44)	7.27
NOTES ON ACCOUNTS		18	

As per our Report of even date attached
For K RAMKUMAR & CO.,
Chartered Accountants

R M V BALAJI
Partner

Place : Chennai
Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director
V P RAJINI REDDY, Director
G RAGHAVA REDDY, Director
P M SHIVARAMAN, Director
ARUN KUMAR GURTU, Director
B BHUSHAN, Chief Financial Officer
GOURI SHANKER MISHRA, Company Secretary

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of Rs.10 each (Previous year 50,000,000 Equity Shares of Rs.10 each)	500,000,000	500,000,000
Issued, Subscribed and Paid up Capital		
16,592,900 Equity Shares of Rs.10 each (Previous year 10,000,000 Equity Shares of Rs.10 each)	165,929,000	100,000,000
	165,929,000	100,000,000
SCHEDULE 2 : RESERVES & SURPLUS		
Securities Premium Account	932,501,421	30,000,000
Capital Reserve	2,330	-
General Reserve	29,913,959	-
Profit & Loss Account	(66,094,468)	81,676,516
	896,323,242	111,676,516
SCHEDULE 3 : SECURED LOANS		
IREDA - Term Loan	-	1,115,000
ICICI Bank Limited - Equipment Loan	-	570,163
ING Vysya Bank Limited - Rental Loan	190,735,710	207,422,672
Indian Overseas Bank - Rental Loan	888,501	1,549,172
ING Vysya Bank Limited - Medium Term Loan	36,863,758	49,379,370
Indian Overseas Bank - Term Loan	-	27,803,728
Corporation Bank - Rental Loan	210,288,018	225,551,875
Catholic Syrian Bank Limited - Term Loan	201,614,118	-
HUDCO Limited - Construction Loan	445,322,841	-
UTI Bank Limited - Office Automation Loan	8,894,533	-
Cash Credit Accounts	267,647,941	-
ING Vysya Bank Limited - Loan against Fixed Deposit	36,031,438	-
Indian Bank Led Consortium - Term Loan	129,690,801	-
Vehicle Loans	7,496,332	3,226,455
Interest Accrued But Not Due	4,254,968	-
	1,539,728,959	516,618,435
SCHEDULE 4 : UNSECURED LOANS		
Loans From Subsidiaries	-	-
Loans From Others	-	3,600,000
	-	3,600,000
SCHEDULE 5 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	19,576,634	13,890,381
	19,576,634	13,890,381

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

SCHEDULE 6 : FIXED ASSETS

In Rs

Particulars	Gross Block			Depreciation			Net Block		
	As At 01-Apr-06	Additions	Deductions/ Transfers	As At 31-Mar-07	As At 01-Apr-06	For the Period		As At 31-Mar-07	As At 31-Mar-06
						for the year	Deletion		
Leasing - Division									
1 Digital Zone - I									
Land	53,710,616	-	1,389,641	52,320,975	-	-	-	52,320,975	53,710,616
Phase I									
Building	109,436,953		-	109,436,953	3,121,688	1,783,822	4,905,510	104,531,443	106,315,265
Plant & Machinery	23,292,047	133,128	-	23,425,175	1,936,153	1,106,407	3,042,560	20,382,615	21,355,894
Electrical Equipment & Fittings	62,917,668	610,624	-	63,528,292	5,230,031	3,009,352	8,239,383	55,288,909	57,687,637
Furniture & Fixtures	43,082,052	275,800	-	43,357,852	4,772,414	2,740,926	7,513,340	35,844,512	38,309,638
Phase II									
Building	114,922,769	-	-	114,922,769	1,907,044	1,873,241	3,780,285	111,142,484	113,015,725
Plant & Machinery	32,169,476	391,830	-	32,561,306	1,507,853	1,529,348	3,037,201	29,524,105	30,661,623
Electrical Equipment & Fittings	44,332,512	1,107,080	-	45,439,592	1,761,048	2,153,414	3,914,462	41,525,130	42,571,464
Furniture & Fixtures	49,814,435	223,364	-	50,037,799	2,631,387	3,162,462	5,793,849	44,243,950	47,183,048
2 Other Assets									
Land & Building	4,462,500	-	-	4,462,500	-	-	-	4,462,500	4,462,500
Computers	5,727,347	4,235,036	-	9,962,383	4,573,498	500,963	5,074,461	4,887,922	1,153,849
Office Equipment	1,384,460	7,695,324	-	9,079,784	239,249	196,498	435,747	8,644,037	1,145,211
Motor Vehicles	4,906,628	6,892,449	-	11,799,077	420,088	613,088	1,033,176	10,765,901	4,486,540
Furniture & Fittings	1,410,113	12,878,086	-	14,288,199	212,341	399,941	612,282	13,675,917	1,197,772
Plant & Machinery	1,083,902	2,053,415	-	3,137,317	360,211	101,436	461,647	2,675,670	723,691
SPV Lanterns	21,300,000	-	21,300,000	-	21,300,000	-	21,300,000	-	-
Agricultural Land	144,398,077	738,900,691	-	883,298,768	-	-	-	883,298,768	144,398,077
Port Licence		150,000,000	-	150,000,000				150,000,000	
3 Capital Work in Progress									
		328,600,342		328,600,342				328,600,342	
Grand Total	718,351,555	1,253,997,169	22,689,641	1,949,659,083	49,973,005	19,170,898	21,300,000	47,843,903	668,378,550
Previous Year	566,954,045	231,785,889	80,388,379	718,351,555	31,416,037	18,727,050	170,082	49,973,005	535,538,008

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 7 : INVESTMENTS		
Investments in Shares (Long Term, Non-Quoted Stated at Cost)		
Company	Face Value	No of Shares as on 31-Mar-07 31-Mar-06
Others		
Marg Digital Infrastructure Pvt Ltd	10	595,000 595,000
Marg Realities Ltd	10	995,000 995,000
RR Infotech Ltd	10	700,000 700,000
		<u>22,900,000</u> <u>22,900,000</u>
SCHEDULE 8 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	307,673,075	74,296,171
Stock of Materials at Site	903,458	435,590
	<u>316,937,277</u>	<u>83,092,505</u>
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	833,245	17,147,076
Others	395,038,694	4,180,026
	<u>395,871,939</u>	<u>21,327,102</u>
Cash and Bank Balances		
Cash Balance	6,225,798	448,640
Balances with Scheduled Banks		
In Current Accounts	214,593,118	13,044,897
In Deposit Accounts	106,639,884	1,867,989
In Margin Money Accounts	4,248,592	2,700,642
	<u>331,707,392</u>	<u>18,062,168</u>
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	718,229,701	121,257,515
Advances to Suppliers	114,249,889	26,161,512
Share Application Money	21,060,000	21,060,000
Staff Advances	629,752	114,617
Prepaid Taxes	78,234,156	40,240,986
Security Deposits	14,809,911	1,555,674
	<u>947,213,409</u>	<u>210,390,304</u>
	<u>1,991,730,017</u>	<u>332,872,079</u>

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 9 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	221,141,503	44,651,856
Advances from Customers		
Advances from Customers	239,192,051	600,266,175
Less: Value of Works Executed	-	425,640,031
	<u>460,333,554</u>	<u>219,278,000</u>
Expenses Payable	13,702,521	1,740,492
Statutory Dues	35,858,657	1,174,800
Due to Directors	3,817,016	945,644
Interim Dividend	20,835,155	-
	<u>534,546,903</u>	<u>223,138,936</u>
Lease Deposits / Rental Advances	41,910,881	45,248,761
Provisions		
Income Tax	80,000,295	12,600,000
Fringe Benefit Tax	737,778	-
	<u>80,738,073</u>	<u>12,600,000</u>
	<u>657,195,857</u>	<u>280,987,697</u>
SCHEDULE 10 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance / Incurred During the Year	3,474,507	2,622,400
Less : Charged to Revenue	2,494,903	-
Balance Carried forward	<u>979,604</u>	<u>2,622,400</u>

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 11 : INCOME FROM OPERATIONS		
Income from Projects	653,990,836	355,857,034
Lease Rent Income (Building & Facilities)	84,814,660	80,110,627
Lease Rent from Equipment (SPV Lanterns)	-	3,002,466
	<u>738,805,496</u>	<u>438,970,127</u>
SCHEDULE 12 : OTHER INCOME		
Interest Received	3,242,148	533,042
Profit on Sale of Assets	-	1,693
Miscellaneous Income	6,856,938	1,212,690
Agricultural Income	489,681	243,900
	<u>10,588,767</u>	<u>1,991,325</u>
SCHEDULE 13 : COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	74,296,171	-
Stock of Materials at Site	435,590	816,445
	<u>83,092,505</u>	<u>9,177,189</u>
Expenditure During the year		
Cost of Projects	762,434,905	347,794,251
Closing Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	307,673,075	74,296,171
Stock of Materials at Site	903,458	435,590
	<u>316,937,277</u>	<u>83,092,505</u>
Cost of Projects	528,590,133	273,878,935
Repairs & Maintenance-Leased Properties	3,647,055	543,733
	<u>532,237,188</u>	<u>274,422,668</u>

MARG CONSTRUCTIONS LIMITED
SCHEDULES FORMING PART OF ACCOUNTS
(CONSOLIDATED)

PARTICULARS	As At 31-Mar-07 Rs	As At 31-Mar-06 Rs
SCHEDULE 14 : PERSONNEL EXPENSES		
Salaries & Allowances	33,702,212	10,340,096
Directors Remuneration	8,466,000	2,091,018
Rent Staff	543,500	153,700
Contribution to Funds	2,583,632	948,408
Recruitment & Training Expenses	7,575,420	1,231,232
Staff Welfare Expenses	2,494,715	780,869
Retirement Benefits	1,063,658	278,154
	56,429,137	15,823,477
SCHEDULE 15 : ADMINISTRATIVE EXPENSES		
Rent	5,486,049	553,365
Rates & Taxes	464,865	-
Communication Costs	2,565,586	1,329,800
Electricity Charges	662,395	558,357
Travelling and Conveyance	11,063,211	4,734,776
Repairs & Maintenance	982,482	822,115
Secretarial Expenses	12,844,083	959,730
Advertisement & Business Promotion	13,198,861	2,330,068
Printing & Stationery	3,987,077	1,120,319
Postage and Courier	545,970	102,151
Payment to Auditors		
Statutory Audit Fee	399,433	134,688
Other Services	368,406	55,100
Reimbursement of Expenses	-	1,961
Insurance Premium	4,240,610	388,421
Professional & Consultancy Charges	22,468,724	6,331,830
Office Maintenance	2,242,525	269,128
Vehicle Maintenance	697,655	241,061
General Expenses	905,477	1,517,601
Preliminary Expenses Written off	244,903	-
	83,368,312	21,450,471
SCHEDULE 16 : INTEREST & FINANCE CHARGES		
Interest on Loans	63,594,466	37,074,160
Bank & Finance Charges	2,318,301	700,518
	65,912,767	37,774,678
SCHEDULE 17 : DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	5,686,253	4,812,037
Less : Deferred Tax Asset	-	(3,965,332)
	5,686,253	8,777,369

MARG Constructions Limited
(Consolidated)

SCHEDULE 18 : NOTES ON ACCOUNTS

1. The Consolidated Financial Statements relate to MARG Constructions Limited (“The Company”) and its Wholly Owned Subsidiary Companies. The Consolidated Financial Statements have been prepared under following basis.
 - 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. “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.

The details of the Subsidiary Companies considered in the consolidated financial statements are as follows:-

SI No	Name of the Company	Country of Incorporation	% of Voting Power Held as at 31 st March 2007
1	Aaram Constructions Pvt Ltd	India	100%
2	Ajani Constructions Pvt Ltd	India	100%
3	Aprati Constructions Pvt Ltd	India	100%
4	Arogya Constructions Pvt Ltd	India	100%
5	Arohi Infrastructure Pvt Ltd	India	100%
6	Aroopa Infradevelopers Pvt Ltd	India	100%
7	Avatar Constructions Pvt Ltd	India	100%
8	Bay Infradevelopers Pvt Ltd	India	100%
9	Bhushan Tradelinks Pvt Ltd	India	100%
10	Dasha Infradevelopers P Ltd	India	100%
11	Karaikal Port Pvt Ltd	India	100%
12	Magnumopus Infrastructure Pvt Ltd	India	100%
13	Marg Business Park Pvt Ltd	India	100%
14	New Chennai Township Pvt Ltd	India	100%
15	OMR Developers Pvt Ltd	India	100%
16	Pathang Constructions Pvt Ltd	India	100%
17	Riverside Infrastructure (I) Pvt Ltd	India	100%
18	Sanjog Infrastructure Pvt Ltd	India	100%
19	Sarang Infradevelopers Pvt Ltd	India	100%
20	Siddhi Infradevelopers Pvt Ltd	India	100%
21	Signa Infrastructure India Ltd	India	74%
22	Singar Constructions Pvt Ltd	India	100%
23	Viswadhara Constructions Pvt Ltd	India	100%
24	Wisdom Constructions Pvt Ltd	India	100%

2. SIGNIFICANT GROUP ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- (i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- (ii) 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 & expenses during the reporting period. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.

- (iii) Method of Accounting - The Company maintains its accounts on accrual basis.
- (iv) The Accounting Standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.

B. REVENUE RECOGNITION

- (i) 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 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.
- (ii) In respect of other incomes, accrual system of accounting is followed.

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

- (i) 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.
- (ii) In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
- (iii) 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.
- (iv) Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work - in - Progress.
- (v) 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 against recognized in the profit and loss account.

D. VALUATION OF CLOSING STOCK

- (i) Raw Material: Raw Material, Stores and Spares are valued at Cost. Cost comprises of all costs of purchase.
- (ii) Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.
- (iii) Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

E. 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.

F. RETIREMENT BENEFITS

The company's contribution to provident Fund is deposited with Regional Provident Fund Commissioner and is charged to Profit and Loss Account every year.

The Gratuity and leave encashment benefits are being accounted on actuarial valuation basis .

G. TAX ON INCOME

- (i) 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.
- (ii) 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.

H. 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 date. Gain 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.

The Foreign Currency transactions on account of Foreign Convertible Currency Bonds and Global Depository Receipt are accounted as per the terms and conditions of the issue.

3. CONTINGENT LIABILITIES:

- Estimated amount of liability on capital contracts as on 31st March 2007 is Rs. 2.83 Millions (Previous year : NIL)
- Corporate Guarantees given to Banks in respect of loans taken by other companies : Rs. 4,297 Millions (Previous year 646 Millions)
- Corporate Guarantees given to Bank in respect of performance bank guarantees issued by them : Rs. 8.8 Millions (Previous year 7.5 Millions)
- (i) Unfulfilled Export Obligations of Rs. 11.44 Millions (Previous Year : Rs. 11.44 Millions) & Rs. 11.29 Millions (Previous Year : NIL) to be performed on or before 18th February 2012 and 28th February 2015 respectively, undertaken by the company for import of capital goods.
(ii) Company has availed concessional import duty of Rs 6.5 Millions (Previous Year : Rs. 6.5 Millions) for which the STP Unit (Tenant) is required to perform export obligation as stipulated.
- Claims not acknowledged as debts by the Company: Rs NIL (Previous year Rs. 6.94 Millions)
- Income Tax Demand:

Assessment Year	Nature of Tax	Income Tax Department Demand	Amount Paid Under Protest	Forum Where Dispute is Pending
2001-02	Tax on Income	16,785,003	10,639,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (Appeals)
1996-97	T D S	21,503	4,931	ITAT & CIT (Appeals)
1997-98	T D S	2,368,619	1,467,682	ITAT & CIT (Appeals)
1998-99	T D S	1,628,830	335,896	ITAT & CIT (Appeals)
1999-00	T D S	1,857,640	496,358	ITAT & CIT (Appeals)
2000-01	T D S	442,820	327,370	CIT (Appeals)

- Sales Tax Demand:

Assessment Year	Nature of Tax	Sales Tax Department Demand	Amount Paid Under Protest	Forum Where Dispute is Pending
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	519,503	DCTO Enforcement

4. DEFERRED TAX LIABILITY

As per the Accounting Standard (AS 22) laid down by the Institute of Chartered Accountants of India, the Company is required to make a provision for deferred tax liability.

During the year an amount of Rs. 5,686,253/- has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2007 is Rs.19,576,634/- the details of which are as follows:

	31 st March 2007 Rs	31 st March 2006 Rs.
Timing difference on account of depreciation	5,686,253	4,812,037
Outstanding deferred tax liability	13,890,381	13,890,381
Outstanding deferred tax liability (net)	19,576,634	13,890,381

5. SEGMENTAL RESULTS:

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

Business Segment:

For Management reporting purposes, the Company is organised into two major operating divisions – Projects and Leasing. The divisions are the basis on which the Company reports its primary segment information. The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The following table presents the revenue, profit (loss), assets and liabilities information relating to the respective Business Segments for the year ended on 31st March 2007.

Rs. in Millions

Description	Year Ended 31 st March 2007			Year Ended 31 st March 2006		
	PROJECTS	LEASING	TOTAL	PROJECTS	LEASING	TOTAL
REVENUE						
External Revenue	654	85	739	356	83	439
Internal Revenue	-	-	-			
Total Revenue	654	85	739	356	83	439
RESULT						
Segment Result before Interest & Tax	126	64	190	84	65	149
Interest Expense	5	38	43	1	36	37
Net Segment Result	121	26	147	83	29	112
Other Unallocated Expenses net of Unallocated Income			155			40
Profit before Tax			(8)			72
Taxes			86			21
Profit After Tax			(94)			51
OTHER INFORMATION						
Segment Assets	1,304	497	1,801	248	511	759
Unallocated Corporate Assets			2,158			265
Total Assets	1,304	497	3,959			1,024
Segment Liabilities	1,237	447	1,684	296	481	777
Unallocated Corporate Liabilities			1,118			38
Total Liabilities			2,802			815
Capital Expenditure	2	3			56	
Depreciation		17			18	
Non Cash expenses other than Depreciation						

Geographical Segment:

The Company's projects are focused in areas having similar risks and returns and hence separate geographical segmental information has not been given in the financial statements

6. Related Party Disclosures:

The Company had transactions with the following related parties:

a. Associates:

- a. There are no companies in which the Company holds more than 20% of the Equity Capital of the Investee Company.
- b. The following are the Companies in which there are common directors :
 1. R R Infotech Limited
 2. Marg Digital Infrastructure Private Limited
 3. Marg Realities Limited

b. The following are the Key Management Personnel :

- i G R K Reddy – Chairman cum Managing Director

The following Transactions were carried out with the related parties in the ordinary course of the business:

Rs in Millions

Particulars	Associates	Key Management Personnel	Total
Revenue	651	-	651
Remuneration	-	8	8
Advances received	3	-	3
Guarantees and Collaterals	112	-	112
Balances as on 31st March 2007			
Investments	23	-	23
Loans & Advances	21	-	21
Advances received	26	-	26
Remuneration	-	4	4
Guarantees	292	-	292

7. Earnings per share (EPS):

a.	Profit / (Loss) After Tax (Rs. Millions)		
	For Basic EPS	(94.13)	81.87
	For Diluted EPS	(92.75)	81.87
b.	Weighted average number of equity shares (Nos)		
	For Basic EPS	10,399,514	7,000,000
	For Diluted EPS	14,393,573	7,000,000
c.	Earning Per Share (Rs.)		
	Basic	(9.05)	11.68
	Diluted	(6.44)	11.68

8. In terms of approval granted by Ministry of Company Affairs, Government of India under Section 212 (8) of the Companies Act, 1956, a copy of Balance Sheet, Profit & Loss Account, Report of Board of Directors and the Report of the Auditors of the Subsidiary companies have not been attached with Annual Report of the Company. The Company will make available these documents and the related details upon request by any investor of the Company and its Subsidiary. These documents will also be available for inspection by any investor at the Registered Office of the Company at "Marg Axis", 4/318, Old Mahabalipuram Road, Kottivakkam, Chennai – 600 041.
9. Previous year's figures have been regrouped / reclassified / rearranged where ever necessary with the conformity with the current year figures.

Signatories to Schedule 1 to 18

As per our Report of even date attached

For K RAMKUMAR & CO.,

Chartered Accountants

R M V BALAJI

Partner

Place : Chennai

Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director

V P RAJINI REDDY, Director

G RAGHAVA REDDY, Director

P M SHIVARAMAN, Director

ARUN KUMAR GURTU, Director

B BHUSHAN, Chief Financial Officer

GOURI SHANKER MISHRA, Company Secretary

AUDITORS' REPORT ON CONSOLIDATED CASH FLOW STATEMENT

We have examined the above Consolidated Cash Flow Statement of Marg Constructions Limited for the year ended 31st March 2007. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreement entered with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

For K RAMKUMAR & Co.
Chartered Accountants

R M V BALAJI
Partner

Chennai,
20th June 2007

MARG CONSTRUCTIONS LIMITED
CONSOLIDATED CASH FLOW STATEMENT as at 31st March 2007

Sl No	Particulars	Year Ended 31-Mar-07 Rs	Year Ended 31-Mar-06 Rs
A	<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
	Net Profit before Taxation and extraordinary Item	(7,702,966)	72,251,363
	Adjustment for:		
	1. Depreciation	19,170,898	18,727,050
	2. Profit on sale of Fixed Assets	-	(1,693)
	3. Land cost related to project already incurred		
	4. Preliminary & Public issue expenses Written off	1,642,796	
	Operating Profit before Working Capital Changes	13,110,728	90,976,720
	Increase/Decrease in Sundry Debtors	(374,544,837)	2,744,627
	Increase in Inventories	(233,844,772)	(73,915,316)
	Increase in Sundry Creditors/Current Liabilities	284,305,875	103,534,637
	Increase in Loans & Advances	(736,823,105)	(32,550,796)
	Cash Generated from Operations	(1,047,796,111)	90,789,872
	Income Taxes Paid	(12,600,000)	(1,337,875)
	Cash Flow before extraordinary items	(1,060,396,111)	89,451,997
	Adjustment for extraordinary Items		(2,622,400)
	NET CASH FROM OPERATING ACTIVITIES (A)	(1,060,396,111)	86,829,597
B	<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
	Purchase of Fixed Assets	(1,253,997,169)	(151,695,899)
	Purchase of Investments	-	(7,120,000)
	Proceeds from Sale of Assets	1,389,641	130,000
	Proceeds from Sale of Investments		
	NET CASH FROM INVESTING ACTIVITIES (B)	(1,252,607,528)	(158,685,899)
C	<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
	Proceeds from Issuance of Share Capital	66,024,521	41,140,000
	Proceed from Warrant Application Money	64,575,588	
	Increase In Reserves	902,538,230	
	Proceeds from Long Term Borrowings	1,597,110,524	
	Repayment of short Term Borrowings		44,488,475
	Repayment of Unsecured Loans	(3,600,000)	(300,000)
	NET CASH USED IN FINANCING ACTIVITIES (C)	2,626,648,863	85,328,475
	Net Increase in Cash and Cash Equivalents (A+B+C)	313,645,224	13,472,173
	Cash and Cash Equivalents at beginning of Period	18,062,168	4,589,995
	Cash and Cash Equivalents at end of Period	331,707,392	18,062,168

As per our Report of even date attached

For **K RAMKUMAR & CO.,**

Chartered Accountants

R M V BALAJI

Partner

Place : Chennai

Date : 20-June-2007

For and on behalf of Board of Directors

G R K REDDY, Chairman & Managing Director

V P RAJINI REDDY, Director

G RAGHAVA REDDY, Director

P M SHIVARAMAN, Director

ARUN KUMAR GURTU, Director

B BHUSHAN, Chief Financial Officer

GOURI SHANKER MISHRA, Company Secretary

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

S No	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Amount in Rs			
								Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) after Taxation	Proposed Dividend
1	Aaram Constructions Pvt Ltd	100,000	(23,843)	6,392,910	6,316,753	-	19,728	(23,843)	-	(23,843)	-
2	Ajani Constructions Pvt Ltd	100,000	(7,458)	99,542	7,000	-	-	(7,458)	-	(7,458)	-
3	Aprati Constructions Pvt Ltd	100,000	(9,862)	90,138	-	-	35,451	(9,862)	-	(9,862)	-
4	Arogya Constructions Pvt Ltd	100,000	(7,371)	98,659	6,030	-	-	(7,371)	-	(7,371)	-
5	Arohi Infrastructure Pvt Ltd	100,000	830	100,830	-	-	126,873	830	-	830	-
6	Aroopa Infradevelopers Pvt Ltd	100,000	535	100,535	-	-	39,960	535	-	535	-
7	Avatar Constructions Pvt Ltd	100,000	(7,408)	699,042	606,450	-	-	(7,408)	-	(7,408)	-
8	Bay Infradevelopers Pvt Ltd	100,000	(42,894)	81,434,859	81,377,753	-	15,246	(42,894)	-	(42,894)	-
9	Bhushan Tradelinks Pvt Ltd	100,000	(24,414)	9,075,586	9,000,000	-	-	(24,414)	-	(24,414)	-
10	Dasha Infradevelopers Pvt Ltd	100,000	(14,839)	5,791,921	5,706,760	-	-	(14,839)	-	(14,839)	-
11	Karaikal Port Pvt Ltd	572,500,000	(5,894,167)	696,296,634	129,690,801	-	430,232	(5,894,167)	-	(5,894,167)	-
12	Magnumopus Infrastructure Pvt Ltd	100,000	(18,750)	67,388,153	67,306,903	-	4,860	(18,750)	-	(18,750)	-
13	Marg Business Park Pvt Ltd	100,000	(30,656)	33,069,344	33,000,000	-	80,109	(32,986)	-	(32,986)	-
14	New Chennai Township Pvt Ltd	510,000,000	(2,811,093)	658,900,920	151,712,013	-	-	(2,805,481)	-	(2,805,481)	-
15	OMR Developers Pvt Ltd	100,000	848	18,588,848	18,468,000	-	68,724	6,460	-	6,460	-
16	Pathang Constructions Pvt Ltd	100,000	(6,908)	99,542	6,450	-	-	(6,908)	-	(6,908)	-
17	Riverside Infrastructure (I) Pvt Ltd	200,000,000	(1,152,406)	736,649,015	537,801,421	-	-	(1,146,006)	-	(1,146,006)	-
18	Sanjog Infrastructure Pvt Ltd	100,000	(7,247)	98,699	5,946	-	-	(7,247)	-	(7,247)	-
19	Sarang Infradevelopers Pvt Ltd	100,000	(25,612)	55,496,141	55,421,753	-	2,250	(25,612)	-	(25,612)	-
20	Siddhi Infradevelopers Pvt Ltd	100,000	(17,912)	14,582,088	14,500,000	-	33,210	(17,912)	-	(17,912)	-
21	Signa Infrastructure India Ltd	500,000	(132,612)	978,282	610,894	-	-	(132,612)	-	(132,612)	-
22	Singar Constructions Pvt Ltd	100,000	(15,406)	2,291,354	2,206,760	-	-	(15,406)	-	(15,406)	-
23	Viswadhara Constructions Pvt Ltd	100,000	(7,425)	2,599,411	2,506,836	-	-	(7,425)	-	(7,425)	-
24	Wisdom Constructions Pvt Ltd	100,000	(15,171)	51,091,409	51,006,580	-	-	(15,171)	-	(15,171)	-

BALANCE SHEET ABSTRACT

Information required under Part IV of schedule VI of the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE Information required under Part IV of the Companies Act, 1956

I. Registration Details

Registration No. 29561

State Code: 18

Balance Sheet Date: 31st March 2007

II. Capital raised during the year

(Amount in Rupees Thousands)

a) Public Issue: Nil

b) Rights Issue: Nil

b) Bonus Issue: Nil

d) Private Placement: 65,929

III. Position of Mobilization and Deployment of funds (Amount in Rupees Thousands)

a) Total Liabilities: 3,279,467

b) Total Assets: 3,279,467

IV. Source of Funds (Amount in Rupees Thousands)

a) Paid up capital: 165,929

b) Reserves & Surplus: 1,320,454

c) Secured Loans: 1,034,037

d) Unsecured Loans: 100,895

V. Application of Funds (Amount in Rupees Thousands)

a) Net Fixed Assets: 539,862

b) Investments: 1,307,770

c) Net Current Assets: 1,431,835

d) Accumulated Losses: Nil

e) Miscellaneous Expenditure:

VI. Performance of Company (Amount in Rupees Thousands)

a) Turnover: 1,242,084

b) Total Expenditure: 947,957

c) Profit/Loss before Tax: 385,571

d) Profit /Loss after Tax : 299,140

e) Earning per Share in Rs: 28.76

f) Dividend rate: 20%

VII. Generic Names of Three Principal Products/Services of Company (as per Monetary terms)

a) Item Code No: NA

b) Product Description: Construction