MARG

Spirit of Visioneering

2010-11
ANNUAL REPORT

POWER OF A BILLION!

A BILLION PL POPULATI

Here's what you will find inside

US ON...

...Has evolved from a tortoise into a tiger

...Has evolved a gradually developing market into a rapidly emerging one

...Has catalysed Hindu rate of growth into the second fastest growing economy

...Has transformed small establishments into valuable enterprises

...Has catalysed dreams into infrastructure

This "billion plus" power is strengthening MARG's resolve to emerge as a USD 1 billion company by 2014.

POWER OF A BILLION!

Parentage

The Company was incorporated as MARG Constructions Limited in 1994 by GRK Reddy, a first-generation entrepreneur possessing rich experience in investment banking and financial advisory services. The Company changed its name to MARG Limited in December 2007.

Vision

Creating landmarks, building values

Mission

- Truthfully assist governments, corporates, societies and individuals in building structures and spaces that will inspire them to give their best

- Harnessing the power of the human spirit concurrently with superior technology to optimise value for our clients, seeking to be driven by our conscience in every aspect of our business

The 5 core values

- Distinctive quality
- Creativity and innovation
- Character
- Team work
- Positive attitude

Business

MARG is among the fastest-growing infrastructure development companies in India. It primarily operates across three segments – infrastructure (BOT assets), EPC and real estate. The parent company is largely engaged in EPC contracts (internal and external projects), while its infrastructure projects are under wholly-owned subsidiaries (SPCs/SPVs).

The Company focuses on standalone projects as well as those that exploit its infrastructure and realty capabilities. The Company's roadmap encompasses the development and construction of ports, logistic parks, SEZs, townships, apartments, malls, hotels, IT parks, power projects, airports and roads.

NOT JUST A PORT OR AN INDUSTRIAL CLUSTER. A TRANSFORMER OF DESTINIES INSTEAD.

Presence

MARG is based in Chennai (India) and has completed projects in Tamil Nadu, Puducherry, Andhra Pradesh and Karnataka, among others.

Awards and recognitions

- GRK Reddy was awarded the CII Tamil Nadu Emerging Entrepreneur Award for Vision and Willingness to Dream Big, initiated by CII along with Businessline, among the 24 finalist in April 2010

- Awarded the prestigious Sir Visvesvaraya Industrial Award by the All India Manufacturers Organization (TNSB) on 16 August 2010

- Bestowed with the EXIM Achievement Award – 2010 by the Tamil Chamber of Commerce for MARG Karaikal Port Pvt Ltd on 31st July 2010

- GRK Reddy was awarded the South East CEO Conclave Award 2010 for Corporate Social Responsibility on 31st July 2010

- MARG was acknowledged as the 'Second fastest growing construction company (medium category)' at the 8th Construction World Annual Awards 2010 on 19th October 2010

- Received the 'India Shining Star Award 2011' for outstanding work in CSR in the infrastructure sector by Wockhardt Foundation on 19th February 2011

- Bagged the third Construction Industry Development Council Vishwakarma Award 2011 for achievement in CSR on 7th March 2011

Listing

MARG's shares are listed on the Bombay and Madras stock exchanges and traded on the NSE under the 'permitted securities' category

1994-2005
Contracting and real estate developer

- Incorporated in 1994
- IPO and listing in 1995
- Undertook contracts for power projects, wind mills, roads and civil works, among others
- Forayed into commercial and residential real estate development
- Pioneered development on Chennai's IT corridor, clients include TCS and Satyam

2006-2010
Port development and operation, urban and industrial infrastructure, EPC

MARG Karaikal Port

- Phase 1 (5.2 MMTPA capacity) operational
- Phase 2A under development
- India Infrastructure Fund (IIF) private equity investment
- Upgrade of Investment Grade credit rating by CARE

MARG Swarnabhoomi

- Launched industrial, residential and commercial development
- Signed reputed clients for engineering, multi-services spaces

Others

- MARG Junction Mall-cum-business hotel and service apartments

2011-2014
Diversified infrastructure – Inclusive region development

Marine infrastructure

- Commissioning of Phase 2A (21 MMTPA)
- Foray in logistics, CFS, ship repair and new ports – focus on East Coast

MARG Swarnabhoomi

- Develop Education & Science Hub, Research & Innovation Hub and Residential spaces at MARG Swarnabhoomi

Real estate

- Monetise land banks through new residential project launches/JV's/JD
- Commissioning of integrated multi-use development – MARG Junction Mall

Others

- Explore and pursue regional development opportunities in the Bellary & Bijapur areas

STRONG NUMERICAL GROWTH

78%*
REVENUES (GROSS)

52%*
EBITDA

56%*
PROFIT BEFORE TAX

49%*
PROFIT AFTER TAX

46%*
BOOK VALUE PER SHARE

21
NUMBER OF NEW PROJECTS BAGGED IN THE EPC DIVISION

**Compounded annual growth rate (CAGR) over the past five years leading to 2010-11*

POWER OF A BILLION!

₹ 3,350 CR

ORDER BOOK VALUE

1,099*

TEAM STRENGTH

₹ 10,863* MN

REVENUES (GROSS)

₹ 598.7* MN

POST TAX PROFIT

20%

DIVIDEND PER SHARE

For the financial year 2010-11

(on face value of ₹ 2 per equity share)

*From 31st March 2010 to 31st March 2011

POWER OF A BILLION!

FROM THE CHAIRMAN'S DESK

"MARG HAS BUILT A REPUTATION OF RELIABILITY AND QUALITY IN THE INFRASTRUCTURE SPACE ACROSS THE COUNTRY. TODAY, WE ARE WORKING TOWARDS A 'BILLION DOLLAR ENTERPRISE BY 2014' WITH 4 DISTINCT AND DEFINED MODELS OF HOLISTIC REGIONAL GROWTH."

Dear Stakeholders,

The year 2010-11 has been a year of consolidation of our business interests and has been marked by a robust financial performance that has laid the foundation of a billion dollar enterprise in the next 3 years, powered by a 3,000 strong workforce, completely aligned to the values of the organization and with a commitment to invest 20% of quality time in 'Knowledge Gain' initiatives. Notably, MARG's standalone revenue crossed ₹ 1,000 cr for the first time and turnover increased by 45% over 2009-10.

Our Business Philosophy - Indianisation of Infrastructure

As you know, MARG stands for 'Models for Accelerated Regional Growth'. While India possesses one of the largest population pools of over a billion, the per capita infrastructure spend is one of the lowest in the world. Also, despite reporting an impressive GDP growth of 8.5% in 2010-11, I feel that migration into double-digit growth will not only require a massive infrastructure spend but also infrastructure inspired by regional population needs. This Indianisation of infrastructure will be key to push India's GDP growth into double-digits and we at MARG are committed to it.

Robust infrastructure is essential for the Nation's economic development and the private sector has today come to play a major role in this space. MARG has, over the course of its growth, developed in-house expertise in conceptualizing, commissioning and operating large and complex infrastructure projects. Such projects require large investments initially but are capable of providing stable, long term revenue streams. These infrastructure elements play the role of growth drivers in the socio-economic development and transformation of a region by creating employment and elevating standards of living.

The growth engines

MARG has ambitious growth plans driven by four major growth engines-EPC, Marine Infrastructure, Urban Industrial Clusters, Real Estate (Residential & Commercial) and various infrastructure projects in developmental stage such as Mugaiyur captive ship repair yard cum minor port, Greenfield airports at Bellary and Bijapur, Multi Level Car Park etc. MARG's current infrastructure projects under development make for a diversified portfolio with a total capital outlay of more than ₹ 3,000 cr.

MARG Foundation India: The EPC division, being our core competence area, holds the key to the our growth as it not only generates short term cash flows but also provides the much needed growth capital for investment in new projects. Strategic alliances with PYCSA Infrastructure S.L., a Spain based company, Ireland based Lagan Constructions, AECOM for master planning the Bijapur Airport and International Infrastructure Consultants (IIC) have strengthened MARG EPC's technical and strategic competence and positioned it strongly against the competitors. These strategic alliances have helped us implement projects on time with engineering innovation as a philosophy.

In addition to catering to the Group's projects like building ports and integrated city, MARG Foundation India is also servicing a steadily growing external customer base across India.

Some of the projects commissioned under the external EPC segment are:

Fish Landing Centre, Nagore: Construction of Fish Landing Centre at Nagore in Nagapattinam District of Tamil Nadu for Tsunami Project Implementation Unit (Fisheries Department, Chennai).

Petronet LNG, Cochin: Construction of Composite Building & Related Facilities at Kochi in Kerala State for Petronet LNG Limited.

Mahe Fishing Harbour: Construction of Fishing Harbour at Mahe, Union Territory of Puducherry, for Public Works Department, Government of Puducherry.

Multi-level Car Parking: Construction of Multi-level Car Parking at Nungampakkam, Chennai for Futura Parking Private Limited.

Elcot Hosur: Construction of G+3 admin building at Hosur for Electronics Corporation of Tamil Nadu Limited.

Fireluxur Bengaluru: Construction of 48 row houses at Bengaluru for FIRE Capital Joint Venture Company.

MARG Karaikal Port: Strategically located in the mid-point between Chennai and Tuticorin, MARG Karaikal Port is spread across 9 million sq. ft and already has a quay length of 1,030 mts across 4 berths. The port is being developed in three phases to eventually take the cargo handling capacity up to 47 MMTPA (Million Metric Tons Per Annum). The current available infrastructure includes Phase-1, with two operational Panamax berths with a quay length of 490m and 13m draft and a capacity of 5.2 MMTPA, was commissioned from June 2009 and one berth for smaller vessels with a quay length of 220m (developed as a part of Phase 2A). The second phase (Phase-2A) is currently in full steam towards a scheduled completion by end 2011. At the end of Phase 2A, the port will have a cumulative capacity of 21 MMTPA with 5 berths including fully mechanized coal berths, depth upto 16.5m, berth length of 725m (berth nos. 3 & 4), liquid cargo handling capabilities and specialized warehouses for agro products. The port has recently commenced container handling facilities.

Three railway sidings at site along with satellite sidings at Nagore with a total siding length of 2.12km within Port premises are already operational.

Known for its speed of clearance, efficiencies of scale and a diverse cargo mix, a notable achievement has been the port's outstanding record in discharge rate and turnaround timelines. The port achieved a record peak discharge rate of 55,912 MT of coal in 24 hrs (through conventional handling) in March 2011, surpassing its own previous record of 55,576 MT in December 2010.

From a state-of-the-art logistics hub to a ship yard, MARG Karaikal Port is equipped with the latest infrastructure that is being augmented in a phased manner. Navigation facilities are provided by a fully operational marine control centre to monitor vessel movement. Also, a host of allied infrastructure facilities such as the administration building, site roads, covered and open storage etc. are operational. Currently, three mobile harbor cranes with 35 cbm grabs are efficiently handling all types of bulk and break bulk cargo.

The port has over 63,000 m^2 of covered warehousing designed to accommodate all types of cargoes and equipped with hoppers and automated bagging plants for fertilisers and reach stackers and associated equipment for container handling facilities. Dedicated area has been earmarked for storage of project cargo adjacent to the berth. The backup open storage space within the port premises for general cargo is about 4.5 lakh m^2 which will be increased to over 6 lakh m^2 in phase 3. The port will feature liquid cargo storage facilities of 16,000 KL for edible oil and molasses and the infrastructure development for these liquid storage tanks is currently underway.

Over 350 commercial vessels have called at the port since the commissioning of the port. This has given the port the opportunity to serve leading companies like BHEL, Coromandel International, Nagarjuna Fertilisers & Chemicals Ltd., Hindustan Oil Exploration Company, Nagarjuna Oil Corporation, Madras Cements, Madras Aluminium Company (MALCO), Jindal Steel Works (JSW), Tamil Nadu News Prints and Paper Ltd. (TNPL), Reliance Petroleum, Bhatia Traders, Dalmia, Coal & Oil Company, Devendran Coal, India Cements, Chettinad Cements, Knowledge Infrastructure Systems, Zuari Industries, Indian Potash Limited, Sarash International, Raja Steels, South India Edible Pvt Ltd., Agarwal Adani, Bannari Amman Sugars Limited and T.A. Sugars, among others.

Capacity to handle large vessels and diverse cargo, single window clearance, E2E logistics, state-of-the-art equipment, competitive tariffs and an ideal location are hallmarks of the MARG Karaikal Port.

MARG International Dredging Pte Ltd: It undertakes dredging operations at MARG Karaikal Port and this has helped keep costs in check through a backward integration mode. More than 20 million m^3 of dredging for Phase 1 and Phase 2 of MARG Karaikal Port has been done. In addition, MARG is planning to expand its dredging business in Indian subcontinent and beyond with major projects already awarded being Taipei Port project, Taiwan and Mahe fishing harbour project. Presently MARG has two dredgers – Cutter Suction Dredger 'MARG Cauvery' and Trailer Suction Hopper Dredger 'MARG Vaigai'.

MARG Logistics Private Limited (MLPL): A fully owned subsidiary of MARG Ltd, presently offers total integrated logistics services to the EXIM customers of MARG Karaikal Port and is committed to achieve customer satisfaction by maximizing operational efficiency and providing precise and time sensitive services. MLPL assures optimum value addition to the customer supply chain by continuous research in cost reduction and augmenting service levels. It presently offers stevedoring and transportation services for customers of MARG Karaikal Port.

MARG Swarnabhoomi: MARG Swarnabhoomi, christened as the campus of education, research, innovation, industry and living has already roped in several companies including the likes of Grundfos India, Polyhose, Twin Disc, Van Spall Associates, Virgo, Sieflex and Proflex in the engineering category. Strand Bioprocesses, Biophenolika Polymers Ltd and Micro Therapeutics Research Labs have been tied up in the Research & Innovation domain.

MARG Swarnabhoomi has also partnered with Virginia Tech, the U.S. based university to set-up a campus offering Advanced Master's and Ph.D. programs for approximately 300 students in engineering auto and transportation systems etc. Also, the partnership with Virginia Tech entails a strategic collaboration for innovation centres in the fields of nanotechnology, energy harvesting and cognitive communications.

MARG Navajyothi Vidyalaya based on CBSE syllabus, MARG Institute of Design & Architecture, Swarnabhoomi (MIDAS), Swarnabhoomi Academy of Music (SAM) and a rural BPO and Finishing School by Exemplarr Center for Employability and Learning (EXCEL) are already operational. Buzzing with education initiatives, MARG Swarnabhoomi is fast emerging as an education cluster for a new economy.

Plans are to build 14,000 homes at MARG Swarnabhoomi and we have made progress with 1.25 million sq. ft of space already sold out till FY 2010-11. A wide range of homes will cater to a diverse customer portfolio and as a beginning, I am happy to inform you that over 1,500 homes have already been sold at MARG Swarnabhoomi with more than 125 families residing there.

Our vision is to provide a complete working, living and learning eco-system at MARG Swarnabhoomi. Today we have smart telecom systems, smart cars and smart healthcare. Then why not a city that boasts of a smart ecosystem and a smart regional hub? MARG Swarnabhoomi is leading this trend and is well on its way to be an innovative 'people and resource efficient city' that is attracting global talent.

MARG ProperTies: MARG ProperTies, our residential arm launched 2.97 million sq. ft of new projects in various categories in FY 2010-11; further 1.47 million sq. ft of projects are in pipeline to be launched in FY 2011-12. With CMDA projecting demand for 0.4 million residential units in 2011 and 0.6 million units by 2016 in Chennai, the company is positioned well to cater to this demand. Brand presence in South India has been enhanced by the launch of MARG PROPERTIES SHOPPE, a first of its kind Home Shoppe in the real estate industry and a new brand mascot - Mr. Joy. Both have received tremendous response and have contributed significantly towards enhanced brand equity and salience.

While Ramalakhsmi Enclave has been delivered to customers and 17 individual villas are ready to occupy at Tapovan, in FY 2010-2011, we sold a total of 879 units. I am also happy to inform you that Vishwashakthi Phase 1 (at Tirupati) and Pushpadruma are in advanced stage of handing over to customers.

MARG Junction Mall: The upcoming MARG Junction Mall will be South Chennai's biggest retail destination and Chennai's biggest mixed-use development. It will not just offer best-in-class entertainment and shopping experience but will be a social asset providing fillip to organised retail in South Chennai and more so on the strategic and bustling OMR/ IT Expressway. The mall will have interest areas for all sections of the society and age groups as it epitomizes the theme of India and the family values therein.

With financial closure for the retail space being achieved, the project is scheduled for a grand opening in 2012. So far, deals for 48% of the leasable space have been finalized and there is a healthy pipeline for remaining space. Key clients include PVR, Shoppers Stop, HyperCITY, Levis, Adidas, Pavers England, Lee, Wrangler, Archies Limited, Marry Brown etc. Expression of Interest has been obtained from other brands like Reebok, Madura Garments, Arvind Brands etc. and agreement with Shangri-La Hotels and Resorts, one of Asia's leading luxury hotel groups for development of Traders Hotel at MARG Junction Mall has been done. The Traders Hotel development will be equipped with executive rooms (250), service apartments (52) and dining/refreshment outlets, meeting and banqueting facilities, health club & spa, beauty salon and outdoor pool.

Surging ahead

Today, MARG's EPC business contributes the lion's share of the group's turnover and this trend is likely to continue for the next few years as we build 60 million sq. ft of development. Also, MARG has recently started reaping the benefits of its investments in infrastructure projects and they are expected to gradually evolve into key drivers of top line as well as bottom line. Going forward, the Group is expected to have a balanced mix of services and infrastructure asset based revenue streams, with the latter being an annuity type revenue that will significantly enhance MARG's financial strength. With the planned scale of operations, MARG is expected to join the billion dollar league of companies within a three year time span.

A significant development in 2012 will be the opening of MARG Junction Mall. This will mark our foray into retail while forging partnerships with some of the leading Indian & multinational brands. Also, it will enhance the MARG brand equity towards a stronger customer connect.

Other large projects which are in pre-development stage like the ship repair yard at Mugaiyur and the Greenfield airports at Bellary and Bijapur, will also see significant way forward. The Multi-level car project (MLCP) in Chennai will be completed in 2012.

Another major development for MARG is that India's first pilot PURA (Provision of Urban Amenities in Rural Areas) project, a flagship program of the Ministry of Rural Development (MoRD) to augment the conventional rural development programs, is now under implementation in Karaikal District of Puducherry UT. The second proposed pilot project at Lathur Block, Kancheepuram district of Tamil Nadu is under active consideration of the State and Central Governments.

In the end, I would like to reiterate that MARG today is powered by a highly skilled talent pool of over 1,100 and this human capital (estimated to reach 3,000 by 2014) is being groomed through sustained training and development programmes and HR initiatives towards a sturdy and growing organisation.

GRK Reddy
Chairman and Managing Director

SIGNIFICANT BUSINESS HIGHLIGHTS

MARG Karaikal Port

- Handled a traffic of 4.75 MMT of multi-cargo and 123 major cargo vessels
- Handled 5,00,000 tonnes of fertiliser cargo in FY 2010-11
- Achieved a peak discharge rate of 55,912 MT of coal in just 24 hours (conventional handling)
- Obtained ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certification for its quality management system
- Received the third and final tranche of ₹ 40 cr out of the committed ₹ 150 cr from IIF (IDFC) in April 2011

MARG Swarnabhoomi

- Commenced Phase-I construction of the MARG Science Park comprising 230,000 sq. ft wet labs
- Tenant Grundfos started exporting products from its MARG Swarnabhoomi factory
- Prominent companies like Virgo, Van Spall and Polyhose have commenced operations
- Sold residential space of 1.2 million sq. ft comprising 1,200 homes & handed over 300 residential units to owners
- Three educational institutes are operating at MARG Swarnabhoomi – SAM, MIDAS and MARG Navajyothi Vidyalaya

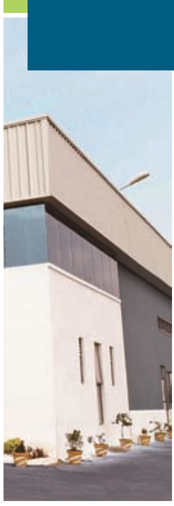
POWER OF A BILLION!

MARG Foundation India (EPC)

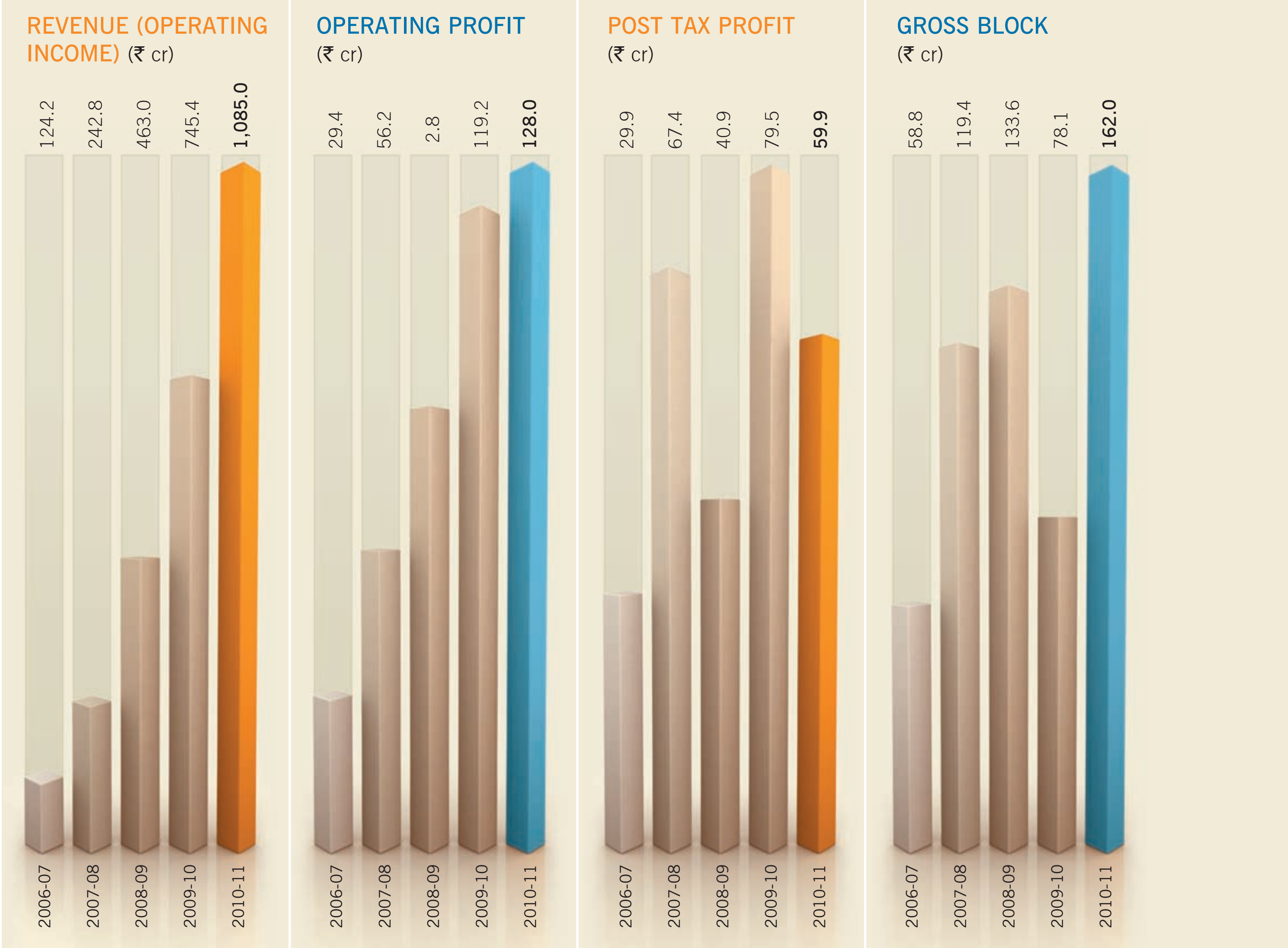
- Registered a turnover of ₹ 1,005 cr, registering a growth of 43%
- Augmented order book to ₹ 3,350 cr (as on 31 March 2011); external orders constituted 18%of the order book
- Executed orders worth ₹ 1,005 cr
- Tied-up with International Infrastructure Consultants (IIC) for management advisory services
- Entered into strategic alliances with prominent international companies comprising PYCSA, Lagan Construction, AECOM and Befesa among others, to strengthen execution capabilities

MARG ProperTies

- Hived MARG ProperTies, the residential real estate division, into a special purpose vehicle
- Sold residential space of 1.37 mn sq. ft, comprising 1,385 units
- Introduced a new concept of MARG ProperTies Shoppe where customers can shop for all types of homes under one roof
- Signed PVR, Shoppers Stop and HyperCITY Retail for anchor shops at MARG Junction Mall
- Signed leading brands and prominent mini-anchor brands

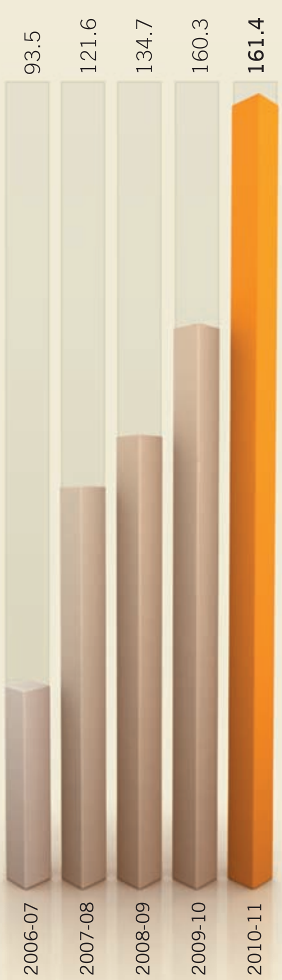


POWERING A BILLION DREAMS. ATTRACTIVE RESULTS.

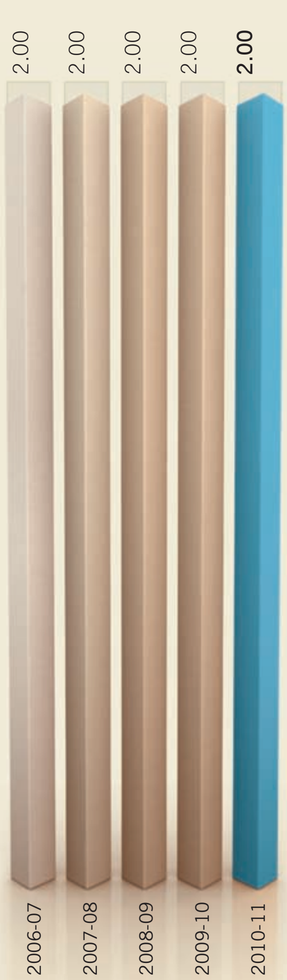


POWER OF A BILLION!

BOOK VALUE PER SHARE (₹)



DIVIDEND PER SHARE (₹)



NET WORTH (₹ cr)

AT MARG, WE ARE COMMITTED TO PROFITABLE GROWTH THROUGH AN UNWAVERING FOCUS ON OUR VALUE DRIVERS.

01

Thinking National, working local

- Diversified geographic presence
- JV/alliance partners

02

Responsive to market challenges

- Focused on quality
- Commitment to timely delivery
- Diverse terrain understanding

03

Strong engineering capabilities

- Investments in gross block
- Detailed blueprint mapping and execution
- Ongoing investments in training people

04

Robust customer integration

- Accurate budgeting and cost management practices
- Investments in IT software and tools

POWER OF A BILLION!

Safety and environment focus

- On-site safety monitoring
- Environment focus

05

Client accolades

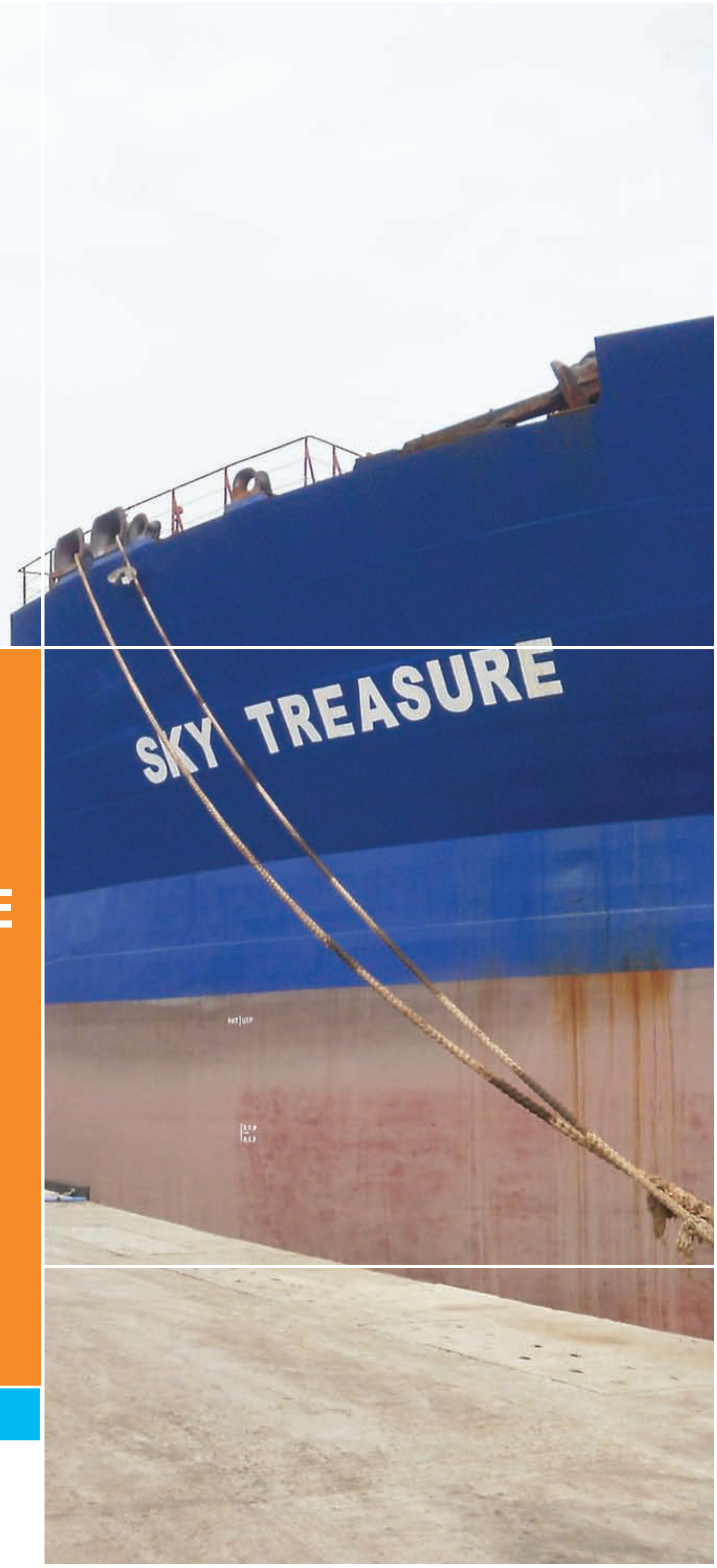
- Customer endorsements through certifications
- Client certification through repeat projects

06

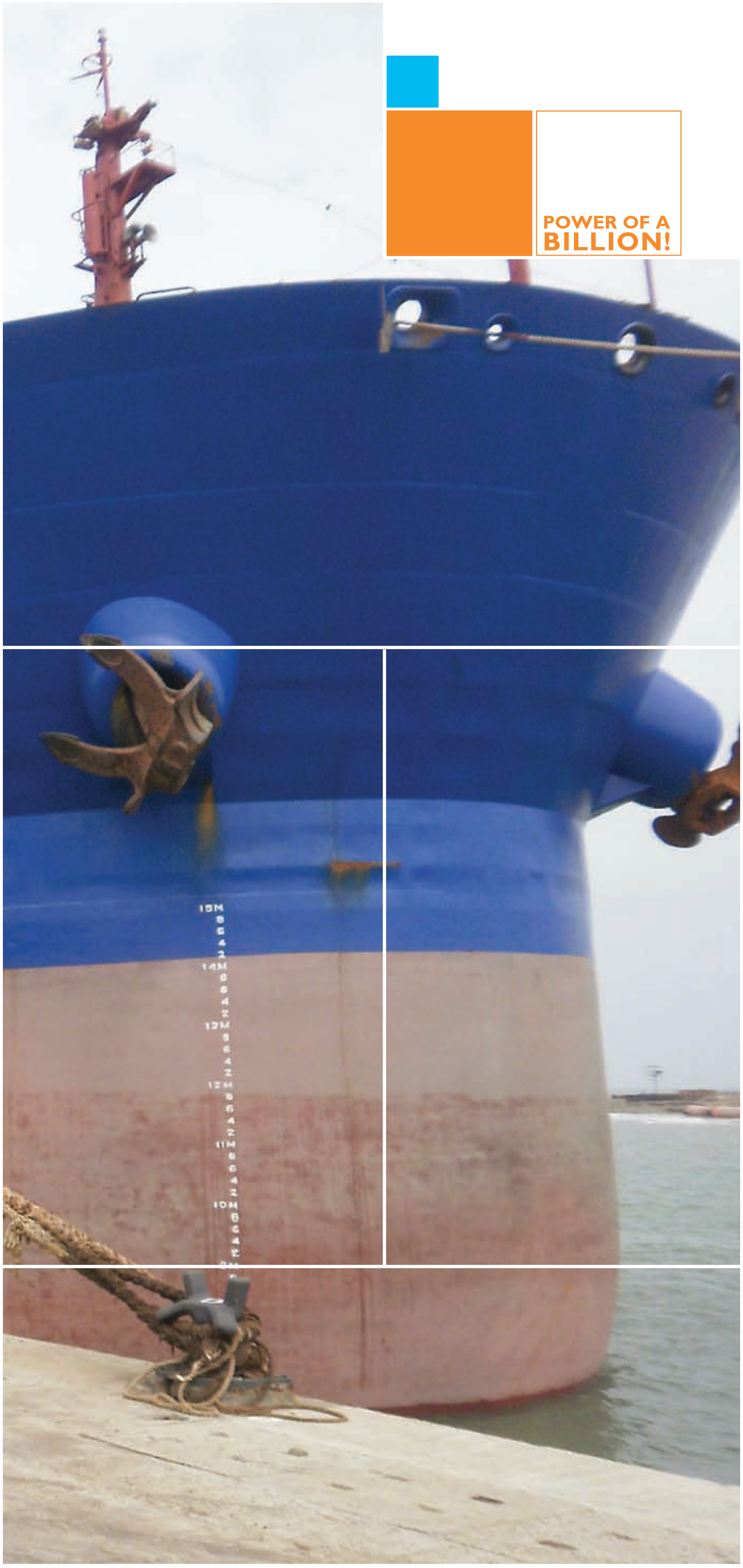
Experienced resources, rich intellectual capital

- Regular on-the-job/classroom training
- Knowledge enhancement through regular learning and sharing programmes
- Visits to symposia, fairs and conferences

07



1.2 BILLION REASONS WHY CORE INFRASTRUCTURE PROJECTS WILL UNLEASH HINTERLAND GROWTH.

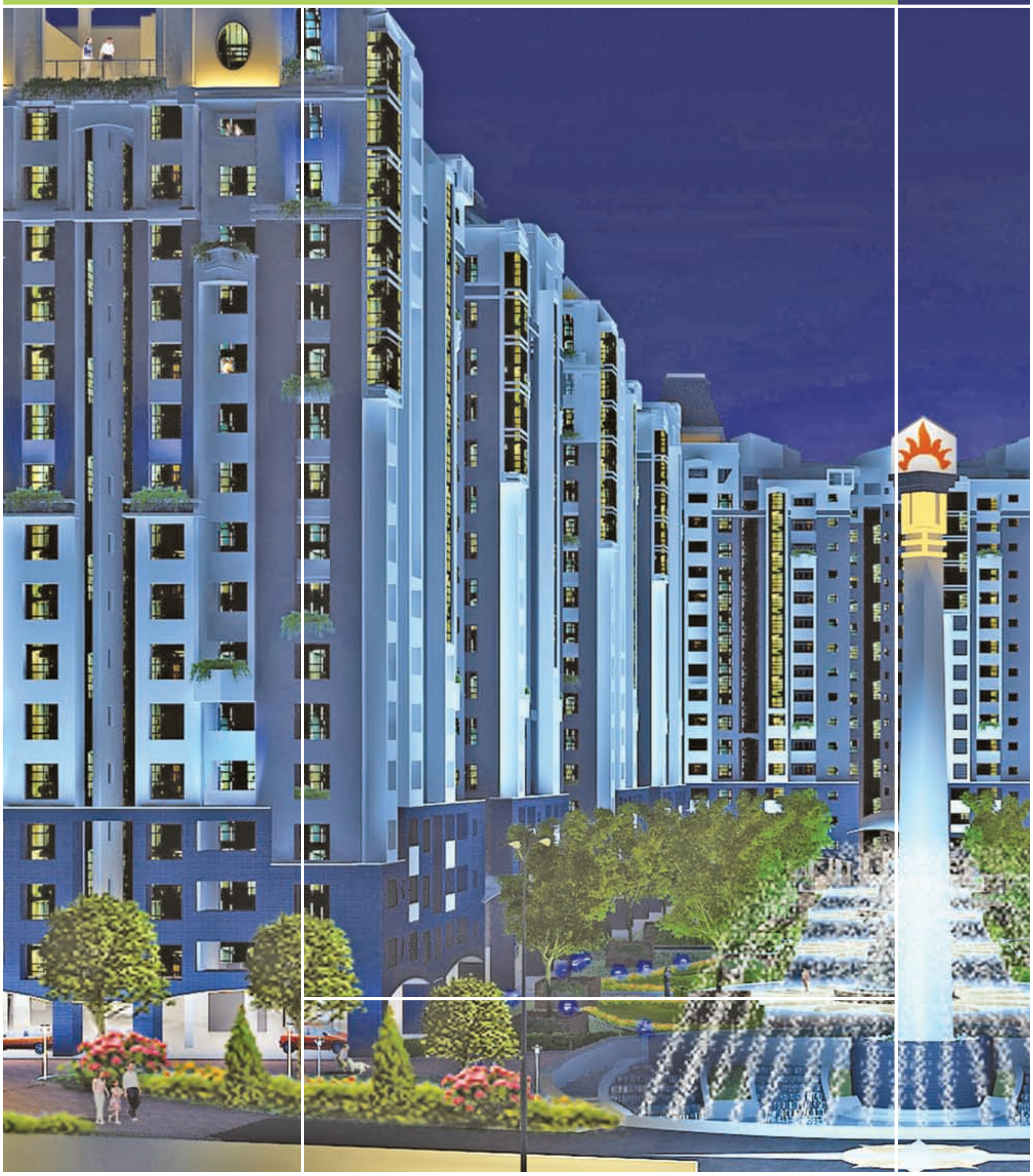


POWER OF A BILLION!

AT MARG KARAIKAL PORT, WE ARE NOT MERELY SETTING UP PORT INFRASTRUCTURE; WE ARE IN THE BUSINESS TO UNLEASH AND CATALYSE ECONOMIC GROWTH.

- MARG Karaikal Port reported a cargo management growth of 204% over the last year (leading to 2010-11), unleashing growth across central Tamil Nadu
- The port caters to the needs of a diverse industrial base – paper, cement, power, heavy engineering, fertilisers and general cargo
- The port received private equity investments from IDFC's India Infrastructure Fund, with the mobilisation being used for Phase IIA, which envisages a four-fold (5.2 to 21 MMTPA) capacity increase through the creation of two new berths
- The port intends to commence the management of liquid cargo, catering to oil refineries and edible oil processors
- The port is on schedule to grow cargo management capacities to 21 million MT by FY 2011-12

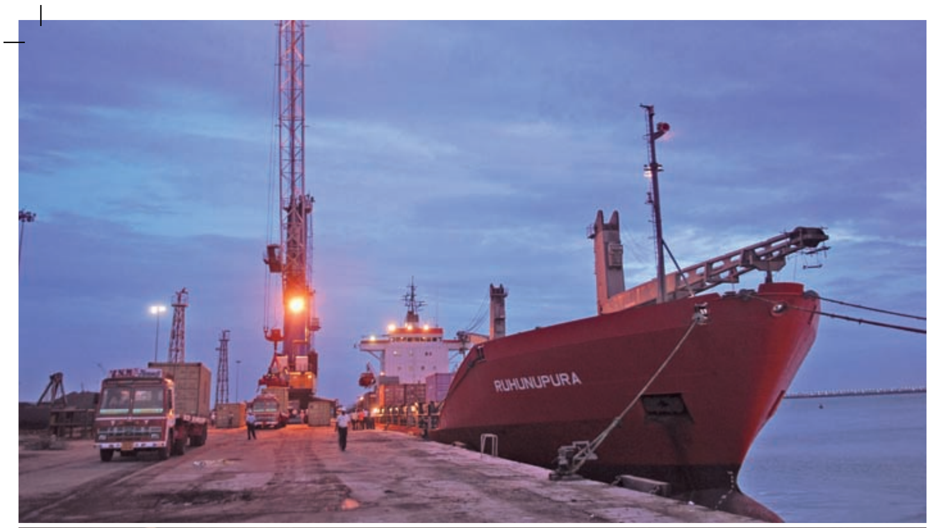
1.2 BILLION REASONS WHY INDIA WILL BE ABLE TO LIVE AND WORK IN THE GREENS.



POWER OF A
BILLION!

AT OUR REAL ESTATE DIVISION, WE ARE CREATING MORE SPACE PER LIFE.

- We hived our real estate division MARG ProperTies to enhance focus on integrated housing projects
- We created MARG ProperTies Shoppe to strengthen shopping convenience under one roof
- We roped in retail and entertainment giants comprising Shoppers Stop, HyperCITY Retail and PVR Cinemas as anchor tenants at the MARG Junction Mall, expected to be operational in 2012
- We launched the Mr. Joy campaign, a visual metaphor of the customer's joy of home ownership
- We completed and handed one real estate project (Tenali) in 2010-11 and have 11 ongoing projects (Pushpadruma, Vishwashakthi, Savithanjali, Lakhsna, Brindhavan, Navratna, Utsav, Maha Utsav, Aayush, Four Seasons and Kalpavriksha)



COMPETITIVE STR

Diversified business model

With a diversified sectoral presence in the construction industry, the Company aims to reduce cyclical risks. The Company is present across many verticals comprising development as well as services (EPC projects, dredging and logistics). This diversified portfolio helped de-risk the Company's business during downturns.

Experienced Management

MARG possesses an experienced team with strong capabilities in project execution, implementation and development. It has a qualified workforce of engineers comprising skilled operators and technicians with an average industry experience of over ten years, essential for efficient project execution. The strong project monitoring team and support system facilitates the delivery of projects within cost and schedule.

Executing large and complex projects

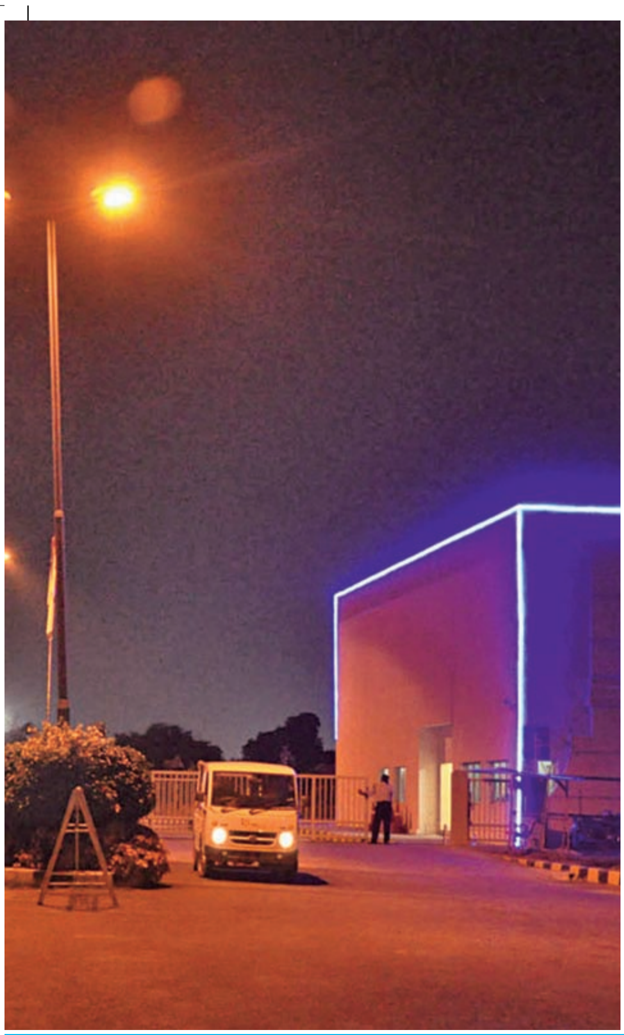
MARG has a track record in executing projects on schedule, certified by the timely execution of Phase-I of the MARG Karaikal Port. The Company focuses on large, complex, high-value projects that require significant technical competence. To strengthen operations, it has implemented SAP ERP and other IT systems. The Company believes that its expertise in diverse infrastructure project implementation provides a significant advantage in a growing industry.

Tapping opportunities in the infrastructure sector

The increasing infrastructure investment with a thrust on the PPP/BOT model is the Company's business driver. It is strategically positioned to exploit synergies that exist in the infrastructure and real estate sectors, demonstrated by its expertise in port, road, infrastructure and realty development.

Regional development model driving growth

The Company transcended from an asset-light model into a mix of light and heavy assets marked by visibility and sustained earnings. It plans to achieve this by setting up infrastructure assets and providing ancillary services to boost



MARG
Spirit of Visioneering

ENGTHS OF MARG

hinterland development. Cash flows from short-term EPC businesses are expected to support initial capital for real estate and infrastructure assets, driving the Company's future growth.

Pre-qualification credentials

MARG's track record of having completed (or being engaged in) power, windmill, commercial buildings, MARG Karaikal Port and MARG Swarnabhoomi enriched its experience, enabling it to bid for large infrastructure projects.

Portfolio

MARG along with its subsidiaries conducts research in marketability, location, target customers and pricing, among others, for the successful execution of projects (including residential and commercial projects). The Company is developing commercial and residential projects in high potential Tier-II and Tier-III locations like Tirupati. It markets these projects around location, pricing and quality. The Company's commercial developments are located in areas that are attractive to corporate and multinational clients. For example, the MARG Junction Mall project is located on the OMR, a high-potential area with a dearth of retail and hospitality space.

Extensive land parcels

The Company has acquired large tracts of land in different areas and is set to develop infrastructure to cater to the growing demand. It expects these residential townships to become self-sustaining with long-term potential.

Corporate Social Responsibility

MARG believes in the growth and development of the society. The Company initiated various programmes and healthcare initiatives and strengthened infrastructure in several schools in and around its areas of operation. This has helped MARG build cordial relationships, leading to smooth project completion and employment.

BUSINESS SEGMENTS AT A GLANCE

Business divisions	Subsidiary	Investment	Ownership	Features	Project status
Marine infrastructure	MARG Karaikal Port Private Limited	Phase I - ₹ 4 bn Phase II - ₹ 15 bn Phase III - ₹ 14 bn	95.44%	■ 50-year concession (30 years extendable by 10 years, +10 years) from Puducherry government ■ Phase 1 made operational ■ Phase 2A is expected to achieve COD by Oct 2011 ■ IDFC equity investment of ₹ 1.5 bn	Phase I operational
	Minor port-cum-ship repair yard	₹ 9 bn	90%	■ Situated at Mugaiyur, TN, 5 km from MARG Swarnabhoomi ■ Expected to attract private ships due to no competitor being present in nearby locations ■ Received an approval from the Government of TN; currently conducting feasibility studies, land acquisition and master planning activity	MoU signed with Tamil Nadu government
	MARG International Dredging Pte. Ltd., Singapore	₹ 573.30 mn	100%	The Company can generate additional revenues by leasing dredgers to other companies once its engagement at the MARG Karaikal Port is over	Captive use

Business divisions	Subsidiary	Investment	Ownership	Features	Project status
Urban and industrial Infrastructure	MARG Swarnabhoomi	Phase I – ₹ 7 bn	100%	▪ Industrial, residential and commercial development on 612 acres, 89 km from Chennai	Development and ongoing lease of land and built-up space
Education Services	Swarnabhoomi Academic Institutions		100%	Road map to start education institutes catering to all fabrics of the society	SAM, MIDAS and MARG Navajyothi Vidyalaya are already operational
EPC			100%	EPC for building, road and port construction for both in-house and external clients	Order book ₹ 33.50 bn (external 18%)
Real estate	MARG Junction Mall	₹ 4.87 bn	68.50%	MARG Junction Mall-cum-business hotel	Under construction, agreement signed with well-known brands
Other businesses	Bellary Airport, Karnataka	Phase I ₹ 1.50 bn Phase II ₹ 2.50 bn	68.50%	▪ Development of airside and city side commercial amenities over 900 acres as a greenfield project on BOT basis ▪ Project Development Agreement signed with state government	PDA Signed
	Bijapur Airport, Karnataka	Phase I ₹ 1.50 bn	68.50%	▪ Development of airside and city-side commercial amenities over 727 acres for a period of 30 years on a BOT basis ▪ Expected to be completed by the first quarter of 2013	PDA signed
	Multi-level car park	₹ 300 mn	51%	To develop an automated multi-level car parking and commercial facility in Wallace Garden, Chennai, on a DBOT basis for 20 years	To be operational by March 2012

01 Business division

MARINE & LOGISTICS INFRASTRUCTURE DEVELOPMENT

Business segments	A. Marine infrastructure Ports, logistics and warehousing, dredging, ship repair yard
Revenue from the segment, 2010-11	₹ 199.01 cr
Contribution to total aggregate segmental revenue in 2010-11	13.42%

Overview

MARG forayed into the infrastructure development space through its flagship projects like MARG Karaikal Port and MARG Swarnabhoomi.

MARG Karaikal Port Private Limited (KPPL) is a 100% subsidiary of MARG on a concession agreement for 30 plus 20 years signed with the Government of Puducherry on a Build-Operate-Transfer (BOT) basis. The port is aimed to be a deep water lagoon-type harbour, all-weather port, connected to the sea by an access channel and protected by breakwaters; it aims to shoulder India's increasing export needs.

A1 MARINE INFRASTRUCTURE
MARG KARAIKAL PORT

Overview

Karaikal is a seaside town in the Puducherry region, situated 300 coastal kms south of the Chennai Port and 360 coastal kms north of the Tuticorin Port. The 640-km-long gap between Chennai and Tuticorin compelled users in central Tamil Nadu to incur additional rail-road freight costs of up to 150 km. This prompted the Company to select this location and invest it with deep water multi-berth port facilities.

MARG Karaikal Port is intended to have nine berths capable of handling over 47 MMTPA, which will be developed in three phases with the final phase expected to be operational in 2016. Phase I was completed in April 2009, comprising two Panamax-size general cargo berths with various other infrastructure facilities like covered warehousing, open storage and mobile harbour cranes, excellent evacuation facilities with three railway sidings and national highways within a kilometre from the gate.

The port handles multiple commodities like coal, sugar, cement, fertilisers, project cargo, agro products and general cargo. It is all set to acquire liquid bulk cargo like edible oil, petroleum, oils & lubricants (POL) and container cargo in the coming year.

Strengths

- **Multi-modal:** The port handles various commodities (coal, cement, sugar, fertilisers, general cargo, project cargo and agro-based cargo, among others) across vessels, OSVs (offshore supply vessel) and PSVs (platform supply vessel) irrespective of climatic conditions and are delivered through multi-modal transportation options (roads, rails and sea)
- **Single window clearance:** The port offers one-stop services which include customs clearing, goods checking, goods handling and delivery, minimising the turnaround time
- **Accreditations:** The port was conferred the Outstanding Achievement award in port development and port management from the Chemtech Foundation at the Shipping, Marine and Ports 2010 Leadership and Excellence Awards in March 2010 and best emerging port of the year in July 2011, receiving the award in its first year of commencing commercial operations
- **Environment standards:** MARG Karaikal Port is equipped with the latest dust suppression equipment, thus making it a clean port. It proposes to plant several trees in and around the port's vicinity through Self Help Groups who plant saplings
- **Traffic:** The port's Tamil Nadu hinterland region is expected to attract investments worth over US$ 10 billion in several industries in the future
- **Capacity:** The port's capacity is expected to increase to 21 MMTPA and 47 MMTPA following the completion of phase 2A and phase 2B respectively
- **State-of-the-art equipment:** The Company procured state-of-the-art equipment to increase port efficiency, decrease vessel turnaround time and minimise cost structures
- **Competency:** MARG Karaikal Port attracted major customers in central Tamil Nadu and Puducherry through increased discharge rates, minimised pre-berthing delays, quicker turnaround time and integrated logistics cost savings vis-à-vis the competing ports
- **Timely execution:** The Company always completes capacity additions on time through the completion of MARG Karaikal Port's first phase. The Company expects to complete the second phase of the port on time leading to increased capacity to 21 million MMTPA by the end of FY 2011-12

Significant developments, 2010-11

- Registered a topline of ₹ 170 cr and PAT of ₹ 24 cr
- Achieved a traffic of 1.57 million MT in 2009-10 and handled 4.75 million MT of cargo in 2010-11
- Achieved a record peak discharge rate of 55,912 MT of coal in 24 hours (through conventional handling), a national record, surpassing its previous national record of 55,576 MT
- Improved its investment grade rating from CARE from Triple B Minus to Triple B
- Commenced coastal movement along the port in November 2010 with the loading of power plant equipment for ABC International Ltd, bound for Haldia, from where it went through a barge via Bangladesh through River Brahmaputra to Tripura

Received ₹ 110 cr from India Infrastructure Fund of IDFC out of the ₹ 150 cr that IDFC is investing in the Company

- Handled around 70 large cargo vessels (over 50,000 DWT), resulting in cargo exchange of over three million tonnes
- Received the first urea consignment on October 15, 2010, which was also the first fertiliser consignment in a gearless Panamax vessel at the port
- Added another mobile harbour crane to its cargo handling infrastructure in September 2010 to enhance its high discharge rates and handle multiple gearless panamax vessels
- Despatched over a million tonnes of cargo by rail within a short span of seven months of obtaining rail connectivity
- Accredited with ISO 9001:2008 certification for quality, ISO 14001:2004 for environmental safety and OHSAS 18001 in its second year of operations
- Received the entire ₹ 150 cr from India Infrastructure Fund of IDFC out of the ₹ 150 cr that IDFC is investing in the Company
- Achieved average vessel turnaround time of 2.7 days, significantly lower than the national benchmark
- Despatched 745 rakes in 2010-11, out of which coal (560), fertiliser (175) and others (10)
- Commenced handling of fertilisers for the first time in the current year and handled 5 lakh MT of fertilisers, constituting 10% of the total cargo handled in 2010-11
- Fertiliser share in the cargo mix of 10% is expected to increase significantly
- Executed loading of five rakes for coal and fertiliser on a single day
- Signed a MoU with an upcoming power plant proximate to the port for handling 7.5 MMTPA of coal through the port and another MoU with a leading coal trading company to set up a 1.5 MMTPA coal blending unit at the port

Advantages

- **Logistical proximity:** The strategic location of MARG Karaikal port allows easy access to the industrially rich hinterland of Central Tamil Nadu, an advantage in terms of distance and accessibility to the primary hinterland including Nagapattinam, Thanjavur, Cuddalore, Perambalur, Ariyalur, Pudukottai, Trichy and Karur districts.
- **Connectivity:** The port is well-connected by a road network i.e. NH-67 to Central Tamil Nadu through Nagapattinam and NH-45A to North Tamil Nadu through Cuddalore and by rail network through Nagore. The port has a distance advantage of an average 150 km over adjacent major ports, enabling customers to save road-rail freight costs and time. The port came up with railway siding infrastructure for mechanised cargo evacuation through faster loading/unloading, further expected to reduce turnaround time.
- **Central location:** MARG Karaikal port is centrally located between the highly congested Chennai Port, 280 km north, and limited draft Tuticorin Port, 360 km south on the East Coast of India, to serve a vast hinterland. It offers definitive connectivity and distance advantage to primary hinterland area in the 200 km radius and secondary hinterland area within the 400 km radius, housing industries, ranging from agro-based units to cement and power plants that are import/export driven for their raw materials and finished goods.
- **Pricing flexibility:** Unlike major ports, where the tariff for services offered is governed by the Tariff Authority of Major Ports (TAMP) based on a fixed RoE methodology, MARG Karaikal Port, being a private port licensed by the Government of Puducherry, enjoys pricing flexibility. It charges customers based on the market and competition-driven rates. The port's pricing is attractive enough to win customers from neighbouring ports and ensure repeat business through long-term partnerships for cargo handling requirements
- **Economical:** Lower holding time of just about a day compared with 4-5 days of typical holding time in other ports, and stock variation under the standard norm of one percent leads to significant cost savings for clients.

Road ahead

- Increase cargo handling capacity to 21 MMTPA by FY 2011-12 and 28 MMTPA by FY 2012-13 (proposed Phase IIA extension)
- Complete construction of Phase IIA (capacity of 21 MMTPA) by October 2011, add new berths and equipment to improve efficiency
- Foray into two important cargo categories – containers and liquids

A2 MARINE INFRASTRUCTURE LOGISTICS AND WAREHOUSING

Overview

The logistics and warehousing business is spearheaded by MARG Logistics Pvt. Ltd (MLPL), a wholly-owned subsidiary of MARG limited. The subsidiary handles all end-to-end logistics management for MARG Karaikal Port – from cargo-handling to cargo-delivery to the customer's doorstep. It possesses state-of-the-art equipment like dumpers, tippers, loaders, excavators, grabs and workshop equipment. Going ahead, the Company plans to set up logistic hubs in different parts of South India to consolidate cargo for MARG Karaikal Port and pursue opportunities in other ports. MLPL was positioned as an integrated logistics service provider and is expected to carry 1.75 lakh tonnes of cargo by road in 2011-12, an increase of 25% over 2010-11.

Going ahead, MARG logistics is poised to increase its customer base for forward movement and is also tapping return cargo transportation, which largely comprises the export movement from various customer locations. It aspires to join hands with leading logistics service providers to expand its network and optimise logistic costs.

Advantages

- **Cost reduction:** The Company integrated logistics management from cargo handling to delivery and the presence of a robust transportation system via rail and road helped reduce costs
- **Record turnaround time:** The Company is equipped with latest equipment and technology. A planned logistics management system helps reduce turnaround time and handle additional capacity
- **Warehouse upgradation:** The Company is currently in the process of integrating transporters and tying up with various warehouse operators for value-addition to port facilities

A3 MARINE INFRASTRUCTURE DREDGING

Overview

Dredgers create deep water drafts by excavating rocks, boulders, cobbles, gravels and sand. The Company forayed into dredging operations through its wholly-owned subsidiary MARG International Dredging Pte Ltd (MIDPL), Singapore and acquired MARG Cauvery, a cutter suction dredger and MARG Vaigai, a trailer suction hopper dredger. MARG Cauvery is capable of facilitating dredging operations from 5 metres to 25 metres with a dredging capacity of 2,000 cubic metres per hour. It successfully executed dredging of over 20 million cubic metres for Phase I and for the ongoing Phase IIA operations.

MIDPL intends to acquire three additional dredgers in a phased manner to augment fleet strength and offer expertise to the open market, currently facing a huge capacity deficit that has to be addressed by external agencies.

Advantages

- **Enhanced coastal movement:** The dredgers will help promote free coastal movement and increase traffic at MARG Karaikal Port by providing entry to large ships equipped to handle larger commodity volumes
- **Leasing:** Additional revenue generation is possible by leasing the dredgers to other companies once its operation in MARG Karaikal Port concludes
- **Backward integration:** MARG's entry into the dredging segment and asset procurement makes it a complete turnkey port developer, reducing its dependence on the market for the completion of projects and enabling it to reduce project costs

A4 MARINE INFRASTRUCTURE
SHIP REPAIR YARD

Overview

On account of the absence of any ship repair facility on Indian coasts, many vessels in India ply to Singapore, Thailand and Colombo for repairs and inspection. To capitalise on this opportunity, MARG obtained a formal approval from the Government of Tamil Nadu to develop a captive ship repair yard with a minor port on a BOT basis at Mugaiyur (30 km south of Chennai), Kanchipuram District, Tamil Nadu. The facility will have dry docks, afloat berths and wharfs for a minor port, and the gamut of facilities will serve ships sizing from Handymax to Capesize with diversified cargo like machinery, raw materials, agro products and containers, among others.

Current project status: Port limits were notified, while land acquisition, feasibility study, master plan and detailed project report will be initiated. The project is in the planning stage and is expected to finish by 2014. It is expected to go a long way in serving the repairing needs of vessels sailing on/to the entire East Coast.

Advantages

- **Lower competitive pressure:** In South India, Kochi has a ship repairing yard that mostly caters to Defence needs, the closest other yard being Colombo (Sri Lanka). The ship repair yard in Mugaiyur will serve the needs of a large number of vessels and generate attractive revenues
- **Cost reduction:** The Mugaiyur yard will reduce travelling costs for most of the ships plying on the east coast as they will not need to travel long distances for repairs and inspection
- **Integrated eco-system:** This port will be ideally located for dry docking as during long gestation periods, sailors will be able to access MARG Swarnabhoomi just 5 kms away from Mugaiyur, access to an integrated ecosystem
- **Inclusive growth:** This project is likely to generate potential for the development of ancillary industries, which will help develop the region, resulting in inclusive homogeneous growth

Q&A FIVE MINUTES WITH THE BUSINESS HEAD

Q What opportunities do you see for the Company's port operations?

India has a coastline that is over 7,500 kms long, interspersed with 13 major ports and 200 minor ports. Indian ports handle 95% of its total trade in terms of volume and about 70% in terms of value.

The traffic at Indian ports increased to 869 million MT in 2010-11 as against the traffic of 850 million MT in 2009-10. During the Eleventh Five Year Plan, about US$ 8.5 billion is expected to be invested in the ports sector and the annual capacity of India's major and non-major ports is expected to increase up to 1.5 billion tonnes by 2012.

MARG Karaikal Port has plenty of opportunities coming its way: Cement plants and captive power plants of steel and paper companies in the 100-km radius of the port are scaling their capacities, creating a potential coal demand of 8 MT per annum. Within a decade, the region around the port is envisaged to attract over USD 10 billion of investment in various industries.

Companies intend to add close to 13,000 MW of thermal power plant capacity in three years within a 50-km radius from the port. This could translate into roughly 50 million MT of thermal coal being imported.

Q How is MARG Karaikal Port positioned to capitalise on the growing opportunity?

Phase 2A construction is progressing as per schedule and is expected to be completed this year, covering a host of new infrastructure (berths and equipment). The port will foray into handling two important cargoes, namely containers and liquids (edible oil and petroleum), and create a coastal movement through the port because of the numerous logistics and cost advantages the coastal movement brings.

The neighbouring major ports, Chennai and Tuticorin, are running at peak levels with low mechanisation (leading to prolonged pre-berthing and turnaround times). The Company is poised to benefit from the surge in demand for thermal coal imports.

As most of the power projects are scheduled for completion by FY 2014, and the Company's Phase IIA infrastructure handling of 21 MMTPA will be operational by FY12, it is positioned to tap this demand.

The Company signed MoUs with upcoming neighbouring power plants to handle imported coal, which will translate into roughly 14 MT of cargo. Such long-term take or pay kind of agreements for cargo handling will ensure assured cargo, de-risking demand uncertainty.

As most Indian major ports are lagging in performance with extended turnaround and delays owing to inadequate capacity and manual handling of cargo, the Company is expanding its port and will add three berths (berth 3 and 4 for mechanised coal and berth 9 for medium sized and OSV/PSV vessels) as part of its Phase IIA plan. With the mechanisation

> About US$ 8.5 billion is expected to be invested in the ports sector and the annual capacity of India's major and non-major ports is expected to increase up to 1.5 billion tonnes by 2012

of Phase IIA, the Company is confident of reducing its average turnaround time from the existing 2.5 days to 1-1.5 days, comparable with international standards.

MARG Karaikal Port is poised to emerge as the most strategic and efficient port on the eastern coast of India, unleashing the economic potential of Central Tamil Nadu and Puducherry.

02
Business division

ENGINEERING PROCUREMENT AND CONSTRUCTION (EPC)

Segment status within the Company	EPC vertical
Business segments	▪ **Work place buildings:** IT parks, office complexes ▪ **Institutional buildings:** Business schools, hospitals and schools ▪ **Living spaces:** Affordable housing and high-end villas ▪ **Industrial clusters:** Special economic zones ▪ **Marine infrastructure:** Break water, berth and dredging ▪ **Urban infrastructure:** Airport, shopping arenas, multiplexes, hotels, roads, water, sewage pipelines and desalination plants ▪ **Energy:** Transmission lines (HT/LT), sub-stations.
Revenue from the segment, 2010-11	₹ 1,003.98 cr
Contribution to total aggregate segmental revenue in 2010-11	67.69%
Order book as on March 31, 2011	₹ 3,350 cr

Overview

MARG Foundation India is the Group's EPC division, which provides integrated turnkey solutions for a range of services by providing integrated design, engineering, material procurement, field services, construction and project management services for infrastructure and real estate sector projects.

The division is respected for timely project completion. It provides turnkey solutions and comprehensive project management for greenfield and brownfield projects in the areas of infrastructure development like ports, roads, power, SEZ and real estate constructions. It is present in key verticals like marine infrastructure, integrated urban and industrial construction and high-and low-rise buildings. The Company is already working on a port project in Karaikal and a Fishing Harbour at Mahe.

The Company has historically focused on internal EPC projects; external projects now account for a greater share among projects being executed. While the Company developed expertise over the past 15 years in construction, civil infrastructure and port turnkey projects, it pursued tie-ups to establish a growing presence in roads, metro rail and irrigation projects. It leveraged strengths in the construction of civil infrastructure and residential projects to foray into asset ownership.

Segment strategy

- Provide engineering, construction and technical services on a turnkey basis across new verticals
- Strengthen the division by leveraging opportunities and processes together with extensive training and development of human capital
- Invest in acquiring equipment in order to become self-sufficient in equipment as the scale of projects increase

Milestones in EPC division

Ports	Construction of ports including 1.6 km of break water, two berths, yards, storage place and railway sidings, among others
	Dredging of over 15 mn cm and related marine services
Roads	Completed over 60 km of roads, including two-lane, four-lane and ghats
	Construction of roads in Andhra Pradesh, Tamil Nadu and Karnataka
Power	Executed contracts worth over 100 MW for RCI Power, Enercon, Asian Wind Turbine
Integrated cities	Integrated townships and SEZs
	25 km of road network, 12 km of water supply and 10 Km of sewage system, 34 km of storm water drain, completed 300 flats at Navratna Phase 1 and School of Music at Swarnabhoomi SEZ.
	Residential and commercial buildings of 1 mn sq. ft
Others	Installed 104 transformer yards (33 kv)
	Transmission lines for 132 kv and substation work

Significant developments, 2010-11

- Earned revenues of ₹ 1,005 cr, making the execution of external order book to 47% as against 14% in the previous year
- Registered a robust growth in its order book position at ₹ 3,350 cr that including external orders of ₹ 560 cr and internal orders of ₹ 2,790 cr – to be executed in the next 18-24 months
- Recorded revenues of ₹ 300 cr in a single quarter for the first time wherein 47% of the business came from external orders.
- Submitted bids for projects worth ₹ 3,300 cr of which the Company is at the L1 stage for ₹ 833 cr worth of bids and is in the process of submitting bids for projects amounting to ₹ 400 cr
- Executing orders of over ₹ 450 cr in the northern region for majors like MES, NBCC, LDA, BHEL, IOCL, HPCL, HUDA, HSC and Northern Railways. This includes two prestigious projects for UPHDB and LDA for ₹ 189 cr with the latest technology of aluminium shutters and casting the building at a single go.
- Bagged the contract for constructing a fishing harbour in the southern region at Mahe at a cost of ₹ 68 cr and an order from Petronet LNG worth ₹ 20 cr.

Competitive advantages

- **Timely delivery:** MARG has always focused on timely project completion
- **Strategic tie-up:** MARG tied-up with major construction companies like Lagan, HOK and L&T, among others, to enhance technical knowledge
- **Intellectual strength:** MARG employed skilled and qualified experts with sound technical knowledge
- **Diversified:** MARG operates in multiple segments like roads, power, irrigation, ports, urban infrastructure and institutional and industrial infrastructure with potential

Road ahead, 2011-12

- Add ₹ 1,500 cr to the order book (external and internal orders)
- Establish a training institute covering construction trades, facilities management and construction management
- Bid for projects in the marine, power and industrial sectors (oil and gas) through alliances and joint ventures
- Improve the quality and size of the gross block by investing in assets worth ₹ 50 cr

Strategic alliances – a key growth driver

- Retained International Infrastructure Consultants for management advisory services related to organisational development, organisational redesign, strategic planning, project finance, human resource development, corporate training, development and programme management with primary focus on the EPC division and to position the division strongly against competition
- Signed MoU with PYCSA Infrastructures S.L., a Spain-based company, to collaborate and develop urban and rural infrastructure and port projects in India and overseas
- Signed MoU with Ireland-based construction major Lagan Construction to jointly undertake infrastructure projects, where Lagan will provide technical expertise
- Enlisted Los Angeles-headquartered, Fortune 500 company AECOM for master-planning the Bijapur Airport, where AECOM will provide professional, technical and management support services
- Tied-up with companies like BEFESA, Tecpro Systems, Jyoti, MR Vision Pipeline, Yashika Enterprises and Abhav Ocean WJ for construction in water systems, material handling and submarine/onshore/offshore pipelines, among others

Q&A FIVE MINUTES WITH THE BUSINESS HEAD

Q What opportunities do you see in the MARG EPC division?

Government stimulus to counter the economic slowdown and focus on infrastructure development are set to boost investments in the infrastructure space, with numerous schemes like NHDP (National Highways Development Project) and NMDP (National Maritime Development Programme) constituted to accelerate development. Government spending is set to almost double from ₹ 6,127 billion in 2004-08 to ₹ 12,189 billion during 2009-13 across the infrastructure and industrial sectors as construction is a prominent activity in most of these projects. Roads, irrigation and urban infrastructure together constitute three-fourths of construction in infrastructure, while power, oil and gas are expected to be the major drivers in the industrial sector. This apart, real estate, both commercial and residential, continues to maintain demand for construction activities.

Q How is the Company positioned to capitalise on these opportunities?

Our total order book size for the EPC division stands at ₹ 3,350 cr with an average execution cycle of 18-24 months for external contracts and an average 36 months for internal contracts. A vertical-wise split is as under:

Vertical	%
Marine	34
Residential	31
Urban infrastructure	16
Commercial	11
Other infrastructure	8

We plan to broaden our scope and enhance our technical competence in infrastructure segments like roads, power, irrigation and industrials by forging alliances with national and state regulatory bodies governing and executing such projects, to ensure our qualification in future requests for qualifications and smooth project execution.

At MARG, the average execution cycle for external contracts is18-24 months and internal contracts an average of 36 months.

03 Business division

REAL ESTATE AND URBAN INFRASTRUCTURE DEVELOPMENT

A REAL ESTATE

Business segments	▪ Residential ▪ Commercial
Portfolio	▪ Navratna Phase II ▪ Maha Utsav ▪ Utsav ▪ Brindavan ▪ Navratna ▪ Ramlakshmi Enclave ▪ Savithanjali ▪ Lakshna ▪ Pushpadruma ▪ Vishwashakthi ▪ Tapovan
Revenue from the segment, 2010-11	₹ 266.84 cr
Contribution to total aggregate segmental revenue in 2010-11	17.99%

Overview

MARG's real estate division comprises two arms – residential and commercial; the former operates under 'MARG ProperTies' and the latter under 'MARG Junction'.

MARG ProperTies

MARG ProperTies, the residential arm of MARG is one of the leading real estate developers in Chennai, offering affordable homes, integrated townships, ultra luxury homes and urban smart homes to all segments.

HOMES FOR DIFFERENT SEGMENTS

Homes	Area (mn sq. ft)	Number of units	Location	Features	Launched	Completion date
Homes at MARG Swarnabhoomi						
MAHA Utsav	0.58	548	**Swarnabhoomi,** Chennai	Budget residential units providing bigger and better accommodation without compromising on the facilities and amenities	September 2010	December 2012
Utsav	0.686	720	**Swarnabhoomi,** Chennai	Smart apartments loaded with rich features and amenities for the value conscious home seeker	2008	March 2012
MARG navratna	0.67	580	**Swarnabhoomi,** Chennai	Exquisitely crafted residential apartment complex, with a mix of multi-storied residential towers and low rise buildings, surrounded by sprawling backwaters of Cheyyur	2008	December 2011
aayush Compact apartments	0.67	1,080	**Swarnabhoomi,** Chennai	Compact and affordable apartments with superior amenities	August 2011	July 2013
four seasons	4.75	4,320	**Swarnabhoomi,** Chennai	Affordable high-rise apartments with a sea and lake view	November 2011	April 2014
Urban smart homes						
savithanjali Life is beautiful	0.87	678	**Kalavakkam,** OMR, Chennai	Tech-smart homes with latest technology to offer best possible safety, convenience and cost-efficiency with unique features like video-door phones, mood lighting, access control and other features	April 2010	March 2013 (Phase 1)
lakshna	0.05	40	**Kottivakam,** OMR, Chennai	Chic, high aspiration homes for starters with sensible pricing in a congestion and pollution- free milieu	August 2010	June 2012
pushpadruma ARRIVE. COME HOME.	0.47	466	**Kalavakkam,** OMR, Chennai	Upscale and reasonably priced	January 2009	September 2011 (Phase 1)
KALPA VRIKSHA THE JOY OF A WISH GRANTED	0.113	70	**Karapakkam,** OMR, Chennai	Spacious apartments located in the heart of Chennai's IT hub	May 2011	March 2013 (Phase 1)
Integrated townships						
Vishwashakthi Tirupathi's first integrated township	0.68	512	Tirupati, Andhra Pradesh	Tirupathi's first integrated township housing world-class amenities and features	March 2009	January 2012 (Phase 1)

Homes	Area (mn sq. ft)	Number of units	Location	Features	Launched	Completion date
Affordable homes						
BRINDAVAN Live your own way	1.64	1,848	**Pondur,** Between Sriperumbudur and Oragadam expressway	Strikes the right balance between affordability and luxury living and comes at a very affordable price in a fast appreciating area surrounded by global giants	December 2010	June 2013 (Phase 1)
MARG Ramlakshmi Enclave A new address. A new way of life.	0.10	96	**Chenchipeta,** Tenali town	Self-contained, vaastu-compliant apartment complex	2007	Completed
Ultra luxury homes						
TAPOVAN Be inspired	0.37	120	ECR, Chennai	Villas like jewels set in a necklace of lush verdant greenery, and set comfortably apart from each other, untouched by pollution and congestion	April 2011	Bill and Build Model

Value-enriched offerings

Measure and pay: We allow customers to measure the carpet area at the time of taking possession, maintaining transparency.

Great deals: We tied-up with a host of associates, allowing owners to get attractive deals in home furnishings, furniture and consumer durables.

Upgrade: We offer upgrade options where the owner can move to new homes without looking for a new buyer as we facilitate these upgrades and smoothen the transition.

Zero dead space: All our homes come with zero dead space, increasing floor space efficiency while ensuring that each corner is usable.

24x7 customer service: We provide our customers with online support, real-time customer portal, relationship managers and personalised selling.

Significant highlights, 2010-11

Residential – ProperTies

- Sold residential space of around 0.94 million sq. ft (879 units generating ₹ 228 cr) as on 31 March 2011 and drew up plans to sell around 7.5 million sq. ft across 36 months
- Launched three residential projects – Brindavan (smart affordable homes), Savithanjali (tech- smart homes) and Lakshna (urban smart homes in the heart of OMR)
- New corporate campaign with brand positioning of "Joy of Ownership"
- Introduced a new concept in the industry by launching its first home shoppe called "MARG ProperTies Shoppe" to bring a unique experience to customers through a concept retail store by providing customers easy access to the MARG ProperTies portfolio across the city
- Launched 2.97 million sq. ft of new projects in various categories in 2010-11 and a further 1.47 million sq. ft of projects are to be launched in 2011-12
- Celebrated first anniversary of ProperTies on October 9th 2010 and gave attractive offers to customers on purchase
- Sponsored and participated in several cultural events and industry expos to enhance brand visibility
- Reached out to more than 2,000 NRIs in US, Singapore and Dubai

Projects in pipeline

Homes	Area (acre)	Number of units	Location
Kalpavriksha	1.21	70	OMR, Chennai
Pushkara	3.84	204	OMR, Chennai

First in the real estate industry

ProperTies Home Shoppe at Ashok Nagar, Chennai	First-of-its-kind 2,000 sq. ft showroom equipped with experiential zones, AV rooms, discussion rooms, touch screen kiosk and exclusive customer lounge, allowing customers easy access to MARG ProperTies portfolios across the city, showcasing the range of products and their uniqueness.
Robust ERP software	First real estate company in the industry to have a efficiency-driven software programme for customer handling processes, assisting customers to check apartment availability online and also facilitating online customisation by customers to choose specific requirements like tiles, paint colour, among others.
Customer engagement program	Another first in the industry, where a periodical event called Connexions is held in which customers are notified of the progress of the projects followed by a Q&A session addressed by the top management of the Company.
Innovative marketing and customer service approach	Innovation of a unique direct marketing kit for Savithanjali, a remote control model symbolising the tech-smart features of Savithanjali. Continuous customer engagement programmes to update customers on the latest projects of the Company through large events, customer loyalty programmes, client engagement programmes through blogs, and bi-monthly newsletters.
Interactive touch screen kiosks	Yet another innovative concept where customers can obtain complete project information including a 360 degree virtual tour, submit enquiries and obtain brochures.
Innovative branding-Launch of Mr Joy	Launched the unique mascot – Mr. Joy, personifying the ethos and values of the MARG ProperTies brand. Mr. Joy will give a unique identity to MARG ProperTies and will differentiate MARG ProperTies brand from competitors to achieve a higher recall and brand salience.

Q&A FIVE MINUTES WITH THE BUSINESS HEAD

Q What opportunities do you perceive in the real estate division?

- With the revival of the Indian economy, the real estate sector is booming. Families are shrinking and relocating to cities, creating a demand for urban residential space. As per the report of the technical group for the Eleventh Five Year Plan, urban housing shortage during the Plan period is expected to be 26.53 million units, providing opportunities.

- Projections of housing demand in Chennai Metropolitan Area by CMDA for 2011 is 413,012 units, of which 55% is in the low and middle-income group, a driver for affordable housing in the region.

- In Chennai, Old Mahabalipuram Road remained the centre of real estate commercial activity after the government declared the stretch as an IT corridor. There is a growing demand for affordable housing as young earners desire to live in a modern lifestyle with a part of their time spent in malls and other leisure activities

- Property prices in Chennai improved 20-25% within the city and 10-15% in OMR. Sriperumbudur and Oragadam areas have great potential for returns on investment owing to the burgeoning growth of the automobile and telecom industry in the region.

- Chennai is the fourth largest city in India but with few malls compared with other metros; the emergence of the city as a leading destination for BPO and IT companies will create a huge demand for eateries, shops and entertainment spaces.

- With the rapid development of IT and ITeS and a severe dearth of high-quality office buildings in central Chennai areas, there will be a greater demand for Grade A office spaces within the city.

Q How is the Company positioned to capitalise on these opportunities?

- MARG was among the early movers to develop commercial spaces on Chennai's IT corridor. On the residential real estate business, the Company has properties across different categories ranging from affordable homes to ultra premium villas and on the commercial front, has leased office spaces and the upcoming MARG Junction mall with a mixed use development of 1.8 mn sq.ft

- The Company possesses vast tracts of unencumbered land aggregating 1,004 acres for prospective development. It is capitalising on the opportunity through the following projects:

– **Brindavan, Utsav and Maha Utsav:** 4,000 affordable smart homes for the middle-class

– **Vishwashakti (integrated township) at Tirupati:** 500 value homes for upper and middle-class

– **Savithanjali:** 1,000 urban smart homes, catering to the upper class

– **Tapovan:** 120 exclusive villas for the elite

– **Kalpavriksha:** 70 signature apartments

- MARG ProperTies is poised to garner a large market share across a wide product range (from ₹ 10 lakhs to ₹ 100 lakhs) by leveraging scale, people, processes and technology coupled with innovation.

B URBAN INFRASTRUCTURE DEVELOPMENT

Overview

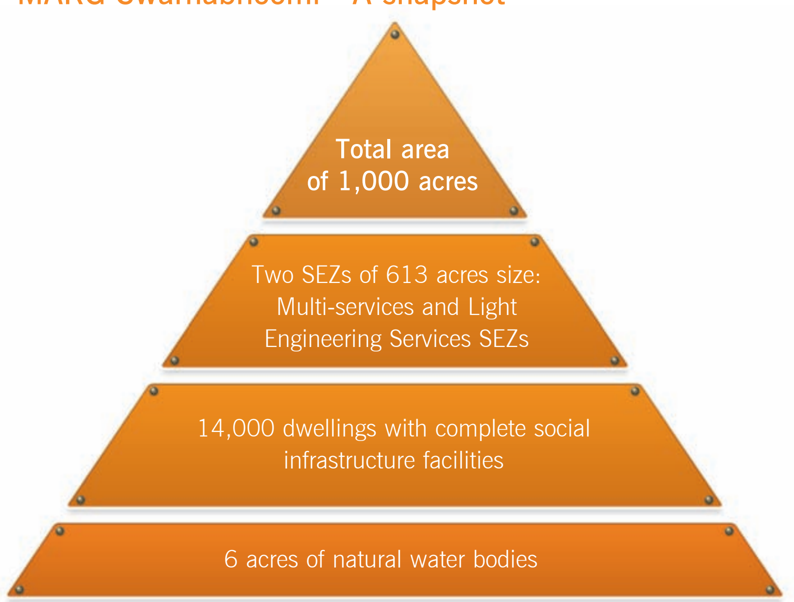
MARG forayed into urban and industrial infrastructure development with the establishment of MARG Swarnabhoomi, the emerging integrated city. It is the land of new thinking, developed on the principles of modern urbanism and supplemented by economic growth drivers.

Developed under the New Chennai Township, MARG Swarnabhoomi is a multi-service-cum-light engineering service-based SEZ with a focus on nurturing export-oriented businesses aided by the process of learning and living. It is located strategically on the scenic East Coast Road (ECR), midway between Chennai and Puducherry, which is termed as the 'growth corridor' of the future, being close to Chennai and having access to world-class academia. Swarnabhoomi was rechristened as the 'land of new thinking' as it brings together educational institutions, manufacturing and research companies, IT services firms, housing and healthcare facilities under one roof.

MARG Swarnabhoomi is a smart eco-system.

- Sustainable and inclusive
- Integrates education, research, innovation and industry
- Energy and fuel-efficient city
- Water and people-efficient city
- Supported by residential inventory of 14,000 homes
- Supported by research, innovation and education centres to energise life
- A green city surrounded by an ecologically pristine environment

MARG Swarnabhoomi - A snapshot



Details	Million sq. ft
Light Engineering SEZ	2.88
Multi Services SEZ	4.5
Science Park	1.30
Knowledge Hub	0.45
Innovation Hub	2.45
Multi-Services Spaces	0.3
Residential Hub	14.66
Total	**22.04**

Business at engineering zone

The engineering SEZ is spread across 312 acres catering to companies like auto components, medical, equipment, steel pipes, industrial gears, steel forgings and solar panels, among others. The SEZ offers over 40 acres of open land and another 2.9 million sq. ft of space, custom-built for lease.

Highlights, 2010-11

- Signed a MoU with BPPL, a subsidiary of Vemspa, Italy, for engineering product manufacture
- Grundfos commenced operations and started shipping orders out of its MARG Swarnabhoomi factory
- Virgo commenced pilot operation in March 2011. Inauguration of plant spread over 1,00,000 sq. ft was started in November 2011
- Polyhose started factory premises construction and is expected to be operational by Q3 of FY 11-12

Business at multi-services zone

The multi-services SEZ is spread over 118 acres and is dedicated to IT/ITeS, design, animation, research and healthcare, among others. This SEZ is well-equipped with 24/7 connectivity, round-the-clock security, smooth roads, a world-class auditorium, back-up power and a host of allied infrastructure. The availability of huge talent in the catchment area will come as an advantage for companies here.

The multi-services SEZ also houses a science park which will be an enabling environment for science-based research and development. Offering a network of opportunities, the science park is spread over 50 acres and will be a knowledge ecosystem for firms involved in cutting-edge technologies.

The innovation hub at MARG Swarnabhoomi will encompass state-of-the-art physical infrastructure of 2.5 million sq. ft of high-quality R&D space to accommodate a cross-section of clients, capturing the emerging outsourced market in the space of engineering IT, pharmaceuticals, electronics, automotive and urban planning, among others.

Highlights, 2010-11

- Signed MoU with Exemplarr Worldwide for 56,000 sq. ft and obtained DC approval to start operations
- Built a pipeline for high potential clients like Color Amalgamation (20,000 sq. ft) and Fairmacs (5,000 sq. ft)
- Commenced construction of Phase I of the science park, India's first LEED-rated Platinum Science Park comprising 40 acres with built-up space of 700,000 sq. ft in Swarnabhoomi. Several reputed companies engaged in high-end research in nanotechnology, biopharmaceuticals, bio-informatics, contract research and medical devices signed for space in the science park
- Signed an EOI with the Department of Biotechnology to set up a technology incubation centre

Living

MARG Swarnabhoomi has a living space comprising 14,000 residential apartments with world-class amenities. It has a mix of multi-storied residential towers and low-rise buildings offering education, healthcare and clubhouse facilities, a golf course (proposed), a convention centre, shopping mall/multiplex, theme park and an Art of Living centre

Highlights, 2010-11

- Completed Phase I of MARG Navratna and sold 95% residential units and launched Mahautsav with 548 apartments
- Sold 607 apartments aggregating 0.618 million sq. ft taking total sales since inception to 1.25 million sq. ft
- Signed lease agreement with Greens and Grams to set up a supermarket model store
- Laundry service FX Dry Cleaning available
- Opened an Indian Bank ATM in the Swarnabhoomi to cater to residents needs
- Readied social infrastructure with convenience stores, fruits and vegetable vendors, newspaper and milk vendors, among others
- Shortlisted by IGBC as a pilot project for a platinum-rated city in India
- Doc+ Medical Services, which provides medical services, sets up its camp in MARG Swarnabhoomi

Learning

MARG Swarnabhoomi is a unique destination where institutes will come together on a global scale encompassing educational facilities from the school to research level.

Primary/secondary education: MARG Navojyothi Vidyalaya provides quality CBSE board education to students.

Higher education: The focus areas identified in higher education at MARG Swarnabhoomi are aeronautics, biotechnology, energy management, urban planning, automobile engineering, management, construction, nanotechnology, nursing, maritime, animation and gaming, music and arts, and fashion and design.

Vocational training: The vocational skill training planned at MARG Swarnabhoomi includes a security training academy, medical laboratory technology, equipment maintenance, civil construction and maintenance technology, consumer and industrial electronics mechanics, computer assembly & maintenance, interior decoration and fashion designing among others.

Highlights, 2010-11

- Inaugurated the Swarnabhoomi Academy of Music campus in September 2010, offering diploma programmes
- Signed MoU with Virginia Tech University to set up centres of excellence in various disciplines
- Three educational institutes are operational viz., SAM, MIDAS and MARG Navajyothi Vidyalaya

Key competitive advantages

- **Location:** MARG Swarnabhoomi is located just off the thriving growth corridor, the scenic East Coast Road connecting Chennai and Puducherry, providing an ideal environment for business, learning, stress-free lifestyle and world-class infrastructure.
- **Special economic zone:** MARG Swarnabhoomi will attract industries and investments as the SEZ enjoys tax benefits, fiscal incentives, tax holidays, duty-free goods procurement, exemption from central sales and service taxes, single window clearance for central and state-level approvals and exemption from state sales tax and other levies.
- **Robust planning:** MARG Swarnabhoomi is master-planned by HOK, one of the finest design/architect firms and master-planners in the world. It offers businesses a unique advantage by providing end-to-end infrastructure support so that companies can concentrate on their core business.
- **Unique offering:** MARG Swarnabhoomi

provides land as well as custom built-up space on lease for companies. It has over 40 acres of open land and another 2.9 million sq. ft of space, being custom-built for lease.

- **Unique eco-system:** MARG Swarnabhoomi is a truly unique ecosystem spanning 2.5 million sq. ft of high-tech R&D space to accommodate a wide cross-section of clients. With support from engineering industries, services organisations, the science park, knowledge hub and leading educational institutions such as Virginia Tech, the innovation hub has all the essential elements for successful R&D.

- **Driving innovations:** MARG Swarnabhoomi, with its knowledge cluster architecture of networking and sharing of knowledge among universities, research institutes and firms, is aligned to drive innovation and create new industries.

- **Excellent support service:** To support tenant units and enhance their operational quality, MARG Swarnabhoomi will provide support services like business set-up management, locating investors and business associates, legal and financial counselling, IP services and technology transfer services, information services (libraries, internet and access to databases) and foreign trade development counselling, among others.

- **Robust IT infrastructure:** MARG Swarnabhoomi is supported by premium and shared internet leased line services, PLC and international MPL, wireless (RF/wimax) and wired service, telecom facility for multiple carriers, teleconference facility, and a centralised command and control system to support business units in the SEZ and enhance their efficiency.

- **Environment-friendly:** MARG Swarnabhoomi is designed to conform to environment-friendly norms and meet the US Green Building Council's LEED Platinum standards, helping improve efficiency and reduce operating costs.

Road ahead

- Increase topline through residential sales in MARG Swarnabhoomi
- Complete Phase II construction of Navratna and Utsav
- Make Swarnabhoomi a self-sustainable division through accrual funding.

Q&A FIVE MINUTES WITH THE BUSINESS HEAD

Q What opportunities do you see in the Special Economic Zone space?

SEZs emerged as a major route for attracting investments and increasing exports. They contributed about one-fourth of India's overall exports in 2010. The total exports from SEZs grew 46.7% year-on-year to ₹ 2.23 lakh cr during April-December 2010. As on December 2010, an investment of ₹ 1,95,348 cr was made in SEZs and total direct employment was 6,44,073.

Tamil Nadu has 57 notified and 28 operational SEZs, the highest after Andhra Pradesh and Maharashtra. Although most of them were developed as IT/ITeS parks, recent additions covered auto, textiles, engineering and multi-products by prominent SEZ developers like Mahindra, Nokia and DLF. The demand for export-oriented SEZs is expected to increase as the Tamil Nadu government expects to attract IT investments in Tier-II and III cities.

Q How is the Company positioned to capitalise on the growing opportunity?

With increased industrial activity in the SEZ area, there is a huge demand for residential units. The Company is positioned to tap this by developing a residential hub of 14.16 mn sq. ft in phases, targeting 14,000 houses across social classes. The Swarnabhoomi SEZ is located midway on the Chennai-Puducherry highway and there is a rising demand for housing from these cities because of a huge shortfall of affordable residential units. It also saw active demand from the employees of the nearby Kalpakkam plant and investors. Around 600 units (as on March 2011) were sold under two projects, launched and marketed through high profile events featuring A.R. Rahman.

> The Company is developing a residential hub of 14.16 mn sq. ft in phases, targeting 14,000 houses across social classes in the SEZ area.

04 Business division

OTHER BUSINESSES

Overview

MARG partnered with Housing and Urban Development Corporation Limited (HUDCO) in a joint venture, named Signa Infrastructure India Limited, as a model for developing large infrastructure projects. In this joint venture, MARG and HUDCO hold a 74% and 26% stake respectively.

A. Airport development

MARG has expanded its presence in domestic airport sector under Public Private Partnership (PPP) model with Government of Karnataka for two Greenfield Airport projects at Bellary and Bijapur on BOT basis.

Bellary: MARG Sri Krishnadevaraya Airport Pvt. Ltd. (MSKAPL), an SPV was formed and a Project Development Agreement was signed on August 6, 2010 between GoK and the SPV. 900 acres of land has been identified by the Government and compensation paid to the owners of 740 acres of land owners. 43 farmers, owners of 160 acres of remaining land submitted a Writ Petition in Dharwad High Court Bench. The final hearing of the case was over on 24th February, 2011 and pending for final verdict any time soon. MSKAPL has appointed Leigh Fisher India Ltd to find out the financial viability of the project by developing a financial model which is nearly complete. The financial model is based on airport area of 600 acres and remaining 300 acres for non aeronautical revenue generation. MSKAPL has shortlisted Halcrow Consulting India Pvt. Ltd. to develop the master plan of the project. All necessary project related on-site activities are kept pending because GoK has not issued Enter Upon Permission at site to MSKAPL due to ongoing court case. A strong expectation prevails that court case will be resolved soon.

Bijapur: In Principle Approval for Bijapur Airport was issued on 13 June 2008 by Ministry of Civil Aviation. MARG Aviation Pvt. Ltd. (MAPL), an SPV was formed on 17 August 2009 and Project Development Agreement between GoK and MAPL was signed on 18 January 2010. Government of Karnataka has paid compensation to the land owners for entire 727 acres and 0.04 guntas land indentified for airport development where boundary pillars have been constructed after topographical survey. AECOM, the master planner was appointed on 28 July 2010 submitted the master plan along with various survey reports which is under scrutiny by MAPL. An application was submitted to Ministry of Environment and Forest (MoEF) on 15 November 2011 to obtain a date for presentation at MoEF for approval of terms of reference. A presentation was made to Secretary to Government of Karnataka on 30 November 2011 at Bangalore to appraise the current status of the project and demanded additional land to develop complementary manufacturing activities to make the project financially viable and employment generator.

Highlights, 2010-11

- Bagged the Bijapur airport in May 2010 and Bellary airport project in October 2010
- AECOM is carrying out the master planning for the Bijapur airport project

B. Bellary Steel Plant

Government of Karnataka has identified 500 acres land for Steel Park in Bellary out of which it is observed after topographical survey that 150 acres land is not suitable for industrial purpose due to two hillocks. MARG has come to know that additional 200 acres Government land is available contiguous to the site. On 18th November 2011, MARG has appraised KIADB this issue and demanded additional 200 acres land in lieu of the hillock area to make the project financially viable and expecting response soon form KIADB. The 3 member committee of KIADB has accepted the single tender submitted by MARG for 500 acres land in a meeting held on 17th December 2011 and sent to Government for final acceptance.

C. Multi-level car parking

The vehicle density in Chennai is around 800 per km compared with the global urban vehicle density of 420 per km. This prompted the state government agencies to propose multi-level car parking projects at prime locations to cater to parking needs to maximise car parking capacity by utilising vertical space, rather than expanding horizontally.

MARG bagged the multi-level parking project from the Corporation of Chennai in consortium with Apollo Hospitals Enterprise Limited for the development of a fully automatic multi-level car parking project at Wallace Garden (Chennai) on a Build-Operate-Transfer (BOT) basis for 20 years, including two years for construction and 18 years for operation.

POWER OF A BILLION!

PURA PROJECTS - A SOCIAL INNOVATION INITIATIVE

Overview

PURA, acronym for 'Provision of Urban Amenities in Rural Areas', is a flagship program of the Ministry of Rural Development (MoRD), Government of India. It was envisioned by former President Dr. A.P.J. Abdul Kalam, to augment the conventional rural development programs & projects.

PURA encompasses development of a package of urban facilities by selected private developer within 3 years, main components being clean water supply to the households, storm-water drainage, well-maintained village streets, sanitation & sewerage network, and solid waste management. This is integrated with new economic activities and job-oriented skill development, thereby enhancing the livelihood of the rural population. The selected private developer will further maintain the facilities & services for the next 10 years, and to develop local capacity for sustaining it thereafter.

PURA Pilot Project Details

MARG, in consortium with National Agro Foundation (NAF), bagged 2 pilot projects (out of 11 selected projects) through competitive bidding process involving 94 private entities. MARG's projects will cover total of 19 villages, and benefit over 80,000 rural population. The first pilot, in Karaikal District of Puducherry UT, is under implementation, at an outlay of ₹ 93 cr, covering cluster of 8 villages & 31,000 population and an area of 30 sq. km. MARG will endeavour to distribute 100 litres of water per day per capita, improve street network of ~110 km, construct over 100 community toilets, collect & treat over 10 metric tonnes of organic waste per day, and will impart job-oriented training to over 4000 youth. Overall, an investment of just ₹ 2,300 per person/year, spread across 13 years, will lead to 3 times income multiplier effect in the Karaikal PURA village cluster.

The 2nd pilot project implementation at Lathur Block, Kancheepuram district of Tamil Nadu, with an estimated project outlay of ₹ 100 cr, is under active consideration of the state & central governments. This project is structured to benefit over 50,000 population, in a cluster of 11 villages spread across 120 sq. km.

Social Innovation & Its Relevance to Regional Development

PURA focuses on social innovations that directly improve the living standard of BPL and socially backward strata of the community. It is an innovative business model that combines profit (Add-On projects) with social good (MoRD & Non-MoRD projects), making it as a high-yield corporate social business (CSB), designed to provide a guaranteed return of 15% on capital invested by the private developer. MoRD provides sufficient funds in advance, by way of grants, so as to mitigate project delays & overruns.

With emphasis on the use of cost-effective & proven methods such as use of renewable & unconventional energy, innovative ways of designing storm water drainage, use of new agricultural methods to improve productivity, PURA will transform Indian villages to vibrant laboratories for rural innovations and entrepreneurship. Successful implementation of the project will create a harmonious atmosphere between the urban & rural centers. Further empowering the grass-root and middle-level strata in the age group of 18-40 years through skill development will solve the chronic problem of skill-shortage in the region.

MARG with its inclination towards holistic regional development through social innovation is playing a pioneering role of rural transformation. This model is replicable & scalable. Planning Commission is expected to show-case PURA as a revolutionary form of social innovation, and is likely to roll out over 2000 such projects across all districts in the 12th Five Year Plan.

National Agro Foundation is the consortium partner in PURA projects which has expertise in capacity building and skill development. It is a Public Charitable Trust, founded in 2000 by Shri C Subramaniam (CS), Architect of India's Green Revolution and recipient of India's highest civilian award the "Bharat Ratna". Dr A P J Abdul Kalam became the Chairman of NAF Governing Council after CS, the post he relinquished on becoming the President of India. The organization's projects span across agriculture development, animal husbandry, social development, watershed and training.

The PURA projects are being implemented by MoRD, with support from Department of Economic Affairs, Govt. of India, and technical assistance of Asian Development Bank.

Amenities to be provided under PURA

Under MoRd	Under non-MoRD	Add-on projects (Illustrative List)
Clean water distribution	Village street lighting	Village linked tourism
Well maintained village streets	Agriculture development	Integrated rural hub
Drainage	Renewable energy sources	Hospital
Solid waste management	Warehousing	Marine processing
Sanitation and sewerage system	Development of economic activities linked to skill development	English medium secondary school
Skill development		

POWER OF A
BILLION!

HUMAN RESOURCE MANAGEMENT

Overview

MARG is a diverse company in the Infrastructure space and has a very focused approach to manpower development to derive increased productivity and business results. MARG is a learning organization that believes in reinventing itself through innovation that sets the tone as reflected in a spirit of enquiry, out-of-the-box thinking and freedom of expression & ideas.

There is a continuous improvement process carried out in our HR functions and business value adds were incorporated in all areas of HR management. With the right interventions at the right time, HR function has been able to develop delightful employees all across MARG.

Key highlights, 2010-11

Attracted 54 employees at the senior level and 142 employees at the managerial level. The overall human capital base was enhanced from 400 to 1,125.

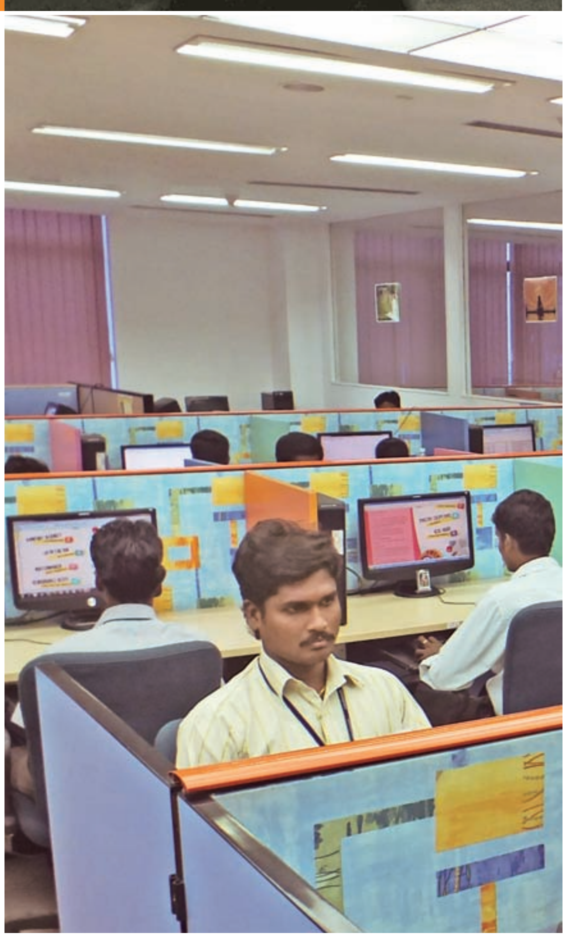
Group's learning, training and development initiatives have been launched under the Complete Leadership Achievement Program banner. The programs and initiatives launched under the CLAP banner are as under:

- **BASICS – Grooming the new inductees:** A comprehensive induction program for all new inductees at MARG to include brief overview of all businesses, projects and visit to all project sites and MARG Karaikal Port

- **MIDP – The Force Multiplier:** MARG Intrepreneurship Development Program is a first of its kind initiative to develop intrapreneurs in the Infrastructure domain. MIDP is a brainchild of MARG CMD, GRK Reddy. This is a 12 months program which is applicable to the top performers at MARG. Post this all successful employees will be given all resources to start their projects at MARG

- **Leadership Workshop by Robert Swan:** A leadership workshop by Robert Swan, OBE, was organized by the HR Team for the Senior Management of MARG Group. This was followed by a team building and motivation workshop for middle and junior management employees. Robert Swan brought unique insights and lessons gained from his polar experience to the workshop and addressed issues of leadership, team work, motivation, role clarity, building trust, listening to your subordinates, planning, directing, process, systems and managing change. Being a continuous process these initiatives are being implemented in a structured fashion

- **Mentoring – Grooming future leaders of MARG:** To groom future leaders of MARG, mentoring workshops are held to guide and assist the senior management



to act as mentors to high potential and high achieving employees

- **PMS Workshop – Aligning to business strategy:** To inculcate a performance oriented culture at MARG, PMS workshop's for the appraisers and appraisees are conducted on a yearly basis. These workshops are conducted at all sites and the corporate office.
- **SAMPARK – Connecting and communicating with visioneers:** Sampark is a unique two way program to connect and communicate with all employees at MARG. Through this platform employees are completely abreast of all happenings at MARG and any employee related grievances are also addressed
- Focused efforts on Talent Acquisition by incorporating multiple strategies like recruiting from premier B-schools like IIM (Ahmedabad), IIM (Bangalore), XLRI (Jamshedpur), IIFT (Delhi) and GLIM (Chennai), incorporating 16 PF tool to select talent and encouraging employee referrals

Road ahead, 2011-12

- **Fast Track – Identifying and rewarding high achievers of MARG:** Identifying and developing high potential and high achieving employees to create a talent pool at all levels of the organisation. A fast track program is been developed to create a career growth for deserving employees
- **Top 100 – Identifying and rewarding solid contributors of MARG:** Identifying and rewarding employees who are solid contributors at MARG, a Top 100 program has been developed to reward and retain such employees
- Seamless and qualitative implementation of KRA's for all employees to drive a performance oriented culture within the organization
- Identify, design and implement effective Training and Developmental plans for all employees
- Map required competencies and develop a model for bridging the identified gaps
- Identify critical resources and develop a second line by effective succession planning
- All Policies and processes to be realigned after evaluation to meet the business requirement
- Optimum manning to be implemented across the company based on business needs
- SAP HRMS full capacity to be explored and integrated with the existing systems
- Rationalize salaries and grades to achieve overall organizational strategy
- Creating a MARG culture by having consistently desirable transactions

Five core values

Distinctive quality	Top class performance, highly sensitive to the time frame and focus on continuous improvement
Creativity and innovation	No barriers to possibility
Character	Honesty and integrity across all spheres of our activity resulting in a transparent and open work culture with complete accountability in the execution of tasks
Team work	A perfect blend of individual energies, deep respect for individual esteem, interdependence and willingness to subdue individual agenda to the team's agenda
Positive attitude	Always enthusiastic about the great happenings of the present and future at MARG

CORPORATE SOCIAL RESPONSIBILITY

POWER OF A BILLION!

MARG PARIVARTHAN

THE CSR ARM OF MARG LTD WAS BORN OUT OF A VISION TO MASTER PLAN THE EXISTING SOCIAL FABRIC.

Inclusive growth has been the guiding philosophy of MARG through which the peripheral population is included in the development processes and the progress is two-way and mutual. MARG as an organisation has redefined the fundamentals of urbanisation by creating eco-systems where the surrounding environment is an integral part of MARG's forward march.

AT MARG, CORPORATE SOCIAL RESPONSIBILITY HAS BEEN THE CORNERSTONE THAT ENRICHED THE QUALITY OF LIFE OF THE COMMUNITY AROUND US.

While we continue to grow our areas of expertise and markets, we will also be driven by a need to be socially relevant in helping shape a confident, healthy and responsible nation.

OUR CSR VISION REFLECTS THIS THOUGHT PROCESS: AT MARG, WE WILL APPROACH CSR AS A BUSINESS MODEL AND A HOLISTIC APPROACH TO OUR COMMUNITIES OF IMPACT.

Through this model, our communities will grow in sync with the development happening around them thereby creating a balance in the system – both ecological and economical. We call this "Inclusive living" – including everyone in the process of creating and sharing progress.

MARG'S CSR INITIATIVES WERE DEVELOPED AS A BUSINESS MODEL, WELL INTEGRATED WITHIN OUR BUSINESS OPERATION.

The commitment is for a complete social transformation of neighborhoods with a sustained and diligent focus through a spectrum of development programmes under nine thematic areas.

Thematic areas

Our CSR programmes are aimed at achieving the 5 **A**s that are vital access indicators for any developed society.

- **A**ccess to quality education for all (both academic and life skills)
- **A**ccess to health services at door step
- **A**ccess to basic amenities (livable houses, total sanitation and zero waste management)
- **A**ccess to profitable livelihood options
- **A**ccess to pollution-free environment

We strategically plan to focus on a clearly defined geographical area covering contiguous panchayats around our project locations. The objective is to create a cluster of model panchayats initially around our project locations, investing financial and human resources and thereafter scale it to cover a wide population. Our community development in 14 villages made a lasting impact in terms of enabling quality education, thereby reducing the school dropout rate to near zero. Access to modern health services ensured preventive measures, timely treatment and child births at hospitals. Basic amenities comprised street lights, drinking water, drainage facilities and concrete village roads. Relief was provided to people affected by natural calamities through welfare programmes.

Focused intervention

Sustained focus
- Four panchayats
- 14 villages
- 20, 000 population

Operational methodology
- Direct Implementation
- Partnership with NGOs
- Supplementing Government welfare schemes

Trust areas
- Children education
- Health
- Community infrastructure
- Environment protection

Institutional mechanism

- A full-fledged CSR unit within the mainstream structure
- Professionally qualified staff exclusively for CSR
- Region-specific CSR action plans
- Decentralised CSR planning, implementation and monitoring
- Employee volunteerism encouraged

CSR awards, 2010-11

- GRK Reddy was awarded the “South East CEO Conclave Award 2010” for Corporate Social Responsibility on 31st July 2010
- “India Shining Star Award 2011” for outstanding work in CSR in the infrastructure sector by the Wockhardt Foundation on 19th February 2011
- Third “Construction Industry Development Council Vishwakarma Awards 2011” for achievement in CSR on 7th March 2011

INDUSTRY OPPORTUNITIES

Indian economy

The Indian economy registered an 8% GDP growth in 2009-10 and 8.5% in 2010-11. This ongoing growth is due to rapidly developing services and manufacturing sectors, increasing consumer demand (largely driven by increased spending by India's middle class) and government commitments to rejuvenate the agricultural sector and improve the economic conditions of India's rural population. The economy is expanding significantly and substantial investment in infrastructure continues to be required to sustain India's economic progress.

Infrastructure

The Indian economy is getting bigger with a population of 1.21 billion people, showing an increase by more than 181 million during the 2001-2011 decade. With growth in population, there is an increasing need for improvement in the infrastructure sector. The existing Indian cities suffer from many drawbacks such as inadequate provisions for services and facilities, poor infrastructure maintenance, weak law enforcement and absence of transportation master plans. Traditionally, Indian cities have not been built but emerged as extensions. Infrastructural deficiencies have restricted productivity of urban areas. While larger cities have seen significant improvement in provision of roads and bridges, water supply and sewage systems by mobilising resources through the JNNURM, small and medium towns have not been able to create adequate basic infrastructure services due to lack of resources.

The Indian government recognises the need to improve the infrastructure sector and hence the investment in infrastructure in the Twelfth Five Year Plan was doubled to US$1,025 billion compared with US$514 billion in the Eleventh Five Year Plan. Of the total investment in the Twelfth Plan, 50% of the investments is expected to come from the private sector, whose investment was 36% in the Eleventh Plan *(Source: IBEF, Nov 2010)*.

Ports

Indian ports handle over 95% of the country's total trade in terms of volume and about 70% in terms of value. With gradual rebound in the global economy, leading to pick up in international trade, major ports have handled an aggregate of 569.90 MT of cargo as on 2011, against 560.70 MT handled in 2009-10. Cargo handled at the Indian ports posted a healthy CAGR of 9.3% over the last decade, higher than the GDP growth levels. Crude/POL constitutes about one-third of the total cargo handled, followed by coal and iron ore. To improve maritime infrastructure and stay abreast the growth in cargo to be handled at the ports, the shipping ministry envisaged an investment of USD 12.40 bn under the National Maritime Development Program to be taken up by 2011-12. The private sector is to bring in a share of 67% of the total investment under the PPP route. The growth in Indian ports is driven primarily by non-major ports, which registered an overall traffic increase of 2.9% in 2010-11 *(Source: Indian Infrastructure, Feb 2011)*.

Investments

The government targeted an investment of USD 8.5 billion in the ports sector during the Eleventh Plan (2007-12). The ministry of shipping (MoS) plans to launch various projects at major ports for enhancing capacity to 216 MT, which entail an investment of US$3.4 billion, by 2010–11. Further, 24 greenfield port projects are expected to be commissioned across Andhra Pradesh, Kerala, Maharashtra, Odisha and West Bengal, enhancing the capacity of the ports to 835 MT.

Capacity utilisation at major ports

Year	Capacity (MT)	Cargo handled	Capacity utilisation
2005-06	456.2	423.5	93%
2006-07	504.7	463.8	92%
2007-08	532.1	519.3	98%
2008-09	574.5	530.5	92%
2009-10	599.3	560.7	94%

(Source: CRISIL Research)

Traffic handled at major and non-major ports

Year	Major ports (MT)	Non-major ports (MT)	Total (MT)	Y-o-Y growth (%)
2005-06	423.5	150.1	573.6	10.2
2006-07	463.8	184.9	648.8	13.1
2007-08	519.3	206.3	725.6	11.8
2008-09	530.5	213.2	743.7	2.5
2009-10	560.7	283.9	844.6	13.6
2010-11	569.9	300.0	869.9	2.9

(Source: MOS, IPA)

Demand drivers

- **Increasing opportunities for private players**: The government is encouraging private sector participation across major ports in areas such as the development of cargo-handling berths, container terminals, dry docks and the installation of cargo-handling equipment on a BOT basis. The total investments from the private sector was pegged at US$7.7 billion to develop major ports and US$6 billion for minor ports.
- **Growth of non-major ports:** In the last five years, the share of non-major ports in total cargo traffic increased from 26% to 34%. These ports are expected to attract a larger share of traffic, given the traffic diversion, attractive tariffs offered by minor ports and capacity constraints at major ports. Further, 24 greenfield ports, worth US$12.2 billion, are expected to be commissioned between 2016 and 2025.
- **Port SEZ:** The government is granting approval to the port-based special economic zones (SEZ). As of now, seven port-based multi-product SEZs have received formal approval, of which two have been notified.

Outlook

The past trends in cargo traffic at ports closely mirror the growth trends in India's GDP and with the continuing growth of the Indian economy at impressive rates; the aggregate port traffic is projected to grow from 869.9 MT in 2010-11 to 979 MT in 2011-12. Further, the New Foreign Trade Policy envisages doubling of India's share in global exports in next five years to US$150 billion (₹ 675,000 cr) which will improve the cargo traffic at major and non major ports.

Logistics

The domestic logistics industry is categorised into four segments – Rail, Road, Air and Port – of which the share of road transport is 60-65%, rail 30-32% and coastal shipping 6-7%.

The Indian logistics industry reported revenues of about US$82.10 billion in 2010, witnessing a growth of about 9.2% over the previous year, driven by strong growth of key manufacturing industry sectors and was valued at US$125 billion in 2010. The total logistics spend in India is about 13% of its GDP, extremely high compared with 10% of GDP in the entire Western Europe and the US.

The Indian logistics industry expanded its bouquet of services to include warehouse related activities to meet the increasing demand from both MNCs and Indian companies. The role of the warehouse has transformed from a traditional storehouse to a place where the inventory is efficiently managed, with greater emphasis on value-added services, such as packaging, labelling, bar coding and reverse logistics. All these factors have led to the rapid growth of the organised warehousing industry in India.

Growth drivers

- Infrastructure investments worth ₹ 50,000 billion were earmarked for the Twelfth Five Year Plan and around 25% of the investments is expected to be in roads, rail, aviation and port projects representing a sharper focus on transportation infrastructure
- Privatisation of the container rail segment and public-private partnership (PPP) programs in key sectors such as roads, ports and airports have opened up new logistics segments for private participation.

- Introduction of Value Added Tax (VAT) and the proposed introduction of a singular Goods and Services Tax (GST) are expected to significantly reduce the number of warehouses manufacturers are required to maintain in different states, substantially increasing demand for integrated logistics solutions

- Globalisation of manufacturing systems coupled with advancements in technology are increasingly compelling companies across verticals to concentrate on their core competencies and avail the cost saving potential of a third party logistics service, expected to increase the demand for logistic service providers

- Strong economic growth and liberalisation have led to considerable increase in domestic and international trade volumes, driving the demand for logistics solutions

Outlook

The Indian economy witnessed fast-paced growth over the last decade, making it one of the world's preferred investment destinations for multinational corporations and a recognised manufacturing hub. This, in turn, enhanced demand for world-class logistics and warehousing services in India, leading to the growth and transformation of this sector. The Indian logistics industry is expected to grow 15-20% annually, reaching revenue of around US$385 billion by 2015 on the back of sustained growth of the economy with GDP growth expected at 8.5% over the next few years.

With India being one of the world's five fastest-growing economies as of 2010 and likely to remain so for a few more years, the logistics sector in the country has immense growth potential in fulfilling the rapidly-rising needs of industries for both domestic distribution and in reaching out to targeted international markets. The Indian logistics market is likely to surpass the US$200 billion figure by 2020, fuelled by consistent growth of key industries such as automotive, engineering, pharmaceuticals and food processing.

Dredging

There is massive demand in dredging activities, both capital and maintenance owing to the government's plans of constructing new ports and expanding existing ones, to increase existing draught to accommodate larger vessels, and an increased focus on coastal shipping and inland waterways.

India experienced acute shortage in dredging capacity during the Tenth Five Year Plan, achieving only 73% of the maintenance dredging target and an abysmal 11% of the planned capital dredging. To address this gap in supply, many private players came up with limited capacity and foreign dredging vessels were deployed. Aggressive targets were outlined for the Eleventh Five Year Plan with an outlay of ₹ 6,300 cr from the major ports, including ₹ 63 billion which was earmarked as per the NMDP (National Maritime Development Program).

Capital and maintenance dredging envisaged for Eleventh Five Year Plan

Year	Major ports		Non-Major ports		Fisheries harbour	
	Capital	Maintenance	Capital	Maintenance	Capital	Maintenance
2007-08	123.5	61.0	101.2	3.3	3.6	0.8
2008-09	93.6	61.9	51.9	3.3	3.5	0.2
2009-10	45.6	79.6	79.4	4.0	0.2	0.2
2010-11	25.8	89.0	71.5	10.3	0.2	0.3
2011-12	9.9	88.5	55.5	10.8	0.2	0.8
Total	298.3	380.1	359.5	31.6	7.7	2.3

(Source: Planning Commission)

Demand drivers

- **Economic growth:** Economic growth ensures the growth of ports and inland transport, leading to recurring maintenance, deepening and extension, and capital dredging works

- **Growing tourism on land and water:** Creation of new land in sea, beach extension and replenishment and development of cruise terminals to attract tourists

- **World population growth and climate change:** Since the maximum population lives in coastal and riverine areas, there is a need for large coastal protection programmes, inland dredging projects for infrastructure, river bank and flood protection, and increase of inland navigation with dams, sluices and licks, among others

- **Energy demand growth:** Larger and alternative energy sources and expansion of thermal power plants (coal, oil and gas) based calls for more dredging at ports

Outlook

The outlook of the dredging sector looks positive owing to government initiatives like exemption of import duties on dredgers and extension of tonnage tax regime. The maintenance dredging requirements for major ports are around ₹ 6 billion annually and upcoming capital dredging works of over ₹ 100 billion are scheduled over the next five years *(Source: Indian Infrastructure, September 2010).*

The annual capital dredging requirements and annual maintenance dredging requirements in the maritime states are estimated at 131.1 million cubic metres (cu. m) and 127.9 million cu. m over the next five years. The maintenance dredging quantities at major ports is estimated at 55.5 million cu. m, involving an expenditure of ₹ 5.49 billion. Further, the government estimated an investment of over ₹ 20 billion for the development of inland waterway projects to be completed by 2016-17 *(Source: Indian Infrastructure, September 2010).*

Real estate

Real estate accounts for 5% of India's GDP *(Source: IBEF)*, whose growth is catalysed by sectoral deregulation, transparency, professionalism, quality and service. India's infrastructure investment of US$514 bn in the Eleventh Five Year Plan (2007-12) will support the ongoing development of the real estate sector in India *(Source: Indian Infrastructure, January 2010).*

India's housing and real estate sector (including multiplexes, integrated townships and commercial complexes) attracted FDI worth US$8.4 bn from April 2000 to April 2010 and US$2.8 bn in 2009-10. FDI in the real estate sector is expected to increase from US$21 bn currently to US$180 bn by 2020 *(Source: CREDAI).*

Outlook

Residential	
Growth drivers	■ Growing urban population (estimated 590 mn by 2030) ■ Decreasing household size number of nuclear families is estimated to cross the 300 mn mark (middle-class population) ■ Growing working age population in the 16 to 64 age group (almost 64% of the total population) ■ Growing demand for affordable housing
Market structure	■ Highly fragmented and unorganised ■ Regional players are expanding to achieve a pan-India presence
Segmentation	■ Broad categories include low-cost, mid-market and premium housing
Outlook	■ Current space shortage is close to 24.7 mn units, largely in the middle and low income groups; expected to reach 26.53 mn units by 2012 *(Source: Study by Union Housing Ministry, Times of India, 14 June 2011)* ■ Mortgage finance is expected to increase penetration into the urban housing finance market

Commercial	
Growth drivers	■ Rising consumerism with doubling of disposable incomes ■ Growth in organised retail ■ Entry of international retailers
Market structure	■ The retail segment is a small proportion of the total real estate industry in India. ■ The segment is dominated by unorganised retail space providers. ■ In the organised retailing segment, demand for good quality mall space has grown, with the entry of international retailers in India. ■ International retail brands are tying up with Indian partners.
Segmentation	■ Contribution of organised retail to the retail industry increased from 2% in 2003 to 4-8% in 2009 ■ International retailers are present through the franchisee route
Outlook	■ The government is exploring the possibility of a relaxation in FDI norms. ■ Organised retail is expected to grow at a compound annual growth rate (CAGR) of 19% over five years ■ Organised retail share in the total retail space, in terms of sales, is expected to reach 5.6% by end 2010

Office	
Growth drivers	■ The commercial real estate (CRE) segment (primarily office space) has grown with the growth in the Indian economy ■ The demand for office space was driven by the influx of multinational companies and services sector growth ■ Progressive liberalisation and relaxation of FDI norms in various sectors paved the way for growth in FDI in the real estate sector that led to a burgeoning demand for office space from MNCs and other foreign investors
Market structure	■ Dominated by a few large national developers with a pan-India presence ■ Regional players are expanding aggressively to achieve pan-India scale ■ Shift in the type of operations from a sale to a lease and maintenance model
Segmentation	■ Business activity shifting from central business district (CBD) to special business district (SBD) and from Tier I cities to Tier II cities
Outlook	■ Growth in services — telecom, financial services, IT and internet – account for the maximum demand of commercial office space

Outlook

The fundamental demand drivers such as increasing urbanisation, favourable demographics, growth of services sector and rising incomes indicate a positive growth in the sector. Demand in the coming years is expected to be driven primarily by the unmet need in the housing segment, stable economic reforms and large infrastructure investments from the government, besides the strong demographic profile of Indian consumers. Growth of the services sector and organised retail, increasing urbanisation, rising income levels, contracting household sizes and easy availability of home loans are key growth drivers of the industry.

Airports

Overview

The Indian aviation industry grew 400% in a short span of about six and a half years with the introduction of low-cost airlines and increase in demand for air travel in the country. The domestic and international passenger traffic handled by the Indian airports increased at a CAGR of 15.8% and 12.1% from 2005-2010. Further, the domestic and international freight traffic handled by Indian airports increased at a CAGR of 8.5% and 9.1% from 2005-2010, supported by the improvement in trade.

Growth drivers

- Growth in international trade will substantially increase the quantum of traffic handled at airports
- Rising disposable income, especially among India's middle class, together with the introduction of low-cost carriers, positively influenced the country's aviation industry and necessitated further development of airport infrastructure
- Growth in the tourism industry and favourable government policies are promoting the development of airport infrastructure in the country
- The government is liberalising air services and is seeking increased traffic rights under bilateral agreements with foreign countries, boosting international flights operation and necessitating the development of additional airport infrastructure in the country.
- Private sector participation for developing world class airport infrastructure is increasing on account of high growth of traffic handled at ports

Outlook

The outlook of the aviation industry in the country looks promising as the government will invest around US$7.5 billion for the development of airport infrastructure under the revised Eleventh Five Year Plan. The Airports Authority of India (AAI) is upgrading and modernising 35 non-metro airports in the country at an estimated cost of around US$1 billion, as well as modernising the airports of various metros. With growing thrust on tourism industry and development of airport infrastructure, domestic passenger traffic is estimated to reach 150–180 million by 2020, while international passenger traffic is expected to grow to around 50 million by 2015.

CORPORATE INFORMATION

Chairman & Managing Director
Mr. GRK Reddy

Directors
Mrs. V P Rajini Reddy

Mr. G Raghava Reddy

Mr. Arun Kumar Gurtu

Mr. Karanjit Singh Jasuja

Mr. Sai Baba Vutukuri

Company Secretary
Mr. S Sivaraman

Auditors
K Ramkumar & Co.,
Chartered Accountants,
E-7, III Floor, Gemine Parsn Apartments,
Cathedral Garden Road,
Chennai – 600 006

Registered Office
MARG Axis,
4/318, Rajiv Gandhi Salai,
Kottivakkam,
Chennai – 600 041.
website: www.marggroup.com

Stock Exchanges
Where the shares of the Company are listed

i) **Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

ii) **Madras Stock Exchange Limited**
Exchange Building,
30, Second Line Beach Road, Chennai 600 001

Registrar & Transfer Agent
M/s. Cameo Corporate Services Limited,
Subramanian Building,
No. 1 Club House Road, Chennai – 600 002

MARG Spirit of Visioneering

MARG swarnabhoomi the land of new thinking

MARG FOUNDATION india Engineering | Procurement | Construction

MARG karaikal port

MARG ProperTies The joy of ownership

MARG Junction THE RIVERSIDE MALL ON OMR

DIRECTORS' REPORT

To
The Members of
MARG Limited

The Directors are pleased to present the Sixteenth Annual Report along with the audited accounts for the year ended 31st March 2011

1. Financial Results

(₹ in Crores)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Income from operations	1,085.01	745.39
Non-operating Income	1.37	15.49
Total Income	1,086.38	760.88
Total Expenditure	957.23	626.61
Profit before depreciation, interest and taxation	129.15	134.27
Depreciation	6.89	5.17
Interest & finance charges	27.61	14.38
Profit before tax	94.65	114.72
Tax expenses	34.78	35.22
Profit after tax	59.87	79.50
Balance in Profit & Loss Account	184.94	120.15
Amount available for appropriation	244.81	199.65
Dividend	7.62	6.59
Dividend tax	1.26	1.12
Amount transferred to general reserve	4.50	7.00
Balance in Profit and Loss account	231.43	184.94

The year in retrospect witnessed a jump in turnover which crossed a revenue of ₹ 1,000 crores, and has been listed by Dun & Bradstreet among "India's Top 500 Companies, 2010". During the year, the company's income grew by 45.56% and the operational EPBITA was ₹ 128 crores as compared to ₹ 119 crores in the previous year. The basic Earning Per Share (EPS) is ₹ 18.11 on capital of 3.31 crore weighted average number of shares and Diluted Earning Per Share is ₹ 15.85 on 3.77 crore weighted average number of shares of ₹ 10 each for the year under review.

2. Business Highlights FY 2010-11

A. MARG EPC business revenue stood at ₹ 1,004 crores, an increase of 43% YoY.

B. Karaikal Port Pvt Ltd, a subsidiary of your Company handled 4.75 MMT of cargo in FY 2010-11, and the revenue was ₹ 170 crores in FY 2010-11.

C. New Chennai Township Pvt. Ltd, a subsidiary of your Company, earned a revenue of ₹ 198 crores, an increase of 32% YoY.

D. MARG ProperTies Ltd, a subsidiary of your Company has sold 0.89 mn sq.ft (879 units) for ₹ 228 crores.

E. The construction of MARG Junction comprising Mall, Hotel, Multiplex and Offices by Riverside Infrastructure (India) Private Ltd, (a subsidiary of your Company), is on schedule and it has executed deals for 48% of the leasable space in the Mall area.

F. The company raised ₹ 106.93 crores through QIP (Qualified Institutional Placement) of Equity Shares at an offer price of ₹ 189.88 per share during the FY 2010-11 to fund its various projects.

Your Company's projects in different verticals are handled by dedicated teams. The Business situation of the above projects are discussed in the Management Discussion and Analysis Report which forms part of this Report.

3. Awards & Recognitions

The Company has received the following awards and recognitions:

1. Listed by Dun & Bradstreet among "India's Top 500 Companies 2010".
2. Hatrick of Awards at India Leadership Conclave 2011 for 'India's Most Admired Infrastructure Company 2011', 'Excellence in Social Service' and for 'Innovative CEO of the year'.
3. Sir Visvesvaraya Industrial Award by All India Manufacturers Organisation (TNSB) in 2010.
4. The 'Second fastest growing construction Company (medium category) Award' at the 8th Construction World Annual Awards 2010.
5. 'India Shining Star Award 2011' for outstanding work in CSR in the Infrastructure sector by Wockhardt Foundation.
6. 3rd Construction Industry Development Council, 'Vishwakarma Awards 2011' for achievements in CSR.

4. Increase In Share Capital

During the year, the Company's paid up Equity Share Capital of the Company has increased from 27,208,369 Equity Shares to 38,118,926 Equity Shares of ₹ 10 each consequent to allotment of 10,910,557 equity shares through Qualified Institutional Placement (QIP), Warrants conversion and ESOP.

5. Appropriations

A. Dividend

The Directors recommend a dividend of ₹ 2 on the face value of ₹ 10 per share on 38,118,926 equity shares of the Company, for the year ended 31st March 2011.

B. Transfer To Reserves

The Company proposed to transfer ₹ 4.50 crores (7.5% of the Net Profit for the year) to the General Reserve. A balance amount of ₹ 46.49 crores is proposed to be retained in the Profit & Loss account.

6. Directors

Mrs. V P Rajini Reddy and Mr. G Raghava Reddy, Directors, retire by rotation and are being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

7. Auditors

M/s. K Ramkumar and Co., Chartered Accountants, the Statutory Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received their consent under Section 224 (1B) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the prescribed limits under Sec.224 (1B) of the Companies Act, 1956.

8. Subsidiary Companies

The Company has 82 subsidiaries as on 31st March 2011.

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

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

9. Corporate Governance

A Report on Corporate Governance approved by the Board of Directors of the Company and a Certificate from the Auditors of the Company is set out in the Annexure to this Report.

10. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings

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

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

The information on Foreign Exchange Earnings and Outgo is contained in the note 16 of schedule 18 Notes on Account, forming part of the accounts. A separate statement is attached as Annexure I to this Report.

11. Particulars of Employees U/S 217(2A)

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

12. Directors' Responsibility Statement

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

i) In the preparation of the Annual Accounts for the financial year ended 31st March 2011, the applicable accounting standards had been followed and there were no material departures;

ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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.

13. Fixed Deposits

The Company has not invited or accepted fixed deposits from the public.

14. Employee Stock Option Scheme

During the year 2010-11, the Company allotted 45,610 equity shares of ₹ 10 each at a premium of ₹ 65 aggregating to ₹ 75 per share on 12th October 2010 and 23,780 equity shares of ₹ 10 each at a premium of ₹ 90 aggregating to ₹ 100 per share on 13th November 2010 to the employees of the Company and its subsidiaries.

The Disclosures required to be made under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is given as Annexure II to this report including details on the grant, vesting, exercise, and lapsed under the aforesaid ESOP scheme.

15. Joint Venture

The Company has entered into TWO joint ventures:

(i) Future Parking Private Limited (in which MARG holds 51% of paid-up share capital), is into joint venture with M/s. Apollo Hospitals Enterprise Limited for the development of Multi Level Car Parking (MLCP) at Wallace Garden, Chennai on BOT basis for a period of 20 years including 2 years of construction period with a provision of right for development of commercial complex along with the MLCP facility for the entire BOT period. The Company has received approvals from CMDA, Corporation of Chennai for the construction of the MLCP and the project is expected to be commissioned in June 2012.

(ii) Signa Infrastructure India Limited (in which MARG holds 74% of paid-up share capital), is into a joint venture with Housing and Urban Development Corporation Limited (HUDCO) for Techno-Financial collaboration.

16. Corporate Social Responsibility – Approach Towards Society

MARG Parivarthan – ('Chain of Change') which is MARG's CSR brand has executed the following socio-responsibility projects during the year 2010-11.

- **EDUCATION**: Infrastructure support to Govt. Middle School near MARG Swarnabhoomi and to Tiruvallur Tamil High School – Karaikal, Summer Coaching Camp – Karaikal, Distribution of school bags to Panchayat Union Primary School at Kalavakkam and uniforms to Panchayat Union Middle School at Madayambakkam, etc are some of educational initiatives which were taken place in 2010-11.
- **Health**: 24 hrs First aid centre and Ambulance Service to the Contract labourers at MARG Swarnabhoomi, Medical Centre, Village Health Clinics, Eye Camp – Karaikal, General Medical Camp, Awareness programme on Alcoholism, are some of the health initiatives which the Company introduced in 2010-11.
- **Basic amenities :** Illuminated three panchayats around MARG Swarnabhoomi with 175 sodium vapour lamps.
- **Livelihood**: Training on JCB operations & maintenance for youths from Karaikal, Training for Four-wheeler driving for interested youths from Kancheepuram & Karaikal, Assistance to women Self Help Groups, conducting of Tailoring classes, Financial assistance for deserving women in Lathur Block – Puducherry are some of the livelihood opportunities assisted to poor by MARG.
- **Environment :** To commemorate the World Environment Day, painting competition was held on 28th June 2010 for the students of 6th – 8th std on the theme "cool the globe" at Panchayat Union Middle school, Madayambakkam. Children participated with enthusiasm and painted their ideas on mitigating global warming. Mahayagnam of Tree Sapling Plantation at MARG Swarnabhoomi, MARG Swarnabhoomi Puduvai Marathon with around 8500 people "going green to save the earth" are some of other CSR initiatives.
- **Other Initiatives:**

• MARG Chennai Marathon' 2010 - The city turned into a runners' paradise on 29th August 2010 as nearly one lakh participated in the third edition of the Chennai Marathon.

• MARG Lights out Campaign (10:10:10:10:10) - MARG partnered EXNORA'S Lights out campaign popularly called '5 tens Lights Out campaign' to motivate people to switch off their lights for 10 minutes on 10.10.10 thereby acknowledging the importance of protecting our planet and our role in mitigating global warming.

17. Employee Relations

The Directors place on record their deep appreciation of the sincere and dedicated team work rendered by employees at all levels to meet the company's objectives. The employee relations at all projects and other locations continued to be cordial.

Acknowledgement

The Directors wish to place on record their gratitude to the shareholders, financial institutions, banks, government authorities, customers and others connected with the business of the company for their unstinted co-operation and support.

For and on behalf of the Board of Directors

Place: Chennai
Date: 29th August, 2011

G R K Reddy
Chairman & Managing Director

Annexure I

Description of Account:-Foreign Currency Transactions

Expenditure:- (₹ in Crores)

Particulars	2010-11	2009-10
a Value of Imports Calculated on CIF Basis		
i. Components, Embedded goods and spare-parts	0.81	1.40
ii. Capital goods	9.31	–
b Expenditure in Foreign Currencies		
i. Travelling Expenses	0.08	0.15
ii. Technical /Professional & Conference Expenses	0.83	0.13
iii. Charter Hire Charges	35.42	6.80
Total	**46.45**	**8.48**

Income:- (₹ in Crores)

Particulars	2010-11	2009-10
a Income in foreign currencies		
Dividend from Subsidiary	0.83	–
Total	**0.83**	–

Annexure II

Statement as at 31.03.2011, pursuant to Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Sl. No.	Description	ESOP 2006
A	Options granted	During the year no options have been granted
B	Pricing formula	Options granted to Eligible Employees under this Scheme carry an Exercise Price at a discount of 20% - 50% to the Market price of the shares determined with respect to the date of Grant.
C	Option vested (inc. lapsed after vesting)	127,600
D	Options exercised	107,278
E	Total number of Ordinary Shares arising as a result of exercise of Options	107,278
F	Options lapsed	233,617
G	Variation of terms of Options	Nil
H	Money realized by exercise of Options	9,587,550 (During the year 5,798,750 has been realized)
I	Total number of Options in force	146,290
J	Details of Options granted to	
	a) Senior Management Personnel	During the year no options have been granted
	b) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	Nil
c)	Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
K	Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share.'	₹ 15.87

Sl. No.	Description	ESOP 2006		
L	i) Method of calculation of employee compensation cost	Intrinsic Value		
ii)	Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options.	If the Company had used fair value of options, the calculation of employee cost would have increased by ₹ 0.90 Crores		
iii)	The impact of this difference on Profits and on ESP of the Company (on standalone financial statements)	The effect of adopting the fair value method on the net income and earnings per share is presented below:		
				₹ In Crores
		Net Income as reported		59.87
		Add: Intrinsic Value Compensation Cost		0.31
		Less: Fair value Compensation Cost (Black Scholes Model)		1.22
		Adjusted Net Income		58.97
		Earning per share	**Basic (₹)**	**Diluted (₹)**
		As reported	18.11	15.87
		As adjusted	17.84	15.63
M	Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price is less than the market price of the shares.	NA		
N	A description of the method and significant assumption used during the year to estimate the fair values of Options	The fair value of each options estimated using the Black Scholes Options Pricing Model for non-dividend paying stock after applying the following key assumptions (weighted values for options granted during the year)		
		i) Risk free interest rate		NA
		ii) Expected life		NA
		iii) Expected volatility		NA
		iv) Expected dividend		NA
		v) The price of the underlying shares in market at the time of option grant		NA

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MARG Ltd, one of India's fastest growing infrastructure organizations and listed by Dun & Bradstreet among 'India's Top 500 Companies 2010', is focused on achieving holistic regional development, unlocking economic prosperity and creating inclusive & sustainable growth models. Towards this end, the Company, by itself and through its subsidiaries, is undertaking the development and operation of infrastructure projects in the areas of marine infrastructure and urban and industrial infrastructure, thereby pioneering the development of economic growth centers. It owns and operates a 5.2 MMTPA port at Karaikal, Puducherry (currently being expanded to 21 MMTPA); and is also developing a 612 acre special economic zone (SEZ), as a part of MARG Swarnabhoomi - 'The Land of New Thinking' on the scenic East Coast Road between Chennai and Puducherry. MARG Foundation India, MARG's EPC division provides integrated turnkey solutions by offering a plethora of services including integrated design, engineering, material procurement, field services and construction & project management services for infrastructure sector and real estate projects for its various subsidiaries as well as external customers. The Company also offers quality residential spaces, predominantly catering to the mid segment and affordable segment categories, and commercial spaces as well. In the residential segment about 4.1 million sq. ft. of space has been launched in parts of Tamil Nadu and Andhra Pradesh with another 1.4 million sq. ft. in the pipeline. MARG is also developing a multi-use commercial building, in the heart of Chennai's IT corridor, aggregating to 1.8 million square feet of total development comprising retail space (mall & multiplex), office space, hotel and service apartments.

Economic Environment

The Indian Economy has recovered from 2008-2009 crisis to a significant extent in 2010-11. The growth rate of GDP in 2010-11, according to CSO (GoI), will be 8.5% (up from 7.4% in 2009-10) and is likely to be higher after factoring in the new index of industrial production series. While inflation and interest rates are causes for concern, the development of robust infrastructure is the key to achieving the 12th Five Year Plan's targeted 9.5% GDP growth.

Business Verticals Overview, Business Segment Review and Outlook

EPC VERTICAL

A longtime player in the EPC business, MARG has upgraded its presence in Infrastructure, Marine, Industrial and Real Estate and successfully evolved as an integrated EPC-cum-asset-development company from a pure EPC model earlier. The EPC business continues to support revenue streams and contributes to its steady cash flows.

The EPC division of the company has registered strong growth over the last five years, largely driven by in-house orders. EPC's revenue in FY2010-11 stands at ₹ 1004 crores, representing an increase of 43% Y-o-Y. The volume of external orders has also grown rapidly and is soon set to match the internal orders in terms of revenue contribution. In FY 2010-11, about 47% of EPC business revenue is realized from external customers as opposed to 17% in FY2009-10. The current order book position is around ₹ 3,350 crs and this provides strong earnings visibility for EPC Services. The EPC division seeks to leverage its experience in marine construction and other specialized areas to carve a differentiated niche for itself. Strategic alliances with several domestic and international players have been forged in this respect.

- PYCSA S.L., a Spain based company, for jointly developing urban & rural infrastructure projects
- LAGAN Construction (Ireland based) for collaboration to strengthen the development on constructions of Roads, Airports, Marine structures, Water & Sewage Treatment Plants
- AECOM for master planning the Bijapur Airport
- BEFESA, Tecpro Systems Ltd, Jyoti Ltd, MR Vision Pipeline, Yashika Enterprises, Abhav Ocean WJ construction in areas including water systems, material handling, submarine/onshore/offshore pipelines etc.

PORT

MARG Karaikal Port is owned and operated by Karaikal Port Pvt Ltd (KPPL), a subsidiary of MARG. Despite being a capital intensive and complex project, the company has successfully stabilized and ramped up operations at the Karaikal port to near-capacity levels (5.2 MMTPA). After commissioning in April 2009, cargo traffic at the Karaikal Port has grown at a fervent pace. In FY 2010-11, the Company handled a cumulative traffic of 4.75 MMT as against 1.57 MMT in FY 2009-10. During FY 2010-11 the port earned revenue of ₹ 170 crores, which represents a 240% increase from the ₹ 50 crores revenue generated in FY 2009-10. EBITDA was at ₹ 79 crores (220% increase) and PAT at ₹ 24 crores (398% increase). It has achieved a record peak discharge rate of 55,912 MT of coal in 24 hrs (through conventional handling) in March 2011. The port has been awarded ISO 9001: 2008, ISO 14001: 2004 and OSHAS 18001: 2007 certifications. The credit rating of Karaikal Port Private Limited (KPPL) has been upgraded to 'Triple B' from 'Triple B minus" on account of the port's robust performance.

The port is currently undergoing a four-fold expansion in capacity from 5.2 MMTPA to 21 MMTPA. It is expected to capitalize on the existing/potential demand within the immediate hinterland and also within the extended hinterland area, given its modern infrastructure and efficient cargo handling facilities relative to competing ports. The Karaikal Port also provides significant cost advantages to the existing cement plants and power plants in the hinterland, thereby resulting in the diversion of traffic from the competing ports such as Chennai and Tuticorin to Karaikal. Several upcoming power plants in the vicinity of the port, some of which are already in advanced stages of development, are expected to create an annual demand for about 60 MT of coal. The Karaikal Port is placed advantageously to cater to this demand.

SEZ

MARG is developing two Special Economic Zones (catering to Engineering & Multi-Services industries) spread over 612 acre, as a part of MARG Swarnabhoomi - 'The Land of New Thinking', under its wholly-owned subsidiary-New Chennai Township Pvt Ltd (NCTPL). MARG Swarnabhoomi is located on the scenic East Coast Road, midway between Chennai and Puducherry.

While regulatory pressures (levy of Minimum Alternate Tax on units in SEZs) and competitive threats exist, MARG Swarnabhoomi has achieved significant success by way of its differentiated positioning as the "Land of New Thinking"- a city of education, research, innovation and industry. By providing a unique ecosystem with the requisite residential, business and knowledge infrastructure, MARG Swarnabhoomi has been able to attract several establishments.

On the education front, Swarnabhoomi Academy of Institutes (SAI) is already functioning inside the MARG Swarnabhoomi premises. Additionally, MARG Institute of Design & Architecture Swarnabhoomi (MIDAS) and MARG Navjyothi Vidyalaya (CBSE pattern day school) started functioning from this academic year. Swarnabhoomi Academy of Music (SAM), with internationally renowned guitarist/composer PRASANNA as its President, is also functional. The Company has signed an MoU with Virginia Tech, USA to set up a centre of higher education in the advanced engineering space within the SEZ (subject to the foreign universities bill being passed). Besides, nearly 7 acres of land have been earmarked for setting up Dhyaan Dhaam (an Art of Living centre). All of these initiatives serve to position MARG Swarnabhoomi as a one-of-a-kind holistic knowledge hub.

In the Engineering segment, while some clients have commenced operation and some have their facilities under construction, several others are in advanced stages of the pipeline. Grundfos and Vanspall have commenced their operations and have started shipping export orders. Virgo and Polyhose have started construction of factory premises and are expected to be operational in FY 11-12. Many other leading companies have evinced interest in the form of LOIs (Letters of Intent).

In the Multi-services zone, a Science Park facilitiy is being setup, in which construction of Phase-I of Wet Laboratory building is currently underway and it would be ready for occupation by March,2012. Clients signed on include Strand Genomics, Incogene, Biozeen, Symphony, Micro Labs, Laxai Avanti and Biophenolika. Several other leaders in the biotechnology and life sciences space are in the pipeline. The Department of Biotechnology (DBT), Government of India has approved the Biotechnology Incubation Center (BTIC) that is being set up under association with ICRISAT. The Incubation Center shall be functional in Q3 2011-12.

In the residential segment, the launched projects have seen high levels of absorption and this is testimony to the strong demand from not just the immediate vicinity, but also the neighbouring cities of Chennai and Puducherry. Total of 607 (0.618 million sq ft) apartments were sold during FY11 taking the total sales since inception to 1.25 million sq ft.

MARG Swarnabhoomi's FY2010-11 revenue stood at ₹198 crores; revenue increased by 32% Y-o-Y.

REAL ESTATE DEVELOPMENT

MARG's real estate initiatives since last two years have gone to greater heights. The Company has been targeting the real estate segment in an organized manner under **MARG ProperTies** – the umbrella brand for residential projects and MARG Junction – the umbrella brand for the Group's commercial ventures. At present, the Group has 4 million sq. ft. of residential space and 1.8 million sq. ft. of commercial space (mall-cum-hotel) under development.

In FY2010-11 MARG ProperTies registered residential sales of 0.89 million sq ft (879 units) at a sale value of ₹ 228 crores, total sales (ITD) till March 2011 was 1385 units (1.37 million sq ft) at sales value of 343 crores.

While the recent macro economic trends including rising interest rates and inflationary pressures have a bearing on demand for residential property, MARG ProperTies is placed advantageously on account of its low cost land banks at attractive locations and its strategic focus on the affordable/mid segment housing where a significant supply deficit exists. This is further augmented by the company's professionalism, transparent operations, strong alliances, use of state-of-the-art technology, and above all a commitment to consistently deliver the best.

MARG Junction, a 1.8 million sq. ft. integrated mixed-use commercial project comprising of a mall and hotel is being developed by the company's subsidiary, Riverside Infrastructure (India) Private Limited (RI(I)PL). Deals for 35% of the leasable retail space have been finalized; key clients include PVR, Shoppers Stop, HyperCity, Rayban, Hewlett Packard etc. An agreement has been signed with Shangri-La for the hotel project at MARG Junction.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Outlook

The Government plans to enhance investment proposals for roads, airports, ports, railways, metro rail and other infrastructure facilities in the country. This would augur well for the private sector by creating substantial opportunities for the infrastructure players which would in turn spiral demand for residential spaces, social infrastructure and associated services.

Opportunities

The new affordable housing scheme, steady growth in port activities, industrial urban infrastructure services and increased opportunities for EPC shall drive growth prospects to the Company's business, turnover and profits.

Risks and concerns

Although the outlook for the future looks positive, the increased number of players from unorganised sector shall impact the businesses; and the Company has to withstand tougher challenges in future.

The economic policies of GOI, changes in the tax code and likely withdrawal of economic stimulus packages announced in 2009 may impact the continued growth rate in all business verticals of the Company.

The intense competition and pressure on the sale price of various products such as homes, malls, commercial buildings, etc., may also affect the profitability of the Company.

Retention of skills and talents remains a challenge especially in view of foreign companies entering into real estate business in India and due to growth momentum as well.

Management Initiatives

All the risks are monitored at the senior management level in each of the business verticals and as far as reasonably and practically possible, systems and procedures and policies have been established to minimize or mitigate these risks.

The Company is constantly focusing to enhance the local engineering, designs and development, It is cost conscious on purchase of raw materials, labour and services. The Company always strives hard to innovate new methods/process in construction activities and always motivates skills and talent by focussed Employee Development Programmes.

Internal Controls

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

Financial Performance

The company follows the percentage of completion accounting method for revenues and costs in proportionate to the percentage of work in completing a project. Therefore, the revenue and cost recognition of a project happens over a period of time of the given project.

The financial highlights are:

- The income from operations increased from ₹ 745 crs to ₹ 1,085 crs, an increase of 45.56% in FY 2010-2011
- Operational PBDIT has increased from 119 crs in FY 2009-10 to 128 crs in FY 2010-11
- The Debt Equity Ratio stood at 1.31:1 in FY 2010-11
- PAT for 2010-11 was ₹ 59.87 crores on an expanded equity of 38,118,926 shares
- Dividend outgo of ₹ 2 per share subject to the approval of the shareholders in the ensuing AGM.

Employee Wellness

The Company's success lies in its sustainable human capital strategy and alignment with the organizational goals and objectives. MARG believes in engaging Human Capital through its well enshrined value system, which is its corner stone's for stability and organization profitability. It has generously and strategically invested money, resources and time to build human capital skills, objective performance norms, and bench strength through appropriate strategic interventions. A few such initiatives are Open door policy, Fast Trackers and SAMPARK – the communication platform directly between Chairman and employees which has enabled in building an open culture. This culture has actively encouraged the lower rung employees to approach the senior management, and express their ideas, problems, issues and seek guidance. Employee related social objectives are met with programmes, sports, NGO participation, employee CSR activities etc.

Human Resource Development

MARG believes in giving equal opportunity for students from Category A and Category B & C schools from tier II and tier III school/colleges. The Company hires crème de la crème students from institutes like IIM-Ahmedabad, IBS- Hyderabad, IITs, Great Lakes Institute of Management, CA/CS/CWA Institutes, National Law School-Bangalore, Anna University and the like. For sustainable growth of nation MARG also commits to recruit human talent from Cat B & C schools and colleges from Tier-II & Tier III cities. It has designed a unique program called "Academy of Centre of Excellence" for "Graduate Engineer

Trainees" who will be managed through a yearlong blended learning, these trainees are being selected through a structured Assessment Centers; which encompasses academic background, work experience, skill sets, behavioral aspects, values, qualities and traits.

To unleash business potentials mushrooming across MARG business and its subsidiaries a unique Intrapreneurship Development Program (MIDP) is introduced, which is a brain child of Chairman, now this program has successfully identified 4 business proposals from MARG employees. Currently they are being mentored to become successful entrepreneurs.

The Company and its subsidiaries business profile is nurtured by the best in class talents, skills, and experiences, the professionals bring to the Company in various dimensions in the execution of various projects. During the year, the employees' strength has gone up to 1,213 which stand as a testimony towards the Company's growth in business and expansion initiatives.

Employees are empowered to think and function as business partners even though they are competent of emerging as entrepreneurs. While ensuring performance, precision in execution of assignments, the sense of belongingness is retained.

The Company imparts training to the employees, including structured induction program, knowledge & skill development and executive training to enable them to do better in their jobs. The Company has introduced CLAP (Complete Leadership Achievement Program), and Sales Skill Development interventions through Mentor Learning for MARG Properties, Leadership Workshop was conducted to all grades of employees by the legendary Robert Swan, OBE - the polar explorer. In effect, the people working in MARG take great pride as thought leaders hence we address them "MARG Visioneers"

Branding

MARG believes that branding of its projects and products help to register competitive edge, and value to its various stakeholders. During the year, the RE Vertical has launched MARG ProperTies Shoppe, first of its kind retail concept to customers in the real estate industry. Interactive touch screen kiosk is another unique brand building initiative from MARG ProperTies. It is an ATM concept where customers can obtain complete project information including 360 degree virtual tour, submit enquiries and obtain brochure. The Company has planned to install more kiosks at high streets, malls & in stores to reach out to more customers in the FY 2011-2012. Brand equity of MARG ProperTies has been further enhanced through the launch of Mr.Joy- the new mascot. The new mascot has given a unique identity to the company and helped stand out from the clutter of competition.

In MARG Swarnabhoomi, "MIDAS" brand which stands for "MARG Institute of Design and Architecture Swarnabhoomi" has given a great mileage for learning and competencies. The brands launched by MARG shall pave way for greater recognition, in terms of quality, image and belongingness to people, with whom MARG comes in contact with a purpose to serve them better.

Cautionary Statement

Statements of Management Discussion and Analysis describing the Company's objectives, financials, projections, estimates and expectations may be "forward looking statements". The forward looking statements are based on certain assumptions and expectations of future events/developments, over which the Company exercises no control, and hence the Company assumes no responsibility to its use, interpretations, or publicity in any mode. The Company reserves its rights to amend, modify or revise any forward looking statements on the basis of future prospects.

REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

A good Corporate Governance creates values through entrepreneurism, innovation, development and exploration, and provides accountability to the stakeholders, and ensures control systems commensurate with the risks involved.

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

2. Board of Directors

The Board is the supreme authority constituted by the shareholders of the Company for managing the entire affairs of the Company. The Board provides and evaluates the policies, targets and performance, and ensures the interests of all the stakeholders.

MARG maintains an optimum combination of Executive & Non Executive Directors, and Independent Directors craving the Independence of the Board.

The Board presently consists of SIX Directors comprising of Managing Director, who is also the Chairman of the Board and FIVE Non-Executive Directors out of which, THREE are Independent Directors.

Composition of the Board and directorship held during the year 2010-11 are as follows:

Sl. No	Name(s) of Director (s)	Executive/ Non-executive/ Independent	Number of Directorship in other Public Companies*		Number of Committee positions in other Public Companies**	
			Member	Chairman	Member	Chairman
1	Mr. G R K Reddy	PD/ ED	13	1	1	2
2	Mr. G Raghava Reddy	PD/ NED	4	Nil	Nil	Nil
3	Mrs. V P Rajini Reddy	PD/ NED	13	Nil	2	1
4	Mr. Arun Kumar Gurtu	ID/ NED	Nil	Nil	Nil	Nil
5	Mr. Karanjit Singh Jasuja	ID/ NED	3	Nil	3	Nil
6	Mr. Saibaba Vutukuri	ID/ NED	Nil	Nil	Nil	Nil

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

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

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

Directors' Profile

Brief Resume of all the Directors are given below:

Mr. G R K Reddy, Chairman & Managing Director (Executive) aged 51 years, is a Post-Graduate in Commerce. He started his career in 1985 as a Merchant Banker and gained rich experience in advising and structuring various financial instruments. Later in 1994, he moved to the Constructions & Infrastructure industry, and promoted 'MARG'. He made MARG a premier group operating in South India providing Marine, Infrastructure, Industrial Clusters, Real Estate, Power, Civil, Residential and Commercial Projects.

Mrs. V P Rajini Reddy, Director (Non-Executive) aged 44 years, is a B. Tech with over a decade experience in the areas of Investment Consultancy and Capital Market Operations. She has over nine years experience in the area of CAD/CAM systems, software development and training. She runs a BPO in Chennai, catering to international clients' back office functions. She is anchoring the technology inflow in execution of various projects.

Mr. G Raghava Reddy, Director (Non-Executive) aged 79 years, is a B.E MIE, with over 41 years of experience in Infrastructure and Construction industry and involved in the construction of 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 Multistorey Commercial & Residential Complex in Vijayawada.

Mr. Arun Kumar Gurtu, Director (Non-Executive, Independent) aged 68 years, is a Fellow Member of Institute of Chartered Accountants of India. He brings with him 33 years of rich experience in Finance, Management and Taxation. He has held senior positions in various industries varying from Banking, Tea, Cable Paper, Construction and Real Estate. He has held senior position in Construction and Real Estate companies in the last 15 years. He has handled various projects from conception stage to commissioning stage. Presently he is carrying on profession of Advisory and Consultancy Services.

Mr. Karanjit Singh Jasuja, Director (Non-Executive, Independent) aged 50 years, is a Fellow Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He is a practicing Chartered Accountant and has been authoring articles and delivering lectures on various professional topics. He acts as an Advisor to corporates and is an expert in taxation and finance.

Mr. Saibaba Vutukuri, Director (Non-Executive, Independent) aged 48 years, holds an MBA in International Business from Scandinavian International Management Institute, Copenhagen and is a graduate from National Dairy Research Institute. He has over 25 years of rich industrial experience in diverse industries both within and outside India with more than 10 years in the renewable energy. He has held top management positions in the areas of General Business Management, Business Development, Marketing, Project Construction and Execution, Manufacturing & Technology with multinational organisations such as Suzlon Energy Ltd, General Electric, Vestas (India) Pvt Ltd, APV Pasilac etc. Presently Mr. Saibaba is the CEO of Lanco Solar Pvt Ltd.

Attendance of Directors at Board Meetings and at Annual General Meeting

Following are the attendance of directors in the Board Meetings and AGM:

Sl. No	Name(s) of Director(s)	No. of Board Meetings held	Board Meetings attended	Attendance at Previous AGM
1	Mr. G R K Reddy	7	7	Yes
2	Mr. G Raghava Reddy	7	6	Yes
3	Mrs. V P Rajini Reddy	7	4	Yes
4	Mr. Arun Kumar Gurtu	7	7	Yes
5	Mr. Karanjit Singh Jasuja	7	6	No
6	Mr. Saibaba Vutukuri	7	2	No

Number of Board Meetings held and the dates on which held:

During the financial year 2010-11, SEVEN meetings of Board of Directors were held on 15th May 2010, 11th August 2010, 30th September 2010, 13th November 2010, 30th December 2010, 11th February 2011 and 31st March 2011.

3. Committee of Directors

The Board had constituted several committees, both mandatory and non mandatory committees. Mandatory Committees are Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration Committee and Compensation Committee. The non mandatory Committees have been constituted to deal with specific matters and have been delegated with powers for different functional areas.

The Board has constituted SEVEN Committees namely:-

I. Audit Committee

II. Remuneration Committee

III. Shareholders/ Investors Grievance Committee

IV. Compensation Committee

V. Banking and Legal Matters Committee

VI. Capital Issues and Allotment Committee

VII. Business Review Committee

I. Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee. Presently the Committee comprises of THREE Non-Executive Directors out of which TWO are Independent Directors. All the Committee members have sound knowledge in finance and accounts. Mr. Arun Kumar Gurtu and Mr. Karanjit Singh Jasuja possess expert knowledge in finance and accounts.

Mr. Arun Kumar Gurtu, Director is the Chairman of the Committee.

Number of Meetings held and the dates on which held:

During the financial year 2010–11, FIVE meetings of Audit Committee were held on 15th May 2010, 11th August 2010, 13th November 2010, 11th February 2011 and 31st March 2011.

Terms of reference

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

a) To review the quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on:

  i) Any changes in the accounting policies

  ii) Significant adjustments made in the financial statements arising out of audit findings

  iii) Compliance with listing and other legal requirements relating to financial statements

  iv) Limited Review Report of Auditors

  v) Compliance with applicable accounting standards

  vi) Directors' Responsibility Statement as per section 217 (2AA) of the Companies Act, 1956

  vii) Major accounting entries involving estimates based on the exercise of judgement by the management

  viii) Disclosure of any related party transactions

  ix) Qualifications in the Draft Audit Report

b) To recommend to the Board the appointment, reappointment and if required, the replacement or removal of statutory auditor and fixing of audit fees

c) To approve payment to statutory auditors for audit or other services rendered by them

d) To discuss with the statutory auditor before the audit commences, the nature and scope of the audit

e) To discuss with internal auditors any significant findings and follow up thereon

f) To review the statutory auditors report and presentations and management's response

g) To review with the management, application of funds raised through issue of shares

h) To review the adequacy of internal audit programme and the major findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a

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

Sl. No.	Name	Category/ Status	Meetings Held	Meetings Attended
1	Mr. Arun Kumar Gurtu	NED/ID/Chairman	5	5
2	Mrs. V P Rajini Reddy	NED/PD/ Member	5	4
3	Mr. Karanjit Singh Jasuja	NED/ID/ Member	5	5

material nature and reporting the matter to the board

i) To review the functioning of the Whistle Blower Mechanism

j) To review management discussion and analysis of financial condition and results of operations

l) To review internal audit reports relating to internal control

m) To review appointment, removal and terms of remuneration of the Chief Internal Auditors; and

n) To consider other matters, as may be referred to by the Board of Directors from time to time

II. Remuneration Committee

Pursuant to the provisions of Clause 49 of the Listing Agreement, Board has constituted Remuneration Committee. The Remuneration Committee presently consists of THREE Non-Executive Directors out of which TWO are Independent Directors. Mr. Arun Kumar Gurtu is the Chairman of the Committee. The Committee determines and recommends to the Board of Directors, the remuneration payable to the Board of Directors. The resolution for the appointment and remuneration payable to the Board of Directors are approved by the shareholders of the Company.

Number of Meetings held and the dates on which held:

During the financial year 2010–11, TWO meetings were held on 11th August 2010 and 30th December 2010

Terms of reference

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

(a) To decide on the remuneration policy of the managerial personnel

(b) To approve 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) To decide and recommend to Board the commission to be paid to Managing Director and Other Non Executive Directors

(f) Such other powers/ functions as may be delegated by the Board from time to time

Remuneration standards

The Company adopts good compensation package akin to industry standards to retain talents and skills of the employees.

Remuneration to Directors

Executive Director, Mr. G R K Reddy has been appointed as Managing Director since July 2002 and was re-appointed in the June 2007. His remuneration has been revised by the shareholders vide AGM resolution dated 30th September 2010 to salary of ₹ 1.20 crores (inc. DA and other allowances), HRA upto ₹ 0.72 lacs and other benefits as per company rules. No stock option has been granted to him. During the year 2010-11, he has been paid a remuneration of ₹ 1.89 crores (salary of ₹ 1.20 crores + PF contribution of ₹ 9 lacs + commission of ₹ 60 lacs).

Non-Executive Directors were entitled to a Commission upto 1% of the net profits of the Company, (calculated as per sec. 349 & 350 of the Companies Act) pursuant to the resolution passed by way of Postal Ballot dt. 18.02.2011 and the same will be confirmed in the ensuing AGM.

Further Non-Executive Directors are paid a sitting fee of ₹ 20,000/- for each Board Meeting and for each Committee Meetings attended by them.

Shareholding of Directors

Details of Shares held by the Directors in the Company as on

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

Sl. No.	Name	Category/ Status	Meetings Held	Meetings Attended
1	Mr. Arun Kumar Gurtu	NED/ID/Chairman	2	2
2	Mr. G Raghava Reddy	NED/PD/ Member	2	2
3	Mr. Karanjit Singh Jasuja	NED/ID/Member	2	2

31st March 2011 are as follows:

Name	Number of Shares
Mr. G R K Reddy	48,00,000
Mrs. V P Rajini Reddy	950,000
Mr. G Raghava Reddy	1,100,000
Mr. Arun Kumar Gurtu	Nil
Mr. Karanjit Singh Jasuja	Nil
Mr. Saibaba Vutukuri	Nil

III. Shareholders/ Investors Grievance Committee

To oversee and review all matters connected with transfer of securities, non-receipt of annual report, notices, dividend and for attending various grievances of the shareholders, the Board has constituted a Shareholders'/ Investors' Grievance Committee.

Presently the Committee consists of THREE Non-Executive Directors out of which TWO are Independent Directors. Mr. G Raghava Reddy is the Chairman of the Committee. The Committee has delegated the authority for share transfers to the Managing Director. The Committee oversees performance of Registrars and Share Transfer Agents of the Company and recommends remedial measures to improve quality of investors services.

Number of Meetings held and the dates on which held:

During the year FIVE meetings were held on 14th May 2010, 10th August 2010, 13th November 2010, 11th February 2011 and 19th February 2011.

Compliance Officer

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

Investors' Grievance Redressal

During the year, a total of 12 complaints were received and all the complaints were resolved to the satisfaction of shareholders. There were no outstanding complaints as on 31st March 2011.

IV. Compensation Committee

The Board has constituted a Compensation Committee for the purpose of Employee Stock Option Plans of the Company. The Committee presently consists of THREE Non-Executive Directors out of which TWO are Independent Directors.

The members of the Compensation Committee are

(i) Mrs. V P Rajini Reddy,

(ii) Mr. Arun Kumar Gurtu (ID) and

(iii) Mr. Karanjit Singh Jasuja (ID).

Mrs. V P Rajini Reddy is the Chairperson of the Committee.

V. Banking and Legal Matters Committee

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

The members of the Banking and Legal Matters Committee are

(i) Mr. G R K Reddy,

(ii) Mrs. V P Rajini Reddy,

(iii) Mr. Karanjit Singh Jasuja (ID) and

(iv) Mr. Arun Kumar Gurtu (ID).

Mr. G R K Reddy is the Chairman of the Committee.

The composition of the Shareholders' / Investors' Grievances Committee and attendance of each member in the Committee Meetings are given below:

Sl. No.	Name	Category/ Status	Meetings Held	Meetings Attended
1	Mr. G Raghava Reddy	NED/PD/ Chairman	5	5
2	Mr. Arun Kumar Gurtu	NED/ID/ Member	5	5
3	Mr. Karanjit Singh Jasuja	NED/ID/ Member	5	5

VI. Capital Issues and Allotment committee

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

The members of the Capital Issues and Allotment Committee are

(i) Mr. G R K Reddy,

(ii) Mrs. V P Rajini Reddy,

(iii) Mr. Karanjit Singh Jasuja (ID) and

(iv) Mr. Arun Kumar Gurtu (ID)

Mr. G R K Reddy is the Chairman of the Committee.

VII. Business Review Committee

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

The members of the Business Review Committee are

(i) Mr. Arun Kumar Gurtu (ID)

(ii) Mrs. V P Rajini Reddy and

(iii) Mr. Karanjit Singh Jasuja (ID)

Mr. Arun Kumar Gurtu is the Chairman of the Committee.

4. Subsidiary Companies:

The subsidiary Companies of MARG are Board managed Companies.

MARG has Eighty Two Subsidiary Companies as on 31st March 2011, out of which Seventy Seven Companies are wholly Owned Subsdiary Companies.

The details of shareholding in respect of Companies which are not Wholly Owned Subsidiary Companies are given as under:

Name of the Subsidiary	Paid up Capital	No. of shares held	% of share holding
Karaikal Port Private Limited	₹ 3,935,398,830 comprising 313,539,883 equity shares of ₹ 10/- each & 80,000,000 Compulsorily Convertible preference shares (CCPS) of ₹ 10/- each	298,920,000 equity shares	95.34% of equity shares
Riverside Infrastructure (India) Private Limited	₹ 1,348,863,000 comprising 134,886,300 equity shares of ₹ 10/- eaach	92,386,300 equity shares	68.49%
Future Parking Private Limited	₹ 25,100,000 comprising 2,510,000 equity shares of ₹ 10/- each	1,280,100 equity shares	51.00%
Signa Infrastructure India Limited	₹ 500,000 comprising 50,000 equity shares of ₹ 10/- each	37,000 equity shares	74.00%
MARG Swarnabhoomi Port Private Limited	₹ 125,000 comprising 12,500 equity shares of ₹ 10/- each	11,250 equity shares	90.00%

During the year 2010-11, MARG Sri Krishnadevaraya Airport Private Limited, was incorporated as a Wholly Owned Subsidiary on 5th August 2010.

5. General Body Meeting

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

Financial Year	Date	Time	Venue	No. of Special Resolution passed
2009-10	30.09.2010	3.00 PM	Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai – 600 096.	1
2008-09	29.09.2009	3.00 PM	Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai – 600 096.	3
2007-08	25.09.2008	2.00 PM	Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai, Thoraipakkam, Chennai – 600 096.	3

6. Postal Ballot

During the year the Company had passed postal ballot resolution vide Notice dated 30th December 2010 for the following items as per Postal Ballot result dt. 18.02.2011:

Item No. 1: To hive-off the residential unit/projects of Real Estate Business of the Company under Section 293(1)(a) of the Companies Act, 1956 (Act) (Ordinary Resolution); and

Item No. 2: To pay commission to Non-executive Directors of the Company under Section 309 of the Act (Special Resolution)

7. Disclosures

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

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

II. Company has complied with all the requirements of the Listing Agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. There has been no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Regulatory Authorities, on any matters related to capital markets during the last three years.

III. Company has established Whistle Blower Policy and no personnel is denied the access to the Audit Committee.

IV. The Company complies with the mandatory requirements and non-mandatory requirements of Corporate Governance as provided under Clause 49 of Listing Agreement. The Disclosure relating to the compliance has been provided separately in this report. The Company has obtained a certificate from its auditors regarding compliance of conditions of Corporate Governance and the certificate is annexed to this Report.

8. Means of Communication

I. The Un-audited Financial Results on quarterly basis along with Limited Review Report of the Auditors of the Company are approved by the Board of Directors at its meeting for every quarter, as per the Listing requirement and the same are furnished to all the Stock Exchanges where the Company's shares are listed within fifteen minutes of Close of the Meeting. The Un-audited Financial Results along with the Limited Review Report of the Auditors are placed before the Audit Committee. The same along with recommendation of the Audit Committee are forwarded to the Board of Directors for their consideration.

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

III. The quarterly results, shareholding pattern and other mandatory information are available at the website of Company, i.e. www.marggroup.com. The Company's website provides all necessary information and contains news releases.

IV. The presentations made to Institutional Investors or to/by analysts are also put on the website of the Company.

9. General Shareholder Information:

I. Information about 16th Annual General Meeting

Date and Time: 29th September 2011 at 3.00 PM

Venue: Hotel Fortune Select Palms,
No.142, Rajiv Gandhi Salai,
Thoraipakkam, Chennai – 600 096

II. Financial Year

The financial year of the Company commences with 1st April every year and ends with 31st March in the succeeding year.

Publication of Financial Result:

First Quarter 30th June 2011:
on or before 14th August 2011

Second Quarter 30th September 2011:
on or before 14th November 2011

Third Quarter 31st December 2011:
on or before 14th February 2012

Fourth Quarter 31st March 2012:
on or before 30th May 2012

III. Date of Book Closure

The Register of Members and Share Transfer Books shall be closed for a period of 6 days starting from Saturday, 24th September 2011 to Thursday, 29th September 2011 (Inclusive of Both Days).

IV. Dividend Payment Date

Dividend if declared shall be paid after the AGM, i.e., after 29th September 2011.

V. Listing on Stock Exchanges

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

Annual Listing fees for the financial year 2011-2012 has been paid to the above Stock Exchanges.

VI. Stock Code/Symbol

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

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

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

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

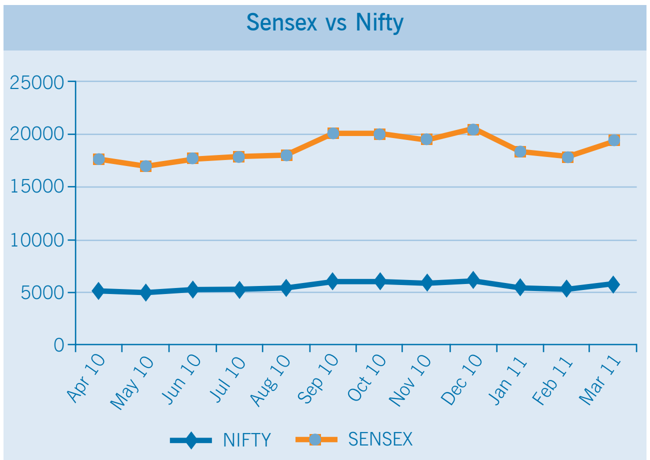
VII. Market Price Data

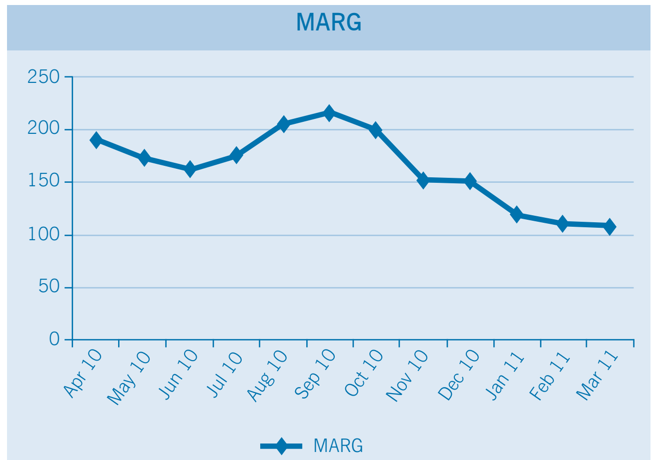
Following are the monthly High / Low Price & Trading Volume of Equity Shares of Company at Bombay Stock Exchange Limited:

Year	Month	High (₹)	Low (₹)	Close (₹)	Monthly Volume	SENSEX Close	NIFTY Close
2010	April	199.50	176.90	190.05	1,686,829	17558.71	5278.00
2010	May	201.00	165.10	173.10	1,348,460	16944.63	5086.30
2010	June	174.40	150.55	162.00	983,441	17700.90	5312.50
2010	July	187.20	155.25	175.60	1,077,972	17868.29	5367.60
2010	August	215.70	168.60	205.00	3,545,807	17971.12	5402.40
2010	September	243.80	206.25	216.40	4,368,317	20069.12	6029.95
2010	October	242.00	197.20	200.20	906,559	20032.34	6017.70
2010	November	212.00	149.80	152.25	539,400	19521.25	5862.70
2010	December	177.90	103.05	151.50	2,659,172	20509.09	6134.50
2011	January	159.95	110.10	117.90	572,016	18327.76	5505.90
2011	February	137.00	100.10	110.70	439,306	17823.40	5333.25
2011	March	120.00	100.00	108.75	1,209,655	19445.22	5833.75

VIII. Performance vis a vis BSE SENSEX

The comparison with SENSEX close and NIFTY close has been provided in graphical presentation as below:





IX. Registrar and Share Transfer Agents

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

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

X. Share Transfer System

As on date of this report, shares representing 98.57% of total paid-up capital of the Company are in electronic form. As regards transfer of shares in physical form, the transfer documents can be lodged with M/s. Cameo Corporate Services Limited at the above address. The physical transfers are normally processed within 7-10 days from the date of receipt of valid documents.

XI. Share holding as on 31st March 2011

Categories of Shareholding as on 31st March 2011

		Category	No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding			
	1	Promoters	19,000,000	49.84%
	2	Persons acting in Concert	Nil	0.00%
		Sub Total	**19,000,000**	**49.84%**
B	Non Promoters Holding			
	A	Mutual funds/FIs/Banks	2,501,565	6.56%
	B	FIIs	5,499,673	14.43%
	C	Bodies Corporate	2,845,773	7.47%
	D	Indian Public (Individuals/HUF)	6,315,577	16.57%
	E	NRI/FCB/Foreign Nationals	1,691,560	4.44%
	F	Trusts	225,500	0.59%
	G	Others-(Clearing Members)	39,278	0.10%
		Sub Total	**19,118,926**	**50.16%**
		Grand Total	**38,118,926**	**100.00%**

XII. Dematerialization of Equity Shares and Liquidity

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

The Authorised Capital of ₹ 500,000,000 (Rupees Fifty Crores only) comprising of 50,000,000 (Five Crores) equity shares of ₹ 10 each. The paid up Capital of the Company as on 31st March 2011 is ₹ 381,189,260 (Rupees Thirty Eight Crores Eleven lacs Eighty Nine Thousand Two Hundred and Sixty only) consists of 38,118,926 (Rupees Three Crores Eighty One Lacs Eighteen Thousand Nine Hundred and Twenty Six only) Equity shares of ₹ 10 each. Out of the above shares, 543,495 Equity Shares representing 1.43% are held in physical form and balance 37,575,431 Equity Shares representing 98.57% are held in demateralised form.

XIII. QIPs

The Company raised ₹ 106.93 crores through Qualified Institutional Placement in May 2010. The Company allotted 5,631,648 equity shares of ₹ 10/- at a premium of ₹ 179.88 per share on 3rd May 2010.

Outstanding GDR / FCCB / Warrants

There are no outstanding convertible instruments pending for conversion as on 31st March 2011.

Warrants

The Company, on August 25, 2009, had allotted 6,771,619 warrants convertible into equal number of equity shares to Promoters, Employees & Associates and out of the above mentioned warrants, 1,562,100 were converted on September 29, 2009; 89,400 warrants were converted on May 15th, 2010; 2,250,000 warrants were converted on February 15, 2011 and the balance 2,870,119 warrants were converted into equal number of shares on February 19, 2011.

GDRs

The Company issued 1,351,500 GDRs in February 28, 2007, each GDR representing two equity shares, and raised USD 15 million, and were listed on the Luxembourg Stock Exchange (LSE). On 30th April 2010, the last tranche of 9000 GDRs were converted into 18,000 equity shares and thus all the GDRs have been extinguished from LSE w.e.f. 30th April, 2010.

XIV. ESOP

The Company has granted ESOP to employees of the Company and its subsidiaries as per the ESOP Scheme 2006 & 2007. Under these schemes, a total of 487,185 options were granted to the employees. On 4th November 2009, 37,888 equity shares have been allotted to FORTY FOUR employees at ₹ 100 /- (with a premium of ₹ 90 per share); On 12th October 2010, 45,610 equity shares have been allotted to TWO HUNDRED AND EIGHT employees at ₹ 75/- (with a premium of ₹ 65 per share) and in 13th November 2010, 23,780 equity shares have been allotted to THIRTY FIVE employees at ₹ 100/- (with a premium of ₹ 90 per share). As on 31.03.2011, a total of 107,278 options have been converted into equity shares and balance of 146,290 options are in force.

XV. Location of projects

The Company is engaged in business of Constructions and Infrastructure Development. Accordingly the activities are carried at various locations where the projects are identified.

XVI. Address for Correspondence

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

The Company Secretary
MARG Limited
MARG Axis
No. 4/318, Rajiv Gandhi Salai
Kottivakkam, Chennai – 600 041
Ph: +91 44 3221 1955, Fax: +91 44 2454 1123
Email: investor@marggroup.com

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

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

- **Insider Trading**

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

- **Reconciliation of Share Capital Audit**

  The Reconciliation of Share Capital Audit 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 & CDSL and total issued & listed capital. The Company has obtained Reconciliation of Share Capital Audit Report for all the four quarters during the year 2010-11 and the same have been forwarded to the 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 Business Conduct and Ethics for Directors and Managerial personnel**

  The Company adopts a comprehensive code applicable to all Directors and Managerial Personnel laying down in detail, the standards of business conduct, ethics and governance. A copy of the code has been put on the company's website www.marggroup.com. The code has been circulated to all the members of the Board and the Managerial Personnel and the compliance of the same is affirmed by them annually.

  A declaration signed by the Chairman & Managing Director of the Company is given below:

  I confirm that the Company is in respect of the financial year ended 31st March 2011 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 means Chief Executive Officer, Chief Financial Officer, Company Secretary, Functional Heads and employees in the General Manager cadre and above as on 31st March 2011.

G R K Reddy
Chairman and Managing Director

- **MD & CFO Certification**

  As required under Clause 49 of the Listing Agreement, a certificate duly signed by Mr. G R K Reddy, Managing Director and Mr. R Suresh, CFO of the Company was placed at the meeting of the Board of Directors of the Company.

- **Report on Corporate Governance**

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

- **Report on Compliance**

  As required under Clause 49 of the Listing Agreement, the Company has obtained a certificate from Statutory Auditor of the Company regarding compliance of conditions of Corporate Governance and the same is annexed to the Directors' Report as an Annexure. The Company also complies with non-mandatory requirements as provided under Annexure – I D to the Listing Agreement.

XVII. Non Mandatory Requirements

1. **The Board:**

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

2. **Remuneration Committee:**

   The details regarding the Committee has been provided under heading, 'Committee of Directors' elsewhere in this report.

3. **Communication to Shareholders:**

   The Company displays its quarterly (unaudited), half yearly (unaudited) and annual (audited) result on its website at www.marggroup.com. The results are also published in English newspaper having a wide circulation and in Tamil newspaper having a wide circulation in Tamil Nadu respectively. The Company has circulated information to the shareholders containing progress of the project and financial information.

4. **Audit Qualifications:**

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

5. **Training of Board Members:**

   As the members of the Board are eminent and experienced professionals, necessity to formulate a policy for their training has not been felt.

6. **Mechanism for evaluating Non-Executive Board Members:**

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

7. **Whistle Blower Mechanism:**

   The Company has adopted Whistle Blower Mechanism. All the employees have the access to the Board and Audit Committee. Further the Board / Audit Committee ensure that no victimization is done to employees.

Auditors' Certificate on Corporate Governance

To
The Members of
MARG Limited

1. We have examined the compliance of conditions of Corporate Governance by MARG Limited (the Company) for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as on 31st March 2011 as per the records maintained by the Shareholders / Investors Grievances Committee of the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **K RAMKUMAR & CO**
Chartered Accountants
Firm Regn No. 2830S

(R M V BALAJI)
Partner
Membership No. 27476

Date : 29-August-2011
Place : Chennai

FINANCIAL SECTION

AUDITORS' REPORT

TO
THE SHAREHOLDERS OF
MARG Limited

1. We have audited the attached Balance Sheet of M/s MARG LIMITED as on 31st March 2011 and the annexed Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2011. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our 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, 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 Accounts of the Company.

   d. According to the best of our information and explanations given to us, 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 of the company and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 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 give 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 2011;

   ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2011; and

   iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2011.

For **K RAMKUMAR & CO.,**
Reg no:02830S
Chartered Accountants

R M V BALAJI
Partner
Membership no: 27476
Place: Chennai
Date : 29th August 2011

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF MARG LIMITED

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) The Company has a programme of Physical verification of Fixed assets over a period of three years which is, in our opinion, reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no serious discrepancies have been noticed on such verification

   c) During the year, the company has not disposed off a substantial part of fixed assets.

2. a) As explained to us, physical verification of inventory has been conducted by the management, at the end of the year.

   b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The company is maintaining proper records of inventory and the discrepancies noticed on verification between physical stocks and book stocks were not material.

3. a) The Company has not taken any loan from parties covered in the register maintained under section 301 of the Companies Act.

   b) The Company has granted unsecured loans to 79 Subsidiary companies covered in the register maintained under section 301 of the Companies Act. The maximum amount involved during the year was ₹ 677.39 Crores and the year end balance of loans granted to such companies was ₹ 504.82 Crores.

   c) According to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given are not prima facie, prejudicial to the interest of the company.

   d) According to the information and explanations given to us, the principal amount of the loan along with interest in respect of loan granted to the Subsidiary Companies, except three subsidiaries, is repayable on call.

   The Subsidiaries have made repayments during the year as and when calls were made by the Company. In respect of three subsidiaries, the loan given by the company is sub-ordinated to the secured loans from Banks and Financial Institutions availed by such subsidiaries and accordingly the obligation to repay does not arise during the pendency of said secured loans.

4. In our opinion and according to the explanation given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   b) In our opinion and according to the information and explanations given to us the transaction in pursuance of contracts or arrangements entered in the register maintained U/s 301 of The Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at rates or value which are reasonable having regard to the prevailing market rates or values at the relevant time.

6. The Company has not accepted any deposits from the public in terms of provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Rules framed there under.

7. In our opinion, the Company has an internal audit system, 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 2011, 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:-

Income Tax Dues

Income Tax

Asst. Year	Departmen Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	16,785,003	16,879,719	Madras High Court
2002-03	8,926,848	9,659,367	CIT
2007-08	1,340,625	13,40,625	ITAT, Chennai
2008-09	52,76,990	52,76,990	CIT(Appeal)

Tax Deducted at Source

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

10. The Company has no accumulated losses 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 the 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.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us, the Company has given guarantees aggregating to ₹ 2277.16 Crores for loans raised by others from Banks. In our opinion, the terms and conditions of the guarantees are prima facie not prejudicial to the interests of the company.

16. In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations and on an overall examination of the Balance Sheet of the Company we report that no funds raised on short-term basis have been used for Long Term investment.

18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Act during the year. The price at which the 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 year covered under audit.

21. Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company was noticed or reported during the year.

For **K RAMKUMAR & CO.,**
Reg no:02830S
Chartered Accountants

R M V BALAJI
Partner
Membership no: 27476
Place: Chennai
Date : 29th August 2011

Balance sheet

PARTICULARS	Schedule	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	38.12	27.21
Employee Stock Option	2	0.58	0.80
Warrants Application Money		-	8.30
Reserves & Surplus	3	576.48	399.78
LOAN FUNDS			
Secured Loans	4	804.48	510.24
Unsecured Loans	5	-	0.56
DEFERRED TAX LIABILITY (Net)	6	3.07	1.38
		1,422.73	**948.27**
APPLICATION OF FUNDS			
FIXED ASSETS	7		
Gross Block		146.93	76.13
Less : Depreciation		20.06	13.13
Net Block		**126.87**	**63.00**
Capital Work In Progress		15.09	1.97
		141.96	**64.97**
INVESTMENTS	8	519.93	437.96
CURRENT ASSETS, LOANS & ADVANCES	9		
Inventories		132.27	46.98
Sundry Debtors		427.90	350.10
Cash & Bank Balances		57.03	51.08
Loans & Advances		754.64	457.83
		1,371.84	**905.99**
LESS : CURRENT LIABILITIES & PROVISIONS	10		
Current Liabilities		590.54	447.26
Lease Deposits/ Rental Advances		4.49	4.18
Provisions		15.97	9.21
		611.00	**460.65**
NET CURRENT ASSETS		**760.84**	**445.34**
		1,422.73	**948.27**
NOTES ON ACCOUNTS	18		

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

Profit & Loss Account

PARTICULARS	Schedule	Year ended 31-Mar-11 (₹ in Crores)	Year ended 31-Mar-10 (₹ in Crores)
INCOME			
Income from Operations	11	1,085.01	745.39
Other Income	12	1.37	15.49
		1,086.38	**760.88**
EXPENDITURE			
Cost of Projects / Operating Expenses	13	913.90	600.73
Personnel Expenses	14	16.84	9.77
Administrative Expenses	15	26.27	15.64
		957.01	**626.14**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**129.37**	**134.74**
Depreciation	7	6.89	5.17
PROFIT BEFORE INTEREST & TAX		**122.48**	**129.57**
Interest & Finance Charges	16	27.61	14.38
PROFIT BEFORE TAX		**94.87**	**115.19**
TAX EXPENSE			
Current Tax		33.10	40.00
Deferred Tax	17	1.68	(4.78)
PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS		**60.09**	**79.97**
Prior Period Items (Net)		0.22	0.47
PROFIT AFTER TAX		**59.87**	**79.50**
Balance brought forward from Previous Year		184.94	120.15
AMOUNT AVAILABLE FOR APPROPRIATION		**244.81**	**199.65**
APPROPRIATIONS			
Proposed Dividend		7.62	6.59
Dividend Tax		1.26	1.12
General Reserve		4.50	7.00
Balance carried to Balance Sheet		231.43	184.94
		244.81	**199.65**
EARNINGS PER SHARE			
Basic (Face Value Rs. 10/-)		**18.11**	**30.10**
Diluted (Face Value Rs. 10/-)		**15.87**	**26.68**
NOTES ON ACCOUNTS	18		

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of ₹10 each (Previous year 50,000,000 Equity Shares of ₹10 each)	50.00	50.00
Issued, Subscribed and Paid up Capital		
38,118,926 Equity Shares of ₹10 each (Previous year 27,208,369 Equity Shares of ₹10 each)	38.12	27.21
	38.12	**27.21**
SCHEDULE 2 : EMPLOYEE STOCK OPTION		
Employee Stock Option Outstanding	1.11	2.15
Less: Deferred Employee Compensation Expense	0.53	1.35
	0.58	**0.80**
SCHEDULE 3 : RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	194.18	185.59
Add: Addition during the year	128.92	8.60
Less: Securities Issue Expenses Written-Off	3.21	0.01
	319.89	**194.18**
General Reserve		
Opening Balance	20.66	13.66
Add: Transferred from the Profit and Loss Account	4.50	7.00
	25.16	**20.66**
Profit & Loss Account	231.43	184.94
	231.43	**184.94**
	576.48	**399.78**
SCHEDULE 4 : SECURED LOANS		
From Banks & Financial Institution		
Secured by way of charge on rentals, mortgage / hypothecation of movable & immovable properties	492.99	328.07
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	269.96	169.52
From Others:		
Secured by way of charge on movable & immovable properties	41.53	12.65
(Loans for ₹ 769 Crores (Previous Year ₹ 577 Crores) are guaranteed by some of the directors)		
	804.48	**510.24**
SCHEDULE 5 : UNSECURED LOANS		
Loans From Companies	-	0.56
	-	**0.56**
SCHEDULE 6 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	3.49	1.56
Less : Deferred Tax Asset	0.42	0.18
	3.07	**1.38**

SCHEDULE 7 : FIXED ASSETS

(₹ in Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31-Mar-10	Additions	Deductions / Transfers	As At 31-Mar-11	Up to 31-Mar-10	For the year	Deletions	Up to 31-Mar-11	As At 31-Mar-11	As At 31-Mar-10
INTANGIBLE ASSET										
Computer Software*	2.22	0.93	-	3.15	0.11	0.53	-	0.64	2.51	2.11
TANGIBLE ASSET										
LEASED ASSETS										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.98	0.37	-	2.35	20.28	20.65
Plant & Machinery	5.25	-	-	5.25	1.32	0.25	-	1.57	3.68	3.93
Electrical Equipment & Fittings	10.99	-	-	10.99	2.78	0.52	-	3.30	7.69	8.21
Furniture & Fixtures	9.34	-	-	9.34	3.10	0.59	-	3.69	5.65	6.24
Thiruvanmiyur										
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
OTHER ASSETS										
Land	1.13	-	-	1.13	-	-	-	-	1.13	1.13
Building	0.31	2.34	-	2.65	0.31	0.34	-	0.65	2.00	-
Computers	4.39	2.35	-	6.74	1.55	0.75	-	2.30	4.44	2.84
Office Equipment	1.66	2.70	-	4.36	0.33	0.16	-	0.49	3.87	1.33
Furniture & Fittings	2.48	10.88	-	13.36	0.63	0.48	-	1.11	12.25	1.85
Motor Vehicles	2.62	2.35	0.10	4.87	0.55	0.37	0.04	0.88	3.99	2.07
Plant & Machinery	7.23	46.98	-	54.21	0.39	2.52	-	2.91	51.30	6.84
Electrical Equipment & Fittings	0.20	2.37	-	2.57	0.08	0.09	-	0.17	2.40	0.12
Total	**76.13**	**70.90**	**0.10**	**146.93**	**13.13**	**6.97**	**0.04**	**20.06**	**126.87**	**63.00**
Previous Year	**129.32**	**17.60**	**70.79**	**76.13**	**14.28**	**5.20**	**6.35**	**13.13**	**63.00**	**115.04**
Capital Work in Progress	**1.97**	**13.27**	**0.15**	**15.09**	**-**	**-**	**-**	**-**	**15.09**	**1.97**
Previous Year	**4.25**	**2.07**	**4.35**	**1.97**	**-**	**-**	**-**	**-**	**1.97**	**4.25**

*Note: - Other than internally generated

Capital work-in-progess includes:

a) Construction costs	0.94	0.27
b) Pre-operative Expenses	9.17	1.58
c) Advance given for capital goods	4.98	0.12
	15.09	**1.97**

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 8 : INVESTMENTS		
Long Term Investments		
Investments in Shares (Non-Quoted, Non-Trade, Stated at Cost)		
(As per Annexure - A)		
In Subsidiaries	517.41	435.44
In Associates*	-	-
In Other Companies	1.59	1.59
	519.00	437.03
Investments in Properties (Non-Quoted, Stated at Cost)		
Building	0.84	0.84
	0.84	0.84
Short Term Investments		
Investments in Mutual Funds (Quoted)		
UTI Infrastructure Advantage Fund Series	0.09	0.10
[25,462.687 units (Previous year 100,000 units) of Face Value of ₹ 33.50 each (Previous year ₹ 10/- each)]		
[NAV as on 31st March 2011 ₹ 32.96 each (Previous year ₹ 9.20 each)]		
Less : Provision for Decline in Investments**	-	0.01
	0.09	0.09
	519.93	**437.96**

*Includes ₹ 39,000/- for the FY 2010-11 and 2009-10.

**Includes ₹ 13,750/- for the FY 2010-11.

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 9 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	-	6.13
Projects in Progress	80.62	23.18
Stock of Materials and Spares at Site	51.65	17.67
	132.27	**46.98**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	75.43	79.23
Others	352.47	270.87
	427.90	**350.10**
Cash and Bank Balances		
Cash Balance	0.82	0.10
Balances with Scheduled Banks		
In Current Accounts	12.00	21.35
In Deposit Accounts	5.59	3.77
In Margin Money Accounts	38.62	25.86
	57.03	**51.08**
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advances to Subsidiaries	504.82	276.84
Advances to Suppliers	117.95	52.43
Advances to Staff	1.04	0.56
Other Advances Recoverable	8.50	9.67
Prepaid Expenses	9.12	2.26
Share Application Money	73.13	110.05
Prepaid Taxes	31.02	-
Security Deposits	8.22	6.01
Dividend Receivable	0.84	0.01
	754.64	**457.83**
	1,371.84	**905.99**

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	151.07	107.37
Advances from Customers	49.58	12.47
Expenses Payable	69.85	41.24
Bills Payable	130.09	92.03
Statutory Dues	17.94	2.70
Unclaimed Dividend	0.17	0.13
Due to Directors	1.05	0.60
Mobilisation Deposit	170.79	190.72
	590.54	**447.26**
Lease Deposits / Rental Advances	4.49	4.18
	4.49	**4.18**
Provisions		
Income Tax	7.09	1.50
Proposed Dividend	7.62	6.59
Tax on Proposed Dividend	1.26	1.12
	15.97	**9.21**
	611.00	**460.65**

PARTICULARS	Year ended 31-Mar-11 (₹ in Crores)	Year ended 31-Mar-10 (₹ in Crores)
SCHEDULE 11 : INCOME FROM OPERATIONS		
Income from Projects / Operations	1,072.57	734.70
Income from Leasing	12.44	10.69
	1,085.01	**745.39**
SCHEDULE 12 : OTHER INCOME		
Profit on Sale of Investment	-	11.69
Dividend Received	0.84	0.01
Profit on Sale of Assets	-	2.98
Exchange Rate Difference	0.30	0.01
Miscellaneous Income	0.23	0.80
	1.37	**15.49**
SCHEDULE 13 : COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS / OPERATING EXPENSES		
Opening Stock		
Stock of Completed Projects	6.13	-
Projects in Progress	23.18	35.08
Stock of Materials and Spares at Site	17.67	6.96
	46.98	**42.04**
Expenditure During the year		
Cost of Projects / Operating Expenses	997.47	604.61
Closing Stock		
Stock of Completed Projects	-	6.13
Projects in Progress	80.62	23.18
Stock of Materials and Spares at Site	51.65	17.67
	132.27	**46.98**
Cost of Projects / Operating Expenses	912.18	599.67
Repairs & Maintenance-Leased Properties	1.72	1.06
	913.90	**600.73**
SCHEDULE 14 : PERSONNEL EXPENSES		
Salaries & Allowances	8.44	4.99
Remuneration to Managing Director	1.89	1.63
Rent Staff	-	0.09
Contribution to Funds	2.01	0.60
Recruitment & Training Expenses	0.60	0.22
Staff Welfare Expenses	2.27	0.72
Retirement Benefits	1.31	0.40
Employee Compensation Expense	0.32	1.12
	16.84	**9.77**
SCHEDULE 15 : ADMINISTRATIVE EXPENSES		
Rent	3.10	2.20
Rates & Taxes	0.31	0.12
Communication Cost	0.85	0.68
Electricity Charges	0.99	0.30
Traveling and Conveyance	3.20	2.56
IT Services	1.34	0.60
Repairs & Maintenance	0.30	0.38
Payment to Non-executive Directors		
- Sitting Fees for Board Meeting	0.05	0.04
- Sitting Fees for Committee Meeting	0.20	0.12
- Commission	0.50	-
Secretarial Expenses	0.28	0.12
Advertisement & Business Promotion	1.60	2.34
Printing & Stationery	0.78	0.53
Postage and Courier Charges	0.08	0.09
Payment to Auditors		
- Statutory Audit Fee	0.06	0.06
- Other Services	0.01	0.01
Insurance Premium	0.70	0.51
Legal & Professional Charges	5.61	2.44
General Expenses	0.80	0.41
Exchange Rate Fluctuation	0.64	0.06
Office Maintenance	3.87	1.56
Donation	0.54	0.11
Vehicle Maintenance	0.43	0.27
Loss on Sale of Assets	0.03	0.13
	26.27	**15.64**

PARTICULARS	Year ended 31-Mar-11 (₹ in Crores)	Year ended 31-Mar-10 (₹ in Crores)
SCHEDULE 16 : INTEREST & FINANCE CHARGES		
Interest on Loans	83.27	44.78
Less : Interest Recovered	59.12	33.30
Net Interest	24.15	11.48
Bank & Finance Charges	3.46	2.90
	27.61	**14.38**
SCHEDULE 17 : DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	1.68	(4.78)
	1.68	**(4.78)**

SCHEDULE 18: NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. The Financial Statements are prepared under historical cost convention on accrual basis and going concern concept and materially comply with Accounting Standards (AS) as mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2. The Company is a non small and medium sized company (Non-SMC) as defined in the General Instructions relating to Accounting Standards notified and accordingly the Company has complied with the Accounting Standards as applicable to Non-SMC.

3. Use of Estimates: The preparation of financial statements requires the Management of the Company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement & reported income and expenses during the reporting period. Examples of such estimates includes provisions for doubtful debts, employee retirement benefit plans, provisions for income taxes, useful life of fixed assets, accounting for work executed etc.

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/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.

2. Dividend income is recognized when the right to receive the payment is established.

3. 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. All assets individually costing ₹ 5,000 or below are fully depreciated in the year it is put to use.

5. 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.

6. Intangible assets comprising SAP software and other computer software are stated at cost of acquisition less accumulated amortisation. The SAP software cost is amortised over a period of five years on a pro-rata basis.

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

D. OPERATING LEASES

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

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

E. VALUATION OF CLOSING STOCK

a. Raw Material: Raw Material, Stores and Spares are valued at Weighted Average Cost. Cost comprises all costs of purchase.

b. 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. EMPLOYEE BENEFITS

a. Short Term employee benefits

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

b. Post employment benefits

- **Provident Fund**

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

- **Gratuity**

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

- **Leave Encashment**

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

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

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 rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account.

J. BORROWING COSTS

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

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

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

Contingent Assets are neither recognized nor disclosed.

L. EMPLOYEE STOCK COMPENSATION COST

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

M. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2011 is ₹ 3.06 Crores (Previous year ₹ 6.99 Crores)
b. Corporate Guarantees given to Banks in respect of loans taken by other Companies : ₹ 2277.16 Crores (Previous year ₹ 2017.10 Crores)

c. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them: ₹ 126.56 Crores (Previous year ₹ 60.65 Crores)

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

(₹ in crores)

As at 31st Mar 2011		As at 31st Mar 2010		Due date of Obligation
Duty saved	Export obligation	Duty saved	Export obligation	
0.14	1.14	0.14	1.14	17-Feb-12
0.12	0.95	0.12	0.95	3-Jan-15
0.14	1.11	0.14	1.11	27-Feb-15
1.73	13.83	Nil	Nil	20-May-18
0.31	2.47	Nil	Nil	20-May-18

e. Claims not acknowledged as debts by the Company: ₹ 1.02 Crores (Previous year ₹ 0.04 crore)

f. Income Tax Demand

Tax on Income

	Details of Demand (₹)				
		Amount Paid under Protest			
Assessment Year	Demand Raised By Dept.	Till 31st March 2010	During 2010 -11	Total	Forum Where Dispute is Pending
2001 - 02	16,785,003	16,879,719	-	16,879,719	Madras High Court
2002 - 03	8,926,848	9,659,367	-	9,659,367	CIT
2007 - 08	13,40,625	13,40,625	-	13,40,625	ITAT, Chennai
2008 -09	52,76,990	-	52,76,990	52,76,990	CIT(Appeal)

Tax Deducted at Source

	Details of Demand (₹)				
		Amount Paid under Protest			
Assessment Year	Demand Raised By Dept.	Till 31st March 2010	During 2010-11	Total	Forum Where Dispute is Pending
1996 - 97	21,503	4,931	-	4,931	ITO – TDS
1997 - 98	2,368,619	2,317,682	-	2,317,682	ITO – TDS
1998 - 99	1,628,830	842,934	-	842,934	ITO – TDS
1999 - 00	1,857,640	581,282	-	581,282	ITO – TDS
2000 - 01	442,820	65,440	-	65,440	ITO – TDS

2. 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 ₹ 1.68 crores has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2011 is ₹ 3.07 crores the details of which are as follows:

(₹ in crores)

Particulars	As at 31st March 2011	As at 31st March 2010
Outstanding Deferred Tax Liability as at the beginning of the year	1.38	6.17
Timing difference on account of Depreciation	1.92	(0.31)
Timing difference on account of Employee Benefits	(0.23)	(0.19)
Reversal of Deferred Tax Liability for Dredger Depreciation	Nil	(4.29)
Outstanding Deferred Tax Liability (Net) as at the end of the year	3.07	1.38

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

4. 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.

5. SEGMENT REPORTING

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

6. The remuneration paid to Directors is as follows:

(₹ in crores)

Particulars	2010-11	2009-10
Remuneration to Managing Director		
Salaries & Allowances	1.20	0.96
Commission	0.60	0.60
Contribution to Provident Fund	0.09	0.07
Total	**1.89**	**1.63**
Commission to Non executive Directors	**0.50**	**-**

7. 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 2011.

Particulars	₹ In Crores
Profit Before Tax as per Profit & Loss Account	94.87
Add : Depreciation charged as per Profit & Loss account	6.89
Add : Managerial Remuneration debited to Profit & Loss Account Add: Loss on sale of assets Add: Write back of Provision for diminution of investments	2.39 0.03 -*
	104.18
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	6.89
Net Profit as per Sec 349 of the Companies Act, 1956	**97.29**
Maximum amount of Remuneration permissible to Whole Time Director (@ 5% of the Net Profit) Maximum amount of Remuneration permissible to Non Executive Director (@ 1% of the Net Profit)	4.86 0.97

* includes ₹ 13,750

8. RELATED PARTY DISCLOSURES

A. List of related parties, where control exists is given vide Annexure A

B. **Associates:**

The Company holds 39% shares in Rajakamanglam Thurai Fishing Harbour Private Limited.

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

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

D. **Relative of Key Management Personnel**

V P Rajini Reddy-Director and wife of the CMD

G Raghava Reddy-Director and father of the CMD

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

i) Avinash Constructions Private Limited
ii) Noble Habitat Private Limited
iii) Jeevan Habitat Private Limited
iv) Akshya Infrastructure Private Limited
v) MARG Foundation
vi) Swarnabhoomi Academic Institutions

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

i) Exemplarr Worldwide Limited
ii) MARG Digital Infrastructure Private Limited
iii) MARG Realities Limited

Particulars of transactions with the related parties during the year in the ordinary course of the business:

(₹ in crores)

Particulars	Subsidiaries		Associates		KMP and Relatives		Entities over which KMP and Relatives have control/ significant influence	
	2010-11	2009-10	2010 - 11	2009-10	2010-11	2009-10	2010-11	2009-10
Services rendered	531.85	585.83	-	-	-	-	-	-
Lease rental income	0.60		-	-	-	-	-	-
Dividend received	0.84	0.01	-	-	-	-	-	-
Interest received	54.10	28.80	-	-	-	-	-	-
Contracts and Services received	44.74	1.59	-	-	-	-	2.49	1.29
Allocation of common expense	20.09	8.26	-	-	-	-	-	-
Contract Advances received(Net)	78.40	184.12	-	-	-	-	-	-
Remuneration & Commission, Sitting fee	-	-	-	-	2.23	1.71	-	-
Purchase of Fixed Assets	2.03	-	-	-	-	-	-	-
Share Application money given	142.95	265.14	-	-	-	-	-	-
Sale of assets	Nil	65.16	-	-	-	-	-	-
Investments made	81.97	238.97	-	-	-	-	-	-
Loans & Advances made (Net)	212.65	52.04		0.14	-	-	-	0.69
Guarantees and Collaterals issued	260.06	1312.45	-	-	-	-	-	-
Guarantees and Collaterals received	258.83	130.46	-	-	-	-	399.00	121.00

Balances as on 31st March 2011

Investments	517.41	435.44	-*	-	-	-	1.59	1.59
Share application money	73.13	110.05	-	-	-	-	-	-
Sundry Debtors	202.14	199.62	-	-	-	-	-	-
Sundry Creditors	17.00	4.96	-	-	-	-	0.12	0.07
Loans & Advances	504.82	276.84	1.10	1.10	-	-	-	-
Remuneration & Commission	-	-	-	-	0.78	0.60	-	-
Contract Advances received(net)	154.16	171.84	-	-	-	-	-	-
Guarantees issued	2265.96	2005.90	-	-	-	-	11.20	11.20
Guarantees and Collaterals received	476.54	283.75	-	-	-	-	525.00	126.00

* includes ₹ 39,000/- in associate

9. EMPLOYEE BENEFITS

A. GRATUITY

The Company does not maintain any fund to pay for Gratuity

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

(₹ in crores)

Description	Year ended 31st March 2011	Year ended 31st March 2010
Current service cost	0.62	0.27
Interest Cost	0.05	0.02
Expected return on plan assets		-
Net actuarial (gain)/loss recognised in the year	0.12	0.04
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	0.17	-
Expenses recognized in the statement of profit and loss	**0.96**	**0.33**

ii) Movement in the liability recognized in the Balance Sheet during the year.

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Opening net liability	0.57	0.24
Expense as above	0.96	0.33
Contribution paid	-	-
Closing net liability	**1.53**	**0.57**

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

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Present value of the obligation	1.53	0.57
Fair value of plan assets	-	-
Difference	1.53	0.57
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	1.53	**0.57**

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

PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	Year ended 31st March 2011	Year ended 31st March 2010
Discount Rate	**8%**	**8%**
Salary escalation rate	**8%**	**8%**
Attrition rate	**4%**	**4%**

B. LEAVE ENCASHMENT

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

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

(₹ in crores)

Description	Year ended 31st March 2011	Year ended 31st March 2010
Current service cost	0.26	0.14
Interest Cost	0.03	0.01
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	0.27	0.14
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	**0.56**	**0.29**

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

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Opening net liability	0.44	0.17
Expense as above	0.56	0.29
Contribution paid	(0.17)	(0.02)
Closing net liability	**0.83**	**0.44**

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

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Present value of the obligation	0.83	0.44
Fair value of plan assets	-	-
Difference	0.83	0.44
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	0.83	**0.44**

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

PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	Year ended 31st March 2011	Year ended 31st March 2010
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%

10. CASH & CASH EQUIVALENTS

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

(₹ in crores)

Particulars	As at 31st March 2011	As at 31st March 2010
Margin money	38.62	25.86
Fixed Deposit with Bank	5.59	3.77
Unclaimed Dividend with bank	0.17	0.13

11. NON CASH TRANSACTIONS

During the year loan of ₹ 48.13 crore given to subsidiaries of the company was converted into Share application money.

12. QUALIFIED INSTITUTIONAL PLACEMENT (QIP) AND PREFERENTIAL ISSUE OF WARRANTS:

• Consequent to Qualified Institutional Placement (QIP), the Company issued and allotted 56,31,648 Equity Shares of ₹ 10 each at a premium of ₹ 179.88 per share on 3rd May 2010 to Qualified Institutional Buyers (QIB) under Chapter VIII of SEBI's Issue of Capital & Disclosure Regulations, 2009. The entire proceeds of ₹ 106.93 crores received under the QIP issue was utilized in 2010-2011.

• During 2009-10 the Company issued 67, 71, 619 warrants convertible into equity shares at the option of the holders, on preferential basis. Out of the above, the Company upon conversion of 15,62,100 warrants allotted equal number of 15,62,100 equity shares in 2009-10 and balance of 52,09,519 warrants were converted into equal number of 52,09,519 equity shares in 2010-11 and the issue price of warrants convertible into equity shares was at ₹ 10 each at a premium of ₹ 51 per share. This includes 49,00,000 equity shares allotted to the promoters. Out of the total Preferential warrant proceeds of ₹ 23.48 crores received during the year, the company utilized ₹ 23.83 crores in the year, including the balance carried forward from last year.

13. EMPLOYEES STOCK OPTION SCHEME(ESOP)

a) The Company has granted options to the eligible employees of the Company under the MARG Constructions Limited Employees Stock Option Plan 2006 (the "Scheme"). Under the Scheme, 500,000 equity shares have been earmarked to be granted and the same will vest as follows:

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

Pursuant to the above Scheme, the employee will have the option to exercise the right within 2 years from the date of vesting of shares at the exercise price.

b) As per the Scheme, the Compensation Committee has granted Options as per details below:-

Grant No.	Date of Grant	No of Options Granted	Grant Price ₹	Outstanding Options as on 31st March 2011
I	15-Oct-07	1,97,006	100	3,762
II	23-Oct-07	2,100	100	Nil
III	8-Nov-07	3,475	120	Nil
IV	12-Nov-07	3,000	130	Nil
V	17-Nov-07	4,500	160	Nil
VI	8-Dec-07	6,370	200	Nil
VII	19-Feb-08	19,890	200	Nil
VIII	3-Oct-09	2,50,844	75	1,45,722

c) During the year 69,390 equity shares were allotted to the employees who exercised the option.

14. Operating Leases

Cancelable Lease:

Total rental charges under cancelable operating lease was ₹ 1.24 crores and ₹ 3.83 crores for the quarter and year ended 31st March 2011 respectively. (Previous year ₹ 0.42 crore and ₹ 1.98 crores)

Non cancelable lease:

The Company has taken office building under non-cancelable operating lease during the year from November 2010. The lease rental expense during the year was ₹ 1.45 crore. The future minimum lease payments in respect of this lease as at March 31, 2011 are as follows:

(₹ in crores)

Future Obligations:	2010-11	2009-10
Not later than one year	4.27	-
Later than one year not later than five years	6.76	-
Later than five years	-	-
Total	**11.03**	-

15. Auditors' Remuneration

(₹ in crores)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Statutory Audit Fee	0.06	0.06
Tax Audit Fee	0.01	0.01
Certification	0.04	0.01
Reimbursement of Expenses	-*	-
TOTAL	**0.11**	**0.08**

*includes ₹ 24,908

16.

(₹ in crores)

	Particulars	2010-11	2009-10
a.	**Value of Imports calculated on CIF Basis :**		
	Components, embedded goods and spare-parts	0.81	1.40
	Capital goods	9.31	Nil
b.	**Expenditure in foreign currencies:**		
	i Traveling expenses	0.08	0.15
	ii Technical / Professional & Conference Expenses	0.83	0.13
	iii Hire Charges	35.42	6.80
c.	**Income in foreign currencies:**		
	Dividend from Subsidiary	0.83	Nil

17. EARNINGS PER SHARE (EPS)

	Particulars	2010-11	2009-10
a.	Profit After Tax (₹ Crores)		
	For Basic EPS	59.87	79.50
	For Diluted EPS	59.87	79.50
b.	Weighted average number of equity shares (Nos lacs)		
	For Basic EPS	330.55	264.11
	Adjustment for Diluted EPS		
	Add: Weighted average number of potential shares on account of Employee Stock Options	1.34	1.04
	Add: Weighted average number of potential shares on account of Preferential allotment of shares/Warrants	45.31	32.76
	For Diluted EPS	377.20	297.91
c.	Earning Per Share (₹)		
	Basic	18.11	30.10
	Diluted	15.87	26.68
d.	Nominal Value Per Share (₹)	10.00	10.00

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

19. Disclosure as required by clause 32 of listing agreement with stock exchanges for loans & advances given by the Company are given in Annexure A.

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

21. Foreign Currency Exposures

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

Particulars	As at 31st Mar 2011		As at 31st Mar 2010	
	USD	₹	USD	₹
Creditors for Services	0.24	10.74	-	-
Creditors for Spares import	0.04	1.95	0.03	1.30
Loan given to Subsidiary	0.30	13.61	-*	0.07
Total	**0.58**	**26.30**	**0.03**	**1.37**
	GBP	**₹**	**GBP**	**₹**
Creditors for Services	0.01	0.61	-	-

Conversion rate applied:
1 USD= ₹ 44.65(Previous year ₹ 45.14)
1 GBP= ₹ 71.9289(Previous year ₹ 68.032)
*15,325 USD in 2009-10

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

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

Annexure A

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

Name of the Company	Investments					Loans & Advances Given	
	Face Value(₹)	As At 31-Mar-11 No of Shares(Lacs)	As At 31-Mar-10 No of Shares(Lacs)	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)	Amount Outstanding As at 31-Mar-11 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ in Crores)
Name of the Subsidiary Company5							
Aaram Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.57	3.57
Abhinaya Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	6.07	6.07
Ajani Constructions Private Limited	10	0.10	0.10	0.01	0.01	12.07	12.07
Akarsh Constructions Private Limited	10	0.10	0.10	0.01	0.01	7.96	7.96
Akhil Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.70	1.70
Ambar Nivas Private Limited	10	0.10	0.10	0.01	0.01	0.57	0.57
Amir Constructions Private Limited	10	0.10	0.10	0.01	0.01	4.75	4.75
Anumanthai Beachside Resorts Private Limited	10	0.10	0.10	0.01	0.01	-	-
Anuttam Constructions Private Limited	10	0.10	0.10	0.01	0.01	0.19	13.79
Aparajitha Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.24	1.24
Aprati Constructions Private Limited	10	0.10	0.10	0.01	0.01	2.88	14.03
Arogya Constructions Private Limited	10	0.10	0.10	0.01	0.01	16.12	16.12
Arohi Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.79	27.75
Aroopa Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	3.22	7.42
Atul Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.64	1.83
Avatar Constructions Private Limited	10	0.10	0.10	0.01	0.01	1.98	11.84
Bay Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	20.17	20.17
Bharani Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	0.28	0.42
Bhushan Tradelinks Private Limited	10	0.10	0.10	0.01	0.01	0.86	0.86
Darpan Houses Private Limited	10	0.10	0.10	0.01	0.01	3.18	3.18
Dasha Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	5.98	5.98
Future Parking Private Limited	10	12.80	0.05	1.28	0.01	0.68	0.68
Giri Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	2.06	2.84
Goldenview Nivas Private Limited	10	0.10	0.10	0.01	0.01	0.37	0.37
Highrise Housing Projects Private Limited	10	0.10	0.10	0.01	0.01	0.88	0.88
Hilary Constructions Private Limited	10	0.10	0.10	0.01	0.01	4.47	4.47
Indraprastha Homes Private Limited	10	0.10	0.10	0.01	0.01	1.78	1.78
Jai Ganesh Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	3.28	4.91
Kanchanajunga Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	1.59	6.76
Karaikal Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	0.02	0.02
Karaikal Port Private Limited	10	2,989.20	2,989.20	298.92	298.92	4.46	26.07
Karaikal Power Company Private Limited	10	0.10	0.10	0.01	0.01	1.74	1.74
Kirtidhara Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	6.15	8.35
Kripa Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	14.87	14.87
Magnumopus Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	11.69	11.69
MARG Aviations Private Limited	10	0.10	0.10	0.01	0.01	0.18	0.18
MARG Business Park Private Limited	10	0.10	0.10	0.01	0.01	5.14	5.14
MARG Communications Private Limited	10	0.10	0.10	0.01	0.01	0.00	0.00
MARG Constructions (Chennai) Private Limited	10	0.10	0.10	0.01	0.01	-	0.00
MARG Industrial Clusters Limited	10	0.50	0.50	0.05	0.05	0.01	0.01

Annexure A

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

Name of the Company	Investments					Loans & Advances Given	
	Face Value(₹)	As At 31-Mar-11 No of Shares(Lacs)	As At 31-Mar-10 No of Shares(Lacs)	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)	Amount Outstanding As at 31-Mar-11 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ in Crores)
MARG Infrastructure Developers Limited	10	0.50	0.50	0.05	0.05	0.01	0.01
MARG Marine Infrastructure Limited	10	0.50	0.50	0.05	0.05	0.01	0.01
MARG International Dredging Pte Ltd	SIG $ 1	173.52	70.00	57.33	23.11	13.58	13.58
MARG Sri Krishnadevaraya Airport Private Limited	10	0.10	-	0.01	-	0.58	0.58
MARG Logistics Private Limited	10	0.10	0.10	0.01	0.01	0.07	0.07
MARG Port Management Services Private Limited	10	0.10	0.10	0.01	0.01	-	-
MARG Power projects Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.01
MARG Properties Limited	10	0.50	0.10	0.05	0.01	33.40	36.44
MARG Renewable Power Projects Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.01
MARG Swarnabhoomi Logistics Private Limited	10	0.10	0.10	0.01	0.01	-	-
MARG Swarnabhoomi Port Private Limited	10	0.11	0.11	0.01	0.01	1.09	1.09
MARG Swarnabhoomi Power Private Limited	10	0.10	0.10	0.01	0.01	0.01	0.01
MARG Trading Pte Ltd	SIG $ 1	0.01	0.01	0.00	0.00	0.04	0.04
Marigold Villas Private Limited	10	0.10	0.10	0.01	0.01	4.82	4.82
Mayur Habitat Private Limited	10	0.10	0.10	0.01	0.01	0.84	0.84
Mukta Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	2.26	10.01
Navita Estates Private Limited	10	0.10	0.10	0.01	0.01	1.68	1.68
Navrang Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	1.55	1.55
New Chennai Township Private Limited	10	580.50	510.00	58.05	51.00	128.40	128.40
New Era Land Developers Private Limited	10	0.10	0.10	0.01	0.01	9.76	9.76
O M R Developers Private Limited	10	0.10	0.10	0.01	0.01	4.17	9.98
Parivar Apartments Private Limited	10	0.10	0.10	0.01	0.01	0.74	0.74
Pathang Constructions Private Limited	10	0.10	0.10	0.01	0.01	9.73	15.21
Prospective Constructions Private Limited	10	0.10	0.10	0.01	0.01	7.28	7.28
Rainbow Habitat Private Limited	10	0.10	0.10	0.01	0.01	1.38	1.38
Riverside Infrastructure (India) Private Limited	10	1,008.80	615.00	100.88	61.50	45.86	80.95
Rupak Constructions Private Limited	10	0.10	0.10	0.01	0.01	1.98	1.98
Sanjog Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	8.04	8.04
Saptarishi Projects Private Limited	10	0.10	0.10	0.01	0.01	0.07	0.07
Saral Homes Private Limited	10	0.10	0.10	0.01	0.01	3.99	10.13
Sarang Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	21.57	21.57
Sathsang Constructions Private Limited	10	0.10	0.10	0.01	0.01	3.18	7.70
Shubham Vihar Private Limited	10	0.10	0.10	0.01	0.01	9.94	9.94
Siddhi Infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	5.41	9.61
Signa Infrastructure India Limited	10	0.37	0.37	0.04	0.04	-	-
Singar Constructions Private Limited	10	0.10	0.10	0.01	0.01	4.84	4.84
Swarnabhoomi Port Private Limited	10	0.10	0.10	0.01	0.01	-	-
Swatantra Infrastructure Private Limited	10	0.10	0.10	0.01	0.01	-	2.02
Veda infradevelopers Private Limited	10	0.10	0.10	0.01	0.01	6.85	6.85
Viswadhara Constructions Private Limited	10	0.10	0.10	0.01	0.01	7.32	7.32
Wisdom Constructions Private Limited	10	0.10	0.10	0.01	0.01	8.80	8.82

Annexure A

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

Name of the Company	Investments					Loans & Advances Given	
	Face Value (₹)	As At 31-Mar-11 No of Shares(Lacs)	As At 31-Mar-10 No of Shares(Lacs)	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)	Amount Outstanding As at 31-Mar-11 (₹ in Crores)	Maximum Amount Outstanding during the year (₹ in Crores)
Yuva Constructions Private Limited	10	0.10	0.10	0.01	0.01	2.03	2.03
Total				**517.41**	**435.44**	**504.82**	**677.39**
Name of the Associate Company							
Rajakamangalam Thuri Fishing Harbour Private Limited*	10	0.04	0.04	0.00	0.00	1.10	1.10
Total				**0.00**	**0.00**	**1.10**	**1.10**
Name of the Other Companies							
MARG Digital Infrastructure Private Limited	10	5.95	5.95	0.60	0.60	-	-
MARG Realities Limited	10	9.95	9.95	1.00	1.00	-	-
Total				**1.59**	**1.59**	-	-

*Investments includes ₹ 39,000/- as at 31-Mar-11 & 31-Mar-10

Annexure B

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

(₹ in lacs)

Sl No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover*	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) after Taxation	Proposed/ Interim Dividend
1	Aaram Constructions Private Limited	1.00	0.05	358.06	357.02	-	-	(0.30)	-	(0.30)	-
2	Abhinaya Infradevelopers Private Limited	1.00	(1.68)	605.92	606.60	-	-	(0.67)	-	(0.67)	-
3	Ajani Constructions Private Limited	1.00	(2.08)	1,206.28	1,207.36	-	-	(0.51)	-	(0.51)	-
4	Akarsh Constructions Private Limited	1.00	(1.00)	809.80	797.30	-	-	(0.40)	-	(0.40)	-
5	Akhil Infrastructure Private Limited	1.00	(1.11)	169.50	169.61	-	-	(0.28)	-	(0.28)	-
6	Ambar Nivas Private Limited	1.00	(1.08)	57.07	57.16	-	-	(0.31)	-	(0.31)	-
7	Amir Constructions Private Limited	1.00	244.95	720.50	474.55	-	-	(0.27)	-	(0.27)	-
8	Anumanthai Beachside Resorts Private Limited	1.00	(0.81)	0.43	0.25	-	-	(0.23)	-	(0.23)	-
9	Anuttam Constructions Private Limited	1.00	291.85	311.80	18.95	-	0.33	0.11	0.03	0.08	-
10	Aparajitha Infrastructure Private Limited	1.00	(0.23)	124.76	123.99	-	0.25	(0.12)	-	(0.12)	-
11	Aprati Constructions Private Limited	1.00	28.15	316.82	287.68	-	0.21	(0.47)	0.00	(0.48)	-
12	Arogya Constructions Private Limited	1.00	(3.33)	1,653.61	1,655.94	-	-	(0.52)	-	(0.52)	-
13	Arohi Infrastructure Private Limited	1.00	27.93	107.48	78.55	-	2.95	2.68	0.81	1.87	-
14	Aroopa Infradevelopers Private Limited	1.00	21.47	344.55	322.08	-	0.08	(0.83)	0.01	(0.84)	-
15	Atul Infrastructure Private Limited	1.00	169.33	234.62	64.29	-	-	(0.48)	-	(0.48)	-
16	Avatar Constructions Private Limited	1.00	232.35	431.24	197.89	-	-	(0.36)	-	(0.36)	-
17	Bay Infradevelopers Private Limited	1.00	13.50	2,031.95	2,017.44	-	0.86	0.18	-	0.18	-
18	Bharani Infrastructure Private Limited	1.00	1.47	30.32	27.85	-	2.00	1.74	0.53	1.20	-
19	Bhushan Tradelinks Private Limited	1.00	(1.30)	85.70	86.00	-	-	(0.51)	-	(0.51)	-
20	Darpan Houses Private Limited	1.00	183.33	502.44	318.11	-	-	(0.34)	-	(0.34)	-
21	Dasha Infradevelopers Private Limited	1.00	251.06	850.54	598.48	-	-	(0.33)	-	(0.33)	-
22	Future Parking Private Limited	251.00	(1.91)	316.71	67.62	-	2.86	(0.94)	0.80	(1.74)	-
23	Giri Infradevelopers Private Limited	1.00	(6.66)	199.89	205.55	-	1.00	0.62	0.12	0.51	-
24	Goldenview Nivas Private Limited	1.00	(0.19)	37.76	36.95	-	0.34	(0.02)	-	(0.02)	-
25	Highrise Housing Projects Private Limited	1.00	0.37	88.90	87.53	-	0.66	0.21	-	0.21	-
26	Hilary Constructions Private Limited	1.00	151.40	600.34	447.93	-	0.40	(1.29)	0.16	(1.45)	-
27	Indraprastha Homes Private Limited	1.00	0.24	179.46	178.22	-	0.48	0.07	-	0.07	-
28	Jai Ganesh Infradevelopers Private Limited	1.00	1.01	328.06	328.07	-	0.00	(0.40)	-	(0.40)	-
29	Kanchanajunga Infradevelopers Private Limited	1.00	(1.85)	157.94	158.78	-	0.05	(0.54)	-	(0.54)	-
30	Karaikal Infradevelopers Private Limited	1.00	(0.68)	2.25	1.93	-	-	(0.23)	-	(0.23)	-
31	Karaikal Port Private Limited	39,353.99	3,027.33	155,647.84	110,926.52	-	16,989.92	3,473.63	1,074.34	2,399.29	0.56
32	Karaikal Power Company Private Limited	1.00	(0.42)	174.53	173.95	-	-	(0.12)	-	(0.12)	-
33	Kirtidhara Infrastructure Private Limited	1.00	363.41	979.47	615.06	-	-	(1.78)	-	(1.78)	-
34	Kripa Infrastructure Private Limited	1.00	(1.65)	1,490.98	1,491.63	-	-	(0.40)	-	(0.40)	-
35	Magnumopus Infrastructure Private Limited	1.00	4.96	1,174.99	1,169.03	-	0.19	(0.25)	-	(0.25)	-
36	MARG Aviations Private Limited	1.00	(0.58)	18.65	18.23	-	-	(0.30)	-	(0.30)	-
37	MARG Business Park Private Limited	1.00	7.31	827.75	819.40	-	0.65	(1.00)	0.00	(1.00)	-
38	MARG Communications Private Limited	1.00	(0.50)	0.50	0.00	-	-	(0.16)	-	(0.16)	-
39	MARG Constructions (Chennai) Private Limited	1.00	(0.46)	0.54	-	-	-	(0.19)	-	(0.19)	-
40	MARG Industrial Clusters Limited	5.00	(0.31)	5.34	0.65	-	0.27	0.08	0.02	0.07	-
41	MARG Infrastructure Developers Limited	5.00	(0.31)	5.34	0.65	-	0.27	0.08	0.02	0.07	-

Annexure B

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

(Contd.)

(₹ in lacs)

Sl No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover*	Profit (Loss) before Taxation	Provision for Taxation	Profit (Loss) after Taxation	Proposed/ Interim Dividend
42	MARG Marine Infrastructure Limited	5.00	(0.32)	5.33	0.65	-	0.27	0.08	0.01	0.06	-
43	MARG International Dredging Pte Limited	5,733.00	2,003.39	21,030.10	13,293.71	-	3,710.70	2,016.57	307.58	1,708.86	-
44	MARG Sri Krishnadevaraya Airport Private Limited	1.00	(0.28)	58.73	58.01	-	-	(0.28)	-	(0.28)	-
45	MARG Logistics Private Limited	1.00	108.06	922.87	759.84	-	4,885.95	125.33	45.65	79.68	-
46	MARG Port Management Services Private Limited	1.00	(0.68)	0.75	0.43	-	-	(0.22)	-	(0.22)	-
47	MARG Power projects Private Limited	1.00	(0.99)	0.73	0.72	-	-	(0.27)	-	(0.27)	-
48	MARG Properties Limited	5.00	(83.50)	3,241.79	3,339.93	-	967.53	42.02	32.77	3.14	-
49	MARG Renewable Power Projects Private Limited	1.00	(0.82)	0.67	0.48	-	-	(0.23)	-	(0.23)	-
50	MARG Swarnabhoomi Logistics Private Limited	1.00	(0.47)	0.53	0.00	-	0.01	(0.15)	-	(0.15)	-
51	MARG Swarnabhoomi Port Private Limited	1.25	0.79	109.01	108.54	-	0.13	(1.04)	-	(1.04)	-
52	MARG Swarnabhoomi Power Private Limited	1.00	(0.61)	0.70	0.32	-	0.02	(0.22)	-	(0.22)	-
53	MARG Trading Pte Limited	0.33	(9.94)	(3.82)	3.56	-	0.16	(4.63)	-	(4.63)	-
54	Marigold Villas Private Limited	1.00	0.04	483.28	482.24	-	0.81	0.12	-	0.12	-
55	Mayur Habitat Private Limited	1.00	0.28	85.67	84.39	-	0.63	0.19	-	0.19	-
56	Mukta Infrastructure Private Limited	1.00	309.83	540.06	229.24	-	-	(0.61)	-	(0.61)	-
57	Navita Estates Private Limited	1.00	(0.86)	167.78	167.64	-	-	(0.24)	-	(0.24)	-
58	Navrang Infrastructure Private Limited	1.00	(0.60)	155.74	155.34	-	-	(0.27)	-	(0.27)	-
59	New Chennai Township Private Limited	5,805.00	11,992.63	67,302.45	44,765.84	-	19,868.90	5,352.75	67.02	5,281.02	-
60	New Era Land Developers Private Limited	1.00	(1.89)	979.98	980.87	-	-	(0.41)	-	(0.41)	-
61	O M R Developers Private Limited	1.00	20.65	604.91	417.27	-	0.20	(0.01)	0.00	(0.01)	-
62	Parivar Apartments Private Limited	1.00	(0.81)	74.03	73.85	-	-	(0.21)	-	(0.21)	-
63	Pathang Constructions Private Limited	1.00	(1.84)	971.78	972.62	-	0.11	(0.46)	-	(0.46)	-
64	Prospective Constructions Private Limited	1.00	(0.94)	728.60	728.54	-	-	(0.45)	-	(0.45)	-
65	Rainbow Habitat Private Limited	1.00	(0.63)	138.09	137.72	-	-	(0.18)	-	(0.18)	-
66	Riverside Infrastructure (India) Private Limited	13,488.63	762.81	32,023.56	17,771.61	-	-	(21.61)	1.49	(41.88)	-
67	Rupak Constructions Private Limited	1.00	(0.71)	198.09	197.80	-	0.06	(0.25)	-	(0.25)	-
68	Sanjog Infrastructure Private Limited	1.00	5.94	810.66	803.72	-	-	(0.29)	-	(0.29)	-
69	Saptarishi Projects Private Limited	1.00	(0.84)	7.47	7.31	-	-	(0.30)	-	(0.30)	-
70	Saral Homes Private Limited	1.00	0.02	400.00	398.98	-	0.40	(0.21)	-	(0.21)	-
71	Sarang Infradevelopers Private Limited	1.00	(7.86)	2,425.59	2,437.40	5.14-	6.16	(13.73)	0.18	(16.64)	-
72	Sathsang Constructions Private Limited	1.00	0.88	318.41	318.29	-	-	(0.39)	-	(0.39)	-
73	Shubham Vihar Private Limited	1.00	646.66	1,641.48	993.82	-	0.01	(0.21)	-	(0.21)	-
74	Siddhi Infradevelopers Private Limited	1.00	(2.06)	539.90	540.96	-	-	(0.54)	-	(0.54)	-
75	Signa Infrastructure India Limited	5.00	24.81	29.86	0.05	-	74.29	15.00	4.77	10.23	1.00
76	Singar Constructions Private Limited	1.00	(0.61)	484.64	484.25	-	-	(0.26)	-	(0.26)	-
77	Swarnabhoomi Port Private Limited	1.00	(0.75)	0.27	0.02	-	-	(0.16)	-	(0.16)	-
78	Swatantra Infrastructure Private Limited	1.00	915.68	926.68	-	-	1.92	1.66	0.52	1.14	-
79	Veda infradevelopers Private Limited	1.00	(4.10)	761.92	685.02	-	-	(1.21)	-	(1.21)	-
80	Viswadhara Constructions Private Limited	1.00	(0.40)	732.55	731.95	-	0.43	(0.05)	-	(0.05)	-
81	Wisdom Constructions Private Limited	1.00	16.62	897.61	879.99	-	-	(2.25)	-	(2.25)	-
82	Yuva Constructions Private Limited	1.00	25.45	229.48	203.03	-	-	(2.20)	-	(2.20)	-

** Turnover includes Other Income*

AUDITOR'S REPORT ON CASH FLOW STATEMENT

We have examined the Cash Flow Statement of MARG Limited for the year ended 31st March 2011. 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.,
Reg no: 02830S
Chartered Accountants

R M V Balaji
Partner
Mem No : 27476
Place: Chennai
Date : 29th August,2011

Standalone cash flow statement

S No	Particulars	Year Ended 31-Mar-11 (₹ in Crores)	Year Ended 31-Mar-10 (₹ in Crores)
A	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net Profit before Taxation and Extraordinary Items	**94.87**	**115.19**
	Adjustment for:		
	Depreciation	6.97	5.20
	Net Unrealised (Gain) / Loss on Exchange Rate Fluctuations	0.34	0.05
	Net Unrealised Loss / (Profit) Decline in Investments	0.01	(0.03)
	Dividend Income	(0.84)	(0.01)
	Profit on sale of Investment	-	(11.69)
	Profit on sale of Assets	-	(2.94)
	Loss on sale of Fixed Assets	0.02	0.13
	Charges for Employee Stock option	0.32	1.12
	Prior Period Items (Net)	(0.22)	(0.47)
	Interest and Finance Charges (Net)	27.61	14.38
	Operating Profit before Working Capital Changes	**129.08**	**120.93**
	Decrease / (Increase) in Sundry Debtors	(131.99)	(176.94)
	Decrease / (Increase) in Inventories	(85.29)	(4.95)
	Decrease / (Increase) in Loans & Advances	(311.70)	(14.77)
	Increase / (Decrease) in Current Liabilities	139.70	235.32
	Cash Generated from Operations	**(260.20)**	**159.59**
	Income Tax	(45.57)	(44.17)
	Cash Flow before Extraordinary Items	**(305.77)**	**115.42**
	Adjustment for Extraordinary Items	-	-
	NET CASH FROM OPERATING ACTIVITIES (A)	**(305.77)**	**115.42**
B	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	(43.01)	(15.32)
	Purchase of Investments in Subsidiaries	(21.62)	(215.71)
	Advance for Share Application Money in Subsidiaries	(0.02)	(26.37)
	Dividend Received	0.01	0.01
	Sale of Investments in Subsidiaries	54.19	0.01
	Proceeds from Sale of Fixed Assets (Net)	0.04	0.26
	NET CASH FROM INVESTING ACTIVITIES (B)	**(10.41)**	**(257.12)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Proceeds from Issuance of Share Capital	9.55	1.60
	Proceeds from Share Premium	118.23	8.61
	Proceeds from Share Application Money	-	8.30
	Proceeds from Long Term Borrowings (Net)	157.48	79.73
	Proceed from Short Term Borrowings (Net)	99.88	99.10
	Interest and Finance Charges Paid (Net)	(55.35)	(26.50)
	Dividend & Dividend Tax Paid	(7.66)	(5.95)
	NET CASH USED IN FINANCING ACTIVITIES (C)	**322.13**	**164.89**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**5.95**	**23.19**
	Cash and Cash Equivalents at beginning of Period	**51.08**	**27.89**
	Cash and Cash Equivalents at end of Period	**57.03**	**51.08**

Notes:

1 Cash Flow statement is prepared under the Indirect Method in accordance with Accounting Standard (AS) 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

2 Depreciation includes amount transferred to 'Cost of Projects'.

3 For cash and cash equivalents not available for immediate use as on the Balance Sheet date, refer Note No 10 of Notes forming part of Accounts.

4 For non cash transactions refer Note 11 of Notes forming part of Accounts.

5 Previous year's figures have been regrouped/reclassified wherever necessary.

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

AUDITORS' REPORT

TO
THE BOARD OF DIRECTORS OF
MARG Limited

We have audited the attached Consolidated Balance Sheet of MARG LIMITED and its subsidiaries (the Group) as at 31st March, 2011, 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 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 Consolidated financial statements of MARG LIMITED incorporate the accounts for the year ended 31st March 2011 of 82 Companies of which 61 companies listed in "Annexure A" have been audited by us and whose reports have been considered by us.

We did not audit the financial statements of following 21 subsidiaries whose financial statements reflects total assets of ₹ 1834.21 Crores as at 31st March 2011, the total income of ₹ 207.54 Crores for the year ended on that date and the Net Cash Flows amounting to ₹ 1.50 Crores, for the year ended 31st March 2011. 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.

Sl. No	Name of the Company
1	Aaram Constructions Private Limited
2	Abhinaya Infradevelopers Private Limited
3	Ajani Constructions Private Limited
4	Bharani Infrastructure Private Limited
5	Bhushan Tradelink Private Limited
6	Darpan Houses Private Limited
7	Indraprastha Homes Private Limited
8	Karaikal Port Private Limited
9	MARG Communications Private Limited
10	MARG Constructions (Chennai) P Limited
11	MARG International Dredging Pte Limited
12	MARG Swarnabhoomi Logistics Private Limited
13	MARG Swarnabhoomi Power Private Limited
14	MARG Trading Pte Limited
15	Sathsang Constructions Private Limited
16	Shubham Vihar Private Limited
17	Siddhi Infradevelopers Private Limited
18	Signa Infrastructure India Limited
19	Singar Constructions Private Limited
20	Swarnabhoomi Port Private Limited
21	Veda Infradevelopers Private Limited

We report that the consolidated financial statements have been prepared by MARG 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:

i. in the case of the Consolidated Balance Sheet, of the State of Affairs of MARG LIMITED Group as at 31st March 2011;

ii. in the case of Consolidated Profit and Loss Account, of the Profit for the year ended 31st March 2011 and

iii. in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended 31st March 2011.

For **K RAMKUMAR & Co.**
Reg no: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th August 2011

Annexure A

Sl. No	Name of the Company	Sl. No	Name of the Company
1	Akarsh Constructions Private Limited	32	MARG Infratsructure Developers Limited
2	Akhil Infrastructure Private Limited	33	MARG Logistics Private Limited
3	Ambar Nivas Private Limited	34	MARG Marine Infrastructure Limited
4	Amir Constructions Private Limited	35	MARG Port Management Services Private Limited
5	Anumanthai Beachside Resorts Private Limited	36	MARG Power Projects Private Limited
6	Anuttam Constructions Private Limited	37	MARG ProperTies Private Limited
7	Aparajitha Infrastructure Private Limited	38	MARG Renewable Power Projects Private Limited
8	Aprati Constructions Private Limited	39	MARG Sri Krishnadevaraya Airport
9	Arogya Constructions Private Limited	40	Marigold Villas private Limited
10	Arohi Infrastructure Private Limited	41	Mayur Habitat Private Limited
11	Aroopa Infradevelopers Private Limited	42	Mukta Infrastructure Private Limited
12	Atul Infrastructure Private Limited	43	Navita Estates Private Limited
13	Avatar Constructions Private Limited	44	Navrang Infrastructure Private Limited
14	Bay Infradevelopers Private Limited	45	New Chennai Township Private Limited
15	Dasha Infradevelopers Private Limited	46	New Era Land Developers Private Limited
16	Future Parking Private Limited	47	O M R Developers Private Limited
17	Giri Infradevelopers Private Limited	48	Parivar Apartments Private Limited
18	Goldenview Nivas Private Limited	49	Pathang Constructions Private Limited
19	Highrise Housing Projects Private Limited	50	Prospective Constructions Private Limited
20	Hilary Constructions Private Limited	51	Rainbow Habitat Private Limited
21	Jai Ganesh Infradevelopers Private Limited	52	Riverside Infrastructure (India) Private Limited.
22	Kanchanajunga Infradevelopers Private Limited	53	Rupak Constructions Private Limited
23	Karaikal Infradevelopers Private Limited	54	Sanjog Infrastructure Private Limited
24	Karaikal Power Company Private Limited	55	Saptarishi Projects Private Limited
25	Kirtidhara Infrastructure Private Limited	56	Saral Homes Private Limited
26	Kripa Infrastructure Private Limited	57	Sarang Infradevelopers Private Limited
27	Magnumopus Infrastructure Private Limited	58	Swatantra Infrastructure Private Limited
28	MARG Swarnabhoomi Port Private Limited	59	Viswadhara Constructions Private Limited
29	MARG Aviations Private Limited	60	Wisdom Constructions Private Limited
30	MARG Business Park Private Limited	61	Yuva Constructions Private Limited
31	MARG Industrial Clusters Limited		

Consolidated balance sheet

PARTICULARS	Schedule	As At 31-Mar-11 (₹in Crores)	As At 31-Mar-10 (₹in Crores)
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	38.12	27.21
Employee Stock Option	2	0.58	0.80
Share / Warrant Application Money		-	78.30
Reserves & Surplus	3	365.52	210.28
MINORITY INTEREST		142.24	42.55
LOAN FUNDS			
Secured Loans	4	2,497.61	1,714.95
Unsecured Loans	5	0.62	9.58
DEFERRED TAX LIABILITY (Net)	6	3.79	-
		3,048.48	**2,083.67**
APPLICATION OF FUNDS			
GOODWILL (on Consolidation)*		8.67	-
FIXED ASSETS	7		
Gross Block		941.52	627.23
Less : Depreciation		55.20	26.53
Net Block		**886.32**	**600.70**
Capital Work In Progress		1,212.53	734.55
		2,098.85	**1,335.25**
INVESTMENTS	8	2.58	2.58
DEFERRED TAX ASSET (Net)	6	-	2.54
CURRENT ASSETS, LOANS & ADVANCES	9		
Inventories		500.57	329.99
Sundry Debtors		584.78	419.08
Cash & Bank Balances		146.42	141.46
Loans & Advances		276.43	214.80
		1,508.20	**1,105.33**
LESS : CURRENT LIABILITIES & PROVISIONS	10		
Current Liabilities		548.28	348.57
Lease Deposits/ Rental Advances		5.41	4.90
Provisions		16.13	8.56
		569.82	**362.03**
NET CURRENT ASSETS		**938.38**	**743.30**
NOTES ON ACCOUNTS	18	**3,048.48**	**2,083.67**

*Note: - Includes ₹ 21,079/- for the FY 2009-10

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

Consolidated Profit & Loss Account

PARTICULARS	Schedule	Year Ended 31-Mar-11 (₹in Crores)	Year Ended 31-Mar-10 (₹in Crores)
INCOME			
Income from Operations	11	941.84	364.44
Other Income	12	10.20	24.21
		952.04	**388.65**
EXPENDITURE			
Cost of Projects / Operating Expenses	13	707.96	233.95
Personnel Expenses	14	33.74	16.62
Administrative Expenses	15	50.05	31.16
		791.75	**281.73**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**160.29**	**106.92**
Depreciation	7	28.17	18.03
PROFIT BEFORE INTEREST & TAX		**132.12**	**88.89**
Interest & Finance Charges	16	63.19	44.50
PROFIT BEFORE TAX		**68.93**	**44.39**
TAX EXPENSE			
Current Tax		43.70	41.20
Taxes - Prior Period		0.13	-
Deferred Tax	17	6.33	(8.71)
PROFIT AFTER TAX BEFORE PRIOR PERIOD ITEMS		**18.77**	**11.90**
Prior Period Items (Net)		0.54	0.47
PROFIT AFTER TAX		**18.23**	**11.43**
Balance brought forward from Previous Year		(8.07)	(3.93)
Transfer to Cost of Control (on Consolidation)		0.17	-
Minority Interest*		(0.45)	-
Share of Profit/(Loss) in Associates**		-	-
AMOUNT AVAILABLE FOR APPROPRIATION		**9.88**	**7.50**
APPROPRIATIONS			
Proposed Dividend		7.63	7.43
Dividend Tax		1.27	1.13
General Reserve		4.51	7.01
Balance carried to Balance Sheet		(3.53)	(8.07)
		9.88	**7.50**
EARNINGS PER SHARE			
Basic (Face Value ₹ 10/-)		**5.51**	**4.33**
Diluted (Face Value ₹ 10/-)		**4.83**	**3.84**
NOTES ON ACCOUNTS	18		

*Includes ₹ 3,148/- for the FY 2009-10.
**Includes ₹ (18,445)/- and ₹ (3,191)/- for the FY 2009-10 and FY 2010-11 respectively.

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

Schedules forming part of Accounts

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of ₹10 each (Previous year 50,000,000 Equity Shares of ₹10 each)	50.00	50.00
Issued, Subscribed and Paid up Capital		
38,118,926 Equity Shares of ₹10 each (Previous year 27,208,369 Equity Shares of ₹10 each)	38.12	27.21
	38.12	**27.21**
SCHEDULE 2 : EMPLOYEE STOCK OPTION		
Employee Stock Option Outstanding	1.11	2.15
Less: Deferred Employee Compensation Expense	0.53	1.35
	0.58	**0.80**
SCHEDULE 3 : RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	194.18	185.59
Add: Addition during the year	152.80	8.61
Less: Securities issue expenses written-off	3.21	0.02
Less: Transferred to Minority Interest	3.39	-
	340.38	**194.18**
General Reserve		
Opening Balance	24.17	17.16
Less: Minority Interest	0.01	-
Add: Transferred from the Profit and Loss Account	4.51	7.01
	28.67	**24.17**
Profit & Loss Account	(3.53)	(8.07)
	(3.53)	**(8.07)**
	365.52	**210.28**
SCHEDULE 4 : SECURED LOANS		
From Banks & Financial Institutions:		
Secured by way of charge on rentals, mortgage / hypothecation of movable & immovable properties	2,166.43	1,521.29
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	279.31	171.52
From Others:		
Secured by way of charge on movable & immovable properties	51.87	22.14
(Loans for ₹ 2,452 Crores (Previous Year ₹ 1,797 Crores) are guaranteed by some of the directors)		
	2,497.61	**1,714.95**
SCHEDULE 5 : UNSECURED LOANS		
Loans From Companies	0.62	9.58
	0.62	**9.58**
SCHEDULE 6 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	4.47	1.91
Less : Deferred Tax Asset	0.68	4.45
	3.79	**(2.54)**

SCHEDULE 7 : FIXED ASSETS (₹ in Crores)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31-Mar-10	Additions	Deductions / Transfers	As At 31-Mar-11	Up to 31-Mar-10	For the year	Deletions	Up to 31-Mar-11	As At 31-Mar-11	As At 31-Mar-10
INTANGIBLE ASSETS										
Computer Software*	2.22	0.93	-	3.15	0.11	0.53	-	0.64	2.51	2.11
Port License	0.75	-	-	0.75	0.02	0.03	-	0.05	0.70	0.73
TANGIBLE ASSETS										
LEASED ASSETS										
Digital Zone - I										
Land	5.23	-	-	5.23	-	-	-	-	5.23	5.23
Building	22.63	-	-	22.63	1.98	0.37	-	2.35	20.28	20.65
Plant & Machinery	5.25	-	-	5.25	1.32	0.25	-	1.57	3.68	3.93
Electrical Equipment & Fittings	10.99	-	-	10.99	2.78	0.52	-	3.30	7.69	8.21
Furniture & Fixtures	9.34	-	-	9.34	3.10	0.59	-	3.69	5.65	6.24
Thiruvanmiyur									-	-
Land & Building	0.45	-	-	0.45	-	-	-	-	0.45	0.45
Swarnabhoomi - SEZ										
Land	-	0.87	-	0.87	-	-	-	-	0.87	-
Building	-	3.31	-	3.31	-	0.02	-	0.02	3.29	-
PORT ASSETS										
Buildings	29.38	0.02	-	29.40	0.76	1.00	-	1.76	27.64	28.62
Dredged Channels	122.00	-	-	122.00	3.39	4.07	-	7.46	114.54	118.61
Marine Structures	146.69	-	-	146.69	4.07	4.89	-	8.96	137.73	142.62
Plant and Machinery	55.09	2.00	-	57.09	2.07	2.66	-	4.73	52.36	53.02
OTHER ASSETS										
Land	120.48	86.76	-	207.24	-	-	-	-	207.24	120.48
Building	0.31	2.01	-	2.32	0.31	0.35	-	0.66	1.66	-
Computers	5.41	3.88	-	9.29	1.68	1.06	-	2.74	6.55	3.73
Office Equipment	2.34	3.36	-	5.70	0.36	0.23	-	0.59	5.11	1.98
Furniture & Fittings	3.25	11.36	-	14.61	0.80	0.67	-	1.47	13.14	2.45
Motor Vehicles	13.41	2.91	0.10	16.22	1.11	1.56	0.05	2.62	13.60	12.30
Plant & Machinery	12.09	49.48	-	61.57	0.68	2.79	-	3.47	58.10	11.41
Electrical Equipment & Fittings	1.42	2.76	-	4.18	0.16	0.16	-	0.32	3.86	1.26
Dredger	58.50	144.74	-	203.24	1.83	6.97	-	8.80	194.44	56.67
Live Stock**	-	-	-	-	-	-	-	-	-	-
Total	**627.23**	**314.39**	**0.10**	**941.52**	**26.53**	**28.72**	**0.05**	**55.20**	**886.32**	**600.70**
Previous Year	**264.28**	**462.68**	**99.73**	**627.23**	**14.66**	**18.27**	**6.40**	**26.53**	**600.70**	**249.62**
Capital Work in Progress	**734.55**	**480.15**	**2.17**	**1,212.53**	**-**	**-**	**-**	**-**	**1,212.53**	**734.55**
Previous Year	**556.43**	**493.42**	**315.30**	**734.55**	**-**	**-**	**-**	**-**	**734.55**	**556.43**

*Note: - Other than internally generated
** Includes ₹ 11,700/-

Capital work-in-progess includes:

a) Construction costs	861.62	571.87
b) Borrowing cost	214.55	98.30
c) Pre-operative expenses	119.47	53.51
d) Capital advances	16.89	10.87
	1,212.53	734.55

PARTICULARS				As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 8 : INVESTMENTS					
Long Term Investments					
Investments in Shares (Non-Quoted, Stated at Cost)					
Company	**Face value (₹)**	**No of Shares 31-Mar-11**	**No of Shares 31-Mar-10**		
MARG Digital Infrastructure Pvt Ltd	10	595,000	595,000	0.59	0.59
MARG Realities Ltd	10	995,000	995,000	1.00	1.00
Catholic Syrian Bank Ltd	10	20,100	20,100	0.06	0.06
				1.65	1.65
Investments in Associate (Non-Quoted)					
Rajakamangalam Thurai Fishing Harbour Pvt Ltd*	10	3,900	3,900	-	-
Add/Less: Profit/(Loss) in Associates**				-	-
				-	-
Investments in Properties (Non-Quoted, Stated at Cost)					
Building				0.84	0.84
				0.84	0.84
Short Term Investments					
Investments in Mutual Funds (Quoted)					
UTI Infrastructure Advantage Fund Series [25,462.687 units (Previous year 100,000 units) of Face Value of ₹ 33.50 each (Previous year ₹10/- each)] [NAV as on 31st March 2011 ₹32.96 each (Previous year ₹9.20 each)]				0.09	0.10
Less : Provision for Decline in Investments***				-	0.01
				0.09	0.09
				2.58	**2.58**

**Includes ₹39,000/- as at 31st March 2011 and 31st March 2010*
***Includes ₹(18,445)/- and ₹(21,637)/- as at 31st March 2010 and 31st March 2011 respectively*
****Includes ₹(13,750)/- as at 31st March 2011*

Schedules forming part of Accounts (Contd.)

PARTICULARS	As At 31-Mar-11 (₹ in Crores)	As At 31-Mar-10 (₹ in Crores)
SCHEDULE 9 : CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	-	6.13
Projects in Progress	446.95	300.95
Stock of Materials and Spares at Site	53.62	22.91
	500.57	**329.99**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	53.57	33.87
Others	531.21	385.21
	584.78	**419.08**
Cash and Bank Balances		
Cash Balance	1.20	0.72
Balances with Scheduled Banks		
In Current Accounts	68.23	99.14
In Deposit Accounts	13.28	9.86
In Margin Money Accounts	63.71	31.74
	146.42	**141.46**
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advances to Suppliers	166.15	137.11
Advances to Staff	1.39	0.95
Other Advances Recoverable	25.38	30.23
Prepaid Expenses	10.85	3.45
Prepaid Taxes	62.00	35.69
Security Deposits	10.66	7.37
	276.43	**214.80**
	1,508.20	**1,105.33**
SCHEDULE 10 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	207.01	130.23
Advances from Customers	64.95	17.20
Expenses Payable	96.71	69.06
Bills Payable	131.05	95.85
Statutory Dues	28.43	16.96
Unclaimed Dividend	0.17	0.13
Due to Directors	1.06	0.64
Mobilisation Deposit	18.50	18.50
Other Current Liabilities	0.40	-
	548.28	**348.57**
Lease Deposits / Rental Advances	5.41	4.90
	5.41	**4.90**
Provisions		
Income Tax	7.24	-
Proposed Dividend	7.62	7.43
Tax on Dividend	1.27	1.13
	16.13	**8.56**
	569.82	**362.03**

PARTICULARS	Year Ended 31-Mar-11 (₹ in Crores)	Year Ended 31-Mar-10 (₹ in Crores)
SCHEDULE 11 : INCOME FROM OPERATIONS		
Income from Projects / Operations	930.00	353.75
Income from Leasing	11.84	10.69
	941.84	**364.44**
SCHEDULE 12 : OTHER INCOME		
Profit on Sale of Investment	2.71	11.69
Dividend Received	0.83	0.01
Agricultural Income	0.12	0.10
Profit on Sale of Assets	-	8.32
Exchange Rate Difference	5.98	2.26
Miscellaneous Income	0.56	1.83
	10.20	**24.21**
SCHEDULE 13 : COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS / OPERATING EXPENSES		
Opening Stock		
Stock of Completed Projects	6.13	-
Projects in Progress	300.95	203.22
Stock of Materials and Spares at Site	22.91	17.81
	329.99	**221.03**
Expenditure During the year		
Cost of Projects / Operating Expenses	876.82	341.85
Closing Stock		
Stock of Completed Projects	-	6.13
Projects in Progress	446.95	300.95
Stock of Materials and Spares at Site	53.62	22.91
	500.57	**329.99**
Cost of Projects / Operating Expenses	706.24	232.89
Repairs & Maintenance-Leased Properties	1.72	1.06
	707.96	**233.95**
SCHEDULE 14 : PERSONNEL EXPENSES		
Salaries & Allowances	21.50	10.82
Remuneration to Managing Director	1.89	1.63
Rent Staff	-	0.09
Contribution to Funds	3.01	1.09
Recruitment & Training Expenses	1.22	0.35
Staff Welfare Expenses	3.92	1.09
Retirement Benefits	1.88	0.43
Employee Compensation Expense	0.32	1.12
	33.74	**16.62**

PARTICULARS	Year Ended 31-Mar-11 (₹ in Crores)	Year Ended 31-Mar-10 (₹ in Crores)
SCHEDULE 15 : ADMINISTRATIVE EXPENSES		
Rent	3.96	3.03
Rates & Taxes	0.51	0.23
Communication Cost	1.32	0.95
Electricity Charges	2.35	0.74
Traveling and Conveyance	7.64	4.21
IT Services	1.72	0.67
Repairs & Maintenance	1.31	2.22
Payment to Non-executive Directors		
- Sitting Fees for Board Meeting	0.12	0.11
- Sitting Fees for Committee Meeting	0.20	0.12
- Commission	0.50	-
Secretarial Expenses	0.54	1.45
Advertisement & Business Promotion	9.55	6.80
Printing & Stationery	1.00	0.68
Postage and Courier Charges	0.14	0.10
Payment to Auditors		
- Statutory Audit Fee	0.26	0.25
- Other Services	0.03	0.02
Insurance Premium	1.66	0.70
Legal & Professional Charges	8.00	4.25
General Expenses	0.90	0.87
Exchange Rate Fluctuation	0.69	0.06
Office Maintenance	6.44	2.79
Donation	0.55	0.22
Vehicle Maintenance	0.63	0.50
Loss on Sale of Assets	0.03	0.17
Preliminary Expenses Written off	-	0.02
	50.05	**31.16**
SCHEDULE 16 : INTEREST & FINANCE CHARGES		
Interest on Loans	68.27	52.18
Less : Interest Recovered	8.82	10.86
Net Interest	59.45	41.32
Bank & Finance Charges	3.74	3.18
	63.19	**44.50**
SCHEDULE 17 : DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	6.33	(8.71)
	6.33	**(8.71)**

SCHEDULE 18: NOTES ON ACCOUNTS

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to MARG Limited ("The Company"), its subsidiaries and Associates. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard AS-23, "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified pursuant to the Companies (Accounting Standard) Rules 2006,as applicable on the 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 unrealized profits or losses in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b. Minority Interests' share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately form the liabilities and equity of the Company's shareholders.

c. The difference between the cost of investment in subsidiaries and the proportionate share in the equity of the investee Company as at the date of acquisition is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

d. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.

e. Investments in Associates are accounted under the Equity Method. The excess of cost of investment over the proportionate share in equity of the Associate as on the date of acquisition of stake is identified as Goodwill and is disclosed in the Consolidated Financial Statements. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits if such associates are not accounted for unless the accumulated losses(not accounted for by the group) are recouped.

f. "The Consolidated Financial Statements" have been prepared using the uniform accounting policies for the like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's individual financial statements.

g. In case of foreign subsidiaries, being Integral foreign operations, Income and Expenditure items are consolidated by using monthly average rates. The Monetary items are translated using the rate prevailing at the balance sheet date. Non monetary items are translated at the rates prevailing on the date of transaction. The resultant exchange gain or loss is recognised in the consolidated profit and loss account.

h. The details of the Subsidiary Companies considered in the consolidated financial statements are listed in the Annexure.

SIGNIFICANT GROUP ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(i) The Financial Statements are prepared under historical cost convention on accrual basis and going concern concept and materially comply with Accounting Standards (AS) as mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable

(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.

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/ actual cost incurred as compared to total estimated cost, at the balance sheet date, taking into account the contractual price and revision thereto. Losses on contracts are fully accounted for as and when incurred. Foreseeable losses are accounted for when they are determined except to the extent they are expected to be recovered through claims presented or to be presented to the customer or in arbitration. Expenditure incurred in respect of additional costs / delays are accounted in the year in which they are incurred. Claims made in respect thereof are accounted as income in the year of receipt of arbitration award or acceptance by client or evidence of acceptance received from the client. Project Development Income is the fee charged to the customers on transfer of property in consideration of various services rendered by the Company for promoting the respective projects.

2. Revenue from Port operation services is recognized as and when the services are rendered.

3. In cases of long term leases of land where land lease/sub-lease transactions are non-cancellable in nature, the income is recognized at the inception of lease / sub-lease agreement or when the Memorandum of Understanding takes effect. The entire income being the non-refundable upfront premium is recognized. In respect of these lands, the corresponding cost of the land is expensed off in the Profit and Loss Account.

4. Dividend income is recognized when the right to receive the payment is established.

5. 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) Cost of port assets, viz., Buildings, Marine structures and Dredged Channel is amortized over the initial period of the Concession Agreement of 30 years commencing from “Commercial date of Operations” (COD), June 1, 2009.

(v) All assets individually costing ₹ 5,000 or below are fully depreciated in the year it is put to use.

(vi) 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.

(vii) Intangible assets

SAP software and other computer software are stated at cost of acquisition less accumulated amortization. The SAP software cost is amortized over a period of five years on a pro-rata basis.

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

D. VALUATION OF CLOSING STOCK

(i) Raw Material: Raw Material, Stores and Spares are valued at weighted average Cost. Cost comprises all costs of purchase.

(ii) Project Land: The land not yet transferred to any project cost is valued at lower of cost/ estimated cost, and net realisable value.

(iii) Work-in-progress: Work-in-progress is valued at cost or the contract rates whichever is lower.

(iv) 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. EMPLOYEE BENEFITS

1. Short Term employee benefits

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

2. Post employment benefits

- **Provident Fund**

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

- **Gratuity**

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

- **Leave Encashment**

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

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 is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In respect of Companies availing tax deduction under Section 80 of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but reverse after the tax holiday period. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

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 rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account.

I. BORROWING COSTS:

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

J. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when:

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

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

Contingent Assets are neither recognized nor disclosed.

K. EMPLOYEE STOCK COMPENSATION COST

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

L. LEASES

- **Operating Leases**

The Company is obligated under cancelable and non-cancelable leases for office, residential space and Land. Lease expenses are charged to the profit and loss account on a straight line basis over the lease term.

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

- **Finance Leases**

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

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

M. EARNINGS PER SHARE

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

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2011 is ₹ 674.88 Crores
(Previous Year ₹ 1094.10 Crores)

b. Corporate Guarantees and collateral securities given to Banks in respect of loans taken by other Companies :
₹ 2753.70 Crores (Previous Year ₹ 2300.85 Crores)

c. Corporate Guarantees given to Bank in respect of performance bank guarantees issued by them : ₹ 126.56 Crores (Previous Year ₹ 65.33 Crores)

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

(₹ in crores)

As at 31st Mar 2011		As at 31st Mar 2010		Due date of Obligation
Duty saved	Export obligation	Duty saved	Export obligation	
0.14	1.14	0.14	1.14	17-Feb-12
0.12	0.95	0.12	0.95	3-Jan-15
0.14	1.11	0.14	1.11	27-Feb-15
1.73	13.83	Nil	Nil	20-May-18
0.31	2.47	Nil	Nil	20-May-18
0.32	2.55	Nil	Nil	25-Aug-17
0.80	6.37	Nil	Nil	25-Aug-17
0.07	0.57	Nil	Nil	30-Jun-18
0.04	0.30	Nil	Nil	9-Feb-18
0.06	0.52	Nil	Nil	9-Feb-18

e. Claims not acknowledged as debts by the Company: ₹ 1.02 Crore (Previous Year ₹ 0.04 Crore)

f. Income Tax Demand:

Tax on Income

	Details of Demand (₹)				
		Amount Paid under Protest			
Assessment Year	Demand Raised By Dept.	Till 31st March 2010	During 2010-11	Total	Forum Where Dispute is Pending
2001 - 02	16,785,003	16,879,719	-	16,879,719	Madras High Court
2002 - 03	8,926,848	9,659,367	-	9,659,367	CIT
2007 - 08	13,40,625	13,40,625	-	13,40,625	ITAT, Chennai
2008 - 09	5,276,990	-	52,76,990	52,76,990	CIT(Appeal)

Tax Deducted at Source

	Details of Demand (₹)				
		Amount Paid under Protest			
Assessment Year	Demand Raised By Dept.	Till 31st March 2010	During 2010-11	Total	Forum Where Dispute is Pending
1996 - 97	21,503	4,931	-	4,931	ITO – TDS
1997 - 98	2,368,619	2,317,682	-	2,317,682	ITO – TDS
1998 - 99	1,628,830	842,934	-	842,934	ITO – TDS
1999 - 00	1,857,640	581,282	-	581,282	ITO – TDS
2000 - 01	442,820	65,440	-	65,440	ITO – TDS

2. DEFERRED TAX ASSETS / 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 Assets / liability.

During the year an amount of ₹ 6.33 Crores has been charged as deferred tax expense. The deferred tax liability outstanding as on 31st March 2011 is ₹ 3.79 Crores the details of which are as follows:

(₹ in crores)

Particulars	As at 31st March 2011	As at 31st March 2010
Outstanding Deferred Tax Liability/(asset) as at the beginning of the year	(2.54)	6.17
Timing difference on account of Depreciation	(17.33)	17.35
Timing difference on account of Business Loss	20.12	(21.49)
Timing difference on account of Employee Benefits	(0.28)	(0.28)
Reversal of Deferred Tax Liability for Dredger Depreciation	-	(4.29)
Reversal of Deferred Tax asset on account of Business Loss	3.82	-
Outstanding Deferred Tax Liability/(asset) as at the end of the year	3.79	(2.54)

In case of the Subsidiary Karaikal Port Private Limited, the deferred tax asset is recognized to the extent of the Deferred Tax Liability of ₹ 19.89 crore and the Deferred Tax asset of ₹ 3.82 crore recognized in FY 2009-10 is reversed during the year.

3. SEGMENT REPORTING

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

1) Engineering, Procurement and Construction (EPC)
2) Urban Infrastructure Development
3) Port and Logistics
4) Leasing

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

• Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

• Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Primary Segment Information:

(₹ in crores)

	Particulars	EPC	URBAN INFRASTRUCTURE DEVELOPMENT	PORT & LOGISTICS	LEASING	UNALLOCABLE	TOTAL
1	**Segment Revenue**						
	External Turnover	472.73	264.81	191.50	12.09	0.71	941.84
	Inter Segment Turnover	531.25	2.03	7.51	0.62	-	541.41
	Total Turnover	**1,003.98**	**266.84**	**199.01**	**12.71**	**0.71**	**1,483.25**
2	**Segment Result before Interest & Taxes**						
	Segment Result before Interest & Taxes	150.21	63.45	64.89	10.78	-	289.33
	Less: Inter Segment Result						108.28
							181.05
	Less: Unallocable Expenses						48.93
	Less: Interest and Finance Charges						72.01
	Add: Interest Income						8.82
	Less: Prior period / Exceptional Items						0.54
	Profit Before Tax						**68.39**
	Current Tax						43.83
	Deferred Tax						6.33
	Profit after Tax						**18.23**
3	**Other Information**						
	Segment Assets	851.45	758.42	1,330.28	322.00	347.49	3,609.64
	Segment Liabilities	712.13	640.33	1,180.46	214.72	324.20	3,071.84
	Capital Expenditure	220.87	5.53	381.72	56.00	128.25	792.37
	Depreciation for the year	12.07	0.52	13.73	1.75	0.10	28.17
	Non Cash Expenses (Income) (other than depreciation)	0.34	-	-	-	-	0.34

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

The reportable segments are further described below:

- **EPC segment**: EPC division provides integrated turnkey solutions. It provides integrated design, engineering, material procurement, field services and construction & project management services for infrastructure sector and real estate projects.

- **Urban Infrastructure Development**: Urban Infrastructure Development segment includes "MARG Swarnabhoomi" the SEZ developed by New Chennai Township Private Limited, a wholly owned subsidiary of MARG Limited, MARG ProperTies, and other residential projects of the Holding Company MARG Limited.

- **Port and Logistics**: Port and Logistics division includes the MARG Karaikal Port and MARG Logistics. MARG Karaikal Port is a Private Port engaged in the development and operation of the port in Karaikal. MARG Logistics, a fully owned subsidiary of MARG Ltd, presently offers total integrated logistics services to the EXIM customers of Karaikal Port.

- **Leasing**: Leasing segment includes MARG Junction Mall which is under construction, proposing to lease the commercial spaces for business, leisure and entertainment, Hotel etc and the Leasing of Digital Zones by the Holding Company.

Secondary Segment Information:

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

4. RELATED PARTY DISCLOSURES

A. Associates:

The Company holds 39% shares in Rajakamanglam Thurai Fishing Harbour Private Limited.

B. Key Management Personnel: (KMP)

G R K Reddy-Chairman & Managing Director

C. Relative of Key Management Personnel:

V P Rajini Reddy-Director and wife of the MD
G Raghava Reddy-Director and father of the CMD

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

i) Avinash Constructions Private Limited
ii) Noble Habitat Private Limited - - - -
iii) Jeevan Habitat Private Limited
iv) Akshya Infrastructure Private Limited - - - - -**
v) Marg Foundation
vi) Swarnabhoomi Academic Institutions

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

i) Exemplarr Worldwide Limited
ii) Marg Digital Infrastructure Private Limited - - -
iii) Marg Realities Limited

Particulars of transactions with the related parties in the ordinary course of the business (₹ in Crores)

Particulars	Associates		KMP and Relatives		Entities over which KMP and/or their relatives exercise control/significant influence	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Contract & Service received	-	-	-	-	2.49	1.29
Services rendered					14.99	-
Loans & Advances made (Net)	-	0.14	-	-	0.19	0.69
Interest Received						-
Remuneration & Commission, Director Sitting fee	-	-	2.23	1.71	-	-
Guarantees and Collaterals received	-	-	-	-	399.00	121.00
Balance as on 31st March 2011						
Investments	-*	-*	-	-	1.59	1.59
Sundry Debtors					30.00	-
Sundry Creditors	-	-	-	-	0.12	0.07
Loans & Advances	1.10	1.10	-	-	0.84	-
Remuneration & Commission	-	-	0.78	0.60	-	-
Guarantees issued	-	-	-	-	11.20	11.20
Guarantees received	-	-	-	-	525.00	126.00

** includes ₹ 39,000/-*
*** includes ₹ 13,508/-*

5. EMPLOYEE BENEFITS

A. GRATUITY

The Company does not maintain any fund to pay for Gratuity

i) Amount recognized in the Profit and Loss Account is as under:

(₹ in crores)

Description	Year ended 31st March 2011	Year ended 31st March 2010
Current service cost	1.03	0.50
Interest Cost	0.07	0.04
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	0.18	(0.07)
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost – vested benefits	0.23	-
Expenses recognized in the statement of profit and loss	**1.51**	**0.47**

ii) Movement in the liability recognized in the Balance Sheet during the year:

(₹ in crores)

Description	As At 31st March 2011	As at 31st March 2010
Opening net liability	0.91	0.49
Expense as above	1.51	0.47
Contribution paid	-	(0.02)
Closing net liability	**2.42**	**0.94**

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

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Present value of the obligation	2.42	0.94
Fair value of plan assets	-	-
Difference	2.42	0.94
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**2.42**	**0.94**

iv) For determination of Gratuity liability of the Company the following actuarial assumptions were used:

Description	Year ended 31st March 2011	Year ended 31st March 2010
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%

B. Leave Encashment

The Company doesn't maintain any fund to pay for leave encashment

i) Amount recognized in the Profit and Loss Account is as under:

(₹ in crores)

Description	Year ended 31st March 2011	Year ended 31st March 2010
Current service cost	0.44	0.25
Interest Cost	0.05	0.03
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	0.34	0.10
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	**0.83**	**0.38**

ii) Movement in the liability recognized in the Balance Sheet during the year:

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Opening net liability	0.68	0.36
Expense as above	0.82	0.38
Contribution paid	(0.19)	(0.04)
Closing net liability	**1.31**	**0.70**

iii) Net Assets/Liabilities in the Balance Sheet as at the year end

(₹ in crores)

Description	As at 31st March 2011	As at 31st March 2010
Present value of the obligation	1.31	0.70
Fair value of plan assets	-	-
Difference	1.31	0.70
Unrecognised transitional liabilty	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	**1.31**	**0.70**

iv) For determination of Leave Encashment liability of the Company the following actuarial assumptions were used:

Description	Year ended 31st March 2011	Year ended 31st March 2010
Discount Rate	8%	8%
Salary escalation rate	8%	8%
Attrition rate	4%	4%

6. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents include the following which are not available for ready use by the Company:

(₹ in crores)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Margin money	63.71	31.66
Fixed Deposit with Bank	13.28	5.39
Unclaimed Dividend with bank	0.17	0.13

7. NON CASH TRANSACTIONS

During the year loan of ₹ 48.13 crore given to subsidiaries of the company was converted into Share application money.

8. QUALIFIED INSTITUTIONAL PLACEMENT (QIP) AND PREFERENTIAL ISSUE OF WARRANTS:

• Consequent to Qualified Institutional Placement (QIP), the Company issued and allotted 56,31,648 Equity Shares of ₹ 10 each at a premium of ₹ 179.88 per share on 3rd May 2010 to Qualified Institutional Buyers (QIB) under Chapter VIII of SEBI's Issue of Capital & Disclosure Regulations, 2009. The entire proceeds of ₹ 106.93 crores received under the QIP issue was utilized in 2010-11.

• During 2009-10 the Company issued 67, 71, 619 warrants convertible into equity shares at the option of the holders, on preferential basis. Out of the above, the Company upon conversion of 15,62,100 warrants allotted equal number of 15,62,100 equity shares in 2009-10 and balance of 52,09,519 warrants were converted into equal number of 52,09,519 equity shares in 2010-11 and the issue price of warrants convertible into equity shares was at ₹ 10 each at a premium of ₹ 51 per share. This includes 49,00,000 equity shares allotted to the promoters. Out of the total Preferential warrant proceeds of ₹ 23.48 crores received during the year, the company utilized ₹ 23.83 crores in the year, including the balance carried forward from last year.

9. EMPLOYEES STOCK OPTION SCHEME(ESOP)

a) The Company has granted options to the eligible employees of the Company under the MARG Constructions Limited Employees Stock Option Plan 2006 (the "Scheme"). Under the Scheme, 500,000 equity shares have been earmarked to be granted and the same will vest as follows:

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

Pursuant to the above Scheme, the employee will have the option to exercise the right within 2 years from the date of vesting of shares at the exercise price.

b) As per the Scheme, the Compensation Committee has granted Options as per details below:-

Grant No.	Date of Grant	Number of Options Granted	Grant Price (₹)	Outstanding Options as on 31st March 2011
I	15-Oct-07	1,97,006	100	3,762
II	23-Oct-07	2,100	100	Nil
III	8-Nov-07	3,475	120	Nil
IV	12-Nov-07	3,000	130	Nil
V	17-Nov-07	4,500	160	Nil
VI	8-Dec-07	6,370	200	Nil
VII	19-Feb-08	19,890	200	Nil
VIII	3-Oct-09	2,50,844	75	1,45,722

c) During the year 69,390 equity shares were allotted to such employees who exercised the option.

10. EARNINGS PER SHARE (EPS):

		Particulars	2010-11	2009-10
	a.	Profit After Tax (₹ Crores)		
		For Basic EPS	18.23	11.43
		For Diluted EPS	18.23	11.43
	b.	Weighted average number of equity shares (Nos lacs)		
		For Basic EPS	330.55	264.11
		Add: Weighted average number of potential shares on account of Employee Stock Options	1.34	1.04
		Add: Weighted average number of potential shares on account of Preferential allotment of warrants	45.31	32.76
		For Diluted EPS	377.20	297.91
	c.	Earning Per Share (₹)		
		Basic	5.51	4.33
		Diluted	4.83	3.84
	d.	Nominal Value Per Share (₹)	10.00	10.00

11. LEASES

• **Operating Leases**

a. Cancelable lease

Total rental charges under cancelable operating lease was ₹ 1.24 crores and ₹ 3.83 crores for the quarter and year ended 31st March 2011 respectively. (Previous year ₹ 0.42 crore and ₹ 1.98 crores)

b. Non cancelable lease

As Lessee:

The Holding Company Marg Limited has taken office building under non-cancelable operating lease during the year from November 2010. The lease rental expense during the year was ₹ 1.45 crore. The future minimum lease payments in respect of this lease as at March 31, 2011 are as follows:

(₹ in crores)

Future Obligations:	As at 31st March 2011	As at 31st March 2010
Not later than one year	4.27	-
Later than one year not later than five years	6.76	-
Later than five years	-	-
Total	**11.03**	-

As Lessor:

The Subsidiary New Chennai Township Limited has leased out facilities under non-cancellable operating leases. The future minimum lease payments receivables in respect of these leases as at 31st March 2011 are:

(₹ in crores)

Future Receivables:	As at 31st March 2011	As at 31st March 2010
Not later than one year	0.72	-
Later than one year not later than five years	2.50	-
Later than five years	-	-
Total	**3.22**	-

c. The lease rent for the leasehold land awarded through the concession agreement by Government of Pondicherry (GoP) to the subsidiary Karaikal Port Private Limited is treated as a non-cancellable lease for a period of 30 years (with an option to renew for a further two periods of 10 years each). During the year the Company has incurred ₹.0.11 crore (Previous Year ₹.0.05 crore) as lease rentals.

(₹ in crores)

Future Obligations:	As at 31st March 2011	As at 31st March 2010
Not later than one year	0.23	0.05
Later than one year not later than five years	1.09	0.20
Later than five years	12.30	1.05
Total	**13.62**	**1.30**

- **Finance Leases**

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

(₹ in crores)

Particulars	Minimum Lease Payments	Future Finance Charges	Present Value
Not later than one year	0.05	0.01	0.04
Later than one year not later than five years	0.03	-*	0.03
Total	**0.08**	**0.01**	**0.07**

*includes ₹ 15,155

12. EXPENDITURE IN FOREIGN CURRENCY

(₹ in crores)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Foreign Travel	0.22	0.28
Professional/Consultancy Fees	2.01	0.19
Hire Charges	35.42	6.80
Others	0.20	0.07
Total	**37.85**	**7.34**

13. CIF VALUE OF IMPORTS

(₹ in crores)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Spares	0.81	1.40
Materials	-	1.65
Capital Goods	9.31	45.51
Total	**10.12**	**48.56**

14. AUDITORS' REMUNERATION

(₹ in crores)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Statutory Audit Fees	0.26	0.25
Tax Audit Fee	0.02	0.01
Certification	0.05	0.02
Reimbursement of Expenses	0.00*	-
Other Services	0.02	-
Total	**0.35**	**0.28**

*includes ₹ 24,908

15. CONSUMPTION OF SPARES AND CONSUMABLES – IMPORTED AND INDIGENOUS

(₹ in crores)

Particulars	Consumption		% of Total Consumption	
	2010-11	2009-10	2010-11	2009-10
Imported	-	-	-	-
Indigenous	10.59	2.19	100	100
Total	**10.59**	**2.19**	**100**	**100**

16. FOREIGN CURRENCY EXPOSURES

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

(₹ in crores)

Particulars	As at 31st Mar 2011		As at 31st Mar 2010	
	USD	₹	USD	₹
Creditors for Services	0.24	10.74	-	-
Creditors for Spares import	0.04	1.95	0.03	1.30
Creditors for Import of capital goods	0.06	2.51	-	-
Loan given to Subsidiaries	0.30	13.61	-*	0.07
Total	**0.64**	**28.81**	**0.03**	**1.37**
	GBP	**₹**	**GBP**	**₹**
Creditors for Services	0.01	0.61	-	-

Conversion rate applied:
1 USD= ₹ 44.65(Previous year ₹ 45.14)
1 GBP= ₹ 71.9289(Previous year ₹ 68.032)

*15,325 USD in 09-10

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

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

(₹ in crores)

Particulars	As at 31st March 2011	As at 31st March 2010
Goodwill	8.67	-*
Capital Reserve	-**	-**
Goodwill(Net of capital reserve)on consolidation	**8.67**	-***

*includes ₹ 23,409 in FY 09-10
**includes ₹ 2,330 for FY 10-11 and FY 09-10
*** includes ₹ 21,079 FY 2009-10

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

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

AUDITOR'S REPORT ON CONSOLIDATED CASH FLOW STATEMENT

We have examined the Consolidated Cash Flow Statement of MARG Limited for the year ended 31st March 2011. 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 Board of Directors of the Company.

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

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

Consolidated cash flow statement

S No	Particulars	Year Ended 31-Mar-2011 (₹ in Crores)	Year Ended 31-Mar-2010 (₹ in Crores)
A	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net Profit before Taxation and extraordinary Item	**68.92**	**44.39**
	Adjustment for:		
	Depreciation	28.20	18.07
	Net Unrealised (Gain) / Loss on Exchange Rate Fluctuations	0.34	(0.08)
	Exchange (Gain) / Loss on Translation of Foreign Subsidiaries	(5.68)	(2.12)
	Net Unrealised Loss / (Profit) Decline in Investments	0.01	(0.03)
	Dividend Income	(0.83)	(0.01)
	Profit on sale of Assets	-	(8.28)
	Profit on Sale of Investment	(2.71)	(11.69)
	Loss on sale of Fixed Assets	0.02	0.17
	Charges for Employee Stock option	0.32	1.12
	Prior Period Items (Net)	(0.54)	(0.47)
	Interest and Finance Charges (Net)	63.19	44.49
	Operating Profit before Working Capital Changes	**151.24**	**85.56**
	Decrease / (Increase) in Sundry Debtors	(250.21)	(229.11)
	Decrease / (Increase) in Inventories	(170.60)	(108.95)
	Decrease / (Increase) in Loans & Advances	(51.46)	(27.77)
	Increase / (Decrease) in Current Liabilities	144.45	196.32
	Cash Generated from Operations	**(176.58)**	**(83.95)**
	Income Tax	(55.75)	(48.62)
	Cash Flow before extraordinary items	**(232.33)**	**(132.57)**
	Adjustment for extraordinary Items	-	-
	NET CASH FROM OPERATING ACTIVITIES (A)	**(232.33)**	**(132.57)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	(605.55)	(546.48)
	Goodwill on Consolidation*	(8.49)	-
	Dividend Received	-	0.01
	Sale of Investments in Subsidiaries	13.58	-
	Proceeds from Sale of Fixed Assets (Net)	30.34	38.95
	NET CASH FROM INVESTING ACTIVITIES (B)	**(570.12)**	**(507.52)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Proceeds from Issue of Share Capital	9.55	1.60
	Proceeds from Share Premium	126.73	8.61
	Proceeds from Issue of Share to Minorities**	83.72	-
	Proceeds from Warrant / Shares Application Money	-	78.30
	Proceeds from Long Term Borrowings (Net)	553.52	592.76
	Proceeds from Short Term Borrowings (Net)	98.54	104.33
	Interest and Finance Charges Paid (Net)	(56.99)	(51.13)
	Dividend & Dividend Tax Paid	(7.66)	(5.96)
	NET CASH USED IN FINANCING ACTIVITIES (C)	**807.41**	**728.51**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**4.96**	**88.42**
	Cash and Cash Equivalents at beginning of Period	**141.46**	**53.04**
	Cash and Cash Equivalents at end of Period	**146.42**	**141.46**

Notes:

1. Cash Flow statement is prepared under the Indirect Method in accordance with Accounting Standard AS-3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Depreciation includes amount transferred to 'Cost of Projects'.
3. For cash and cash equivalents not available for immediate use as on the Balance Sheet date, refer Note No 6 of Notes forming part of Accounts.
4. For non cash transactions refer Note 7 of Notes forming part of Accounts.
5. Previous year's figures have been regrouped/reclassified wherever necessary.

**Includes Rs (23,409)/- for the FY 2009-10.*
***Includes Rs 49,000/- for the FY 2009-10.*

As per our Report of even date attached
For K RAMKUMAR & CO.,
Regn No: 02830S
Chartered Accountants

R M V BALAJI
Partner
Membership No. 27476

Place : Chennai
Date : 29th Aug 2011

For and on behalf of Board of Directors

G R K REDDY
Chairman & Managing Director

ARUN KUMAR GURTU
Director

R SURESH
CFO

S SIVARAMAN
Company Secretary

Annexure

Subsidiaries of MARG Limited

Sl. No	Name of the Company	Country of Incorporation	% of voting power held as at 31st March 2011	Sl. No	Name of the Company	Country of Incorporation	% of voting power held as at 31st March 2011
1	Aaram Constructions Private Limited	India	100.00%	42	MARG Marine Infrastructure Limited	India	100.00%
2	Abhinaya Infradevelopers Private Limited	India	100.00%	43	MARG International Dredging Pte Limited	Singapore	100.00%
3	Ajani Constructions Private Limited	India	100.00%	44	MARG Sri Krishnadevaraya Airport Private Limited	India	100.00%
4	Akarsh Constructions Private Limited	India	100.00%	45	MARG Logistics Private Limited	India	100.00%
5	Akhil Infrastructure Private Limited	India	100.00%	46	MARG Port Management Services Private Limited	India	100.00%
6	Ambar Nivas Private Limited	India	100.00%	47	MARG Power projects Private Limited	India	100.00%
7	Amir Constructions Private Limited	India	100.00%	48	MARG Properties Limited	India	100.00%
8	Anumanthai Beachside Resorts Private Limited	India	100.00%	49	MARG Renewable Power Projects Private Limited	India	100.00%
9	Anuttam Constructions Private Limited	India	100.00%	50	MARG Swarnabhoomi Logistics Private Limited	India	100.00%
10	Aparajitha Infrastructure Private Limited	India	100.00%	51	MARG Swarnabhoomi Port Private Limited	India	90.00%
11	Aprati Constructions Private Limited	India	100.00%	52	MARG Swarnabhoomi Power Private Limited	India	100.00%
12	Arogya Constructions Private Limited	India	100.00%	53	MARG Trading Pte Limited	Singapore	100.00%
13	Arohi Infrastructure Private Limited	India	100.00%	54	Marigold Villas Private Limited	India	100.00%
14	Aroopa Infradevelopers Private Limited	India	100.00%	55	Mayur Habitat Private Limited	India	100.00%
15	Atul Infrastructure Private Limited	India	100.00%	56	Mukta Infrastructure Private Limited	India	100.00%
16	Avatar Constructions Private Limited	India	100.00%	57	Navita Estates Private Limited	India	100.00%
17	Bay Infradevelopers Private Limited	India	100.00%	58	Navrang Infrastructure Private Limited	India	100.00%
18	Bharani Infrastructure Private Limited	India	100.00%	59	New Chennai Township Private Limited	India	100.00%
19	Bhushan Tradelinks Private Limited	India	100.00%	60	New Era Land Developers Private Limited	India	100.00%
20	Darpan Houses Private Limited	India	100.00%	61	O M R Developers Private Limited	India	100.00%
21	Dasha Infradevelopers Private Limited	India	100.00%	62	Parivar Apartments Private Limited	India	100.00%
22	Future Parking Private Limited	India	51.00%	63	Pathang Constructions Private Limited	India	100.00%
23	Giri Infradevelopers Private Limited	India	100.00%	64	Prospective Constructions Private Limited	India	100.00%
24	Goldenview Nivas Private Limited	India	100.00%	65	Rainbow Habitat Private Limited	India	100.00%
25	Highrise Housing Projects Private Limited	India	100.00%	66	Riverside Infrastructure (India) Private Limited	India	68.49%
26	Hilary Constructions Private Limited	India	100.00%	67	Rupak Constructions Private Limited	India	100.00%
27	Indraprastha Homes Private Limited	India	100.00%	68	Sanjog Infrastructure Private Limited	India	100.00%
28	Jai Ganesh Infradevelopers Private Limited	India	100.00%	69	Saptarishi Projects Private Limited	India	100.00%
29	Kanchanajunga Infradevelopers Private Limited	India	100.00%	70	Saral Homes Private Limited	India	100.00%
30	Karaikal Infradevelopers Private Limited	India	100.00%	71	Sarang Infradevelopers Private Limited	India	100.00%
31	Karaikal Port Private Limited	India	95.34%	72	Sathsang Constructions Private Limited	India	100.00%
32	Karaikal Power Company Private Limited	India	100.00%	73	Shubham Vihar Private Limited	India	100.00%
33	Kirtidhara Infrastructure Private Limited	India	100.00%	74	Siddhi Infradevelopers Private Limited	India	100.00%
34	Kripa Infrastructure Private Limited	India	100.00%	75	Signa Infrastructure India Limited	India	74.00%
35	Magnumopus Infrastructure Private Limited	India	100.00%	76	Singar Constructions Private Limited	India	100.00%
36	MARG Aviations Private Limited	India	100.00%	77	Swarnabhoomi Port Private Limited	India	100.00%
37	MARG Business Park Private Limited	India	100.00%	78	Swatantra Infrastructure Private Limited	India	100.00%
38	MARG Communications Private Limited	India	100.00%	79	Veda infradevelopers Private Limited	India	100.00%
39	MARG Constructions (Chennai) Private Limited	India	100.00%	80	Viswadhara Constructions Private Limited	India	100.00%
40	MARG Industrial Clusters Limited	India	100.00%	81	Wisdom Constructions Private Limited	India	100.00%
41	MARG Infrastructure Developers Limited	India	100.00%	82	Yuva Constructions Private Limited	India	100.00%

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	L45201TN1994PLC029561	State Code	18
Balance Sheet Date	31-03-2011		

II. Capital Raised during the year *(Amount in Rs Thousand)*

Public Issue	NIL	Right Issue	NIL
ESOP	693	Conversion of Warrants	52095
QIB	56316		

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs Thousand)*

Total Liabilities	14227462	Total Assets	14227462

Source of Funds

Paid up Capital	381189.26	Employee Stock Option	5848.33
Reserve & Surplus	5764843.94	Warrant Application Money	NIL
Secured Loans	8044859.41		
Deferred Tax Liability	30722.00	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	1419639.31	Investment	5199255.89
Net Current Assets	7608567.74	Accumulated Loss	NIL

IV. Performance of Company *(Amount in Rs Thousand)*

Turnover	10863837.85	Total Expenditure	9570144.85
Profit/Loss before Tax	948757.44	Profit/Loss after Tax	598749.78
Earning per Share in Rs.	18.11	Dividend Rate %	20.00%

V. Generic names of Three Principal Products of the Company

Item Code No. (ITC Code)	DIVISION45
Product Description	CONSTRUCTION

A reference to the MARG insignia

- MARG's insignia represents glory, prosperity, progress and success
- The logo's orange blocks symbolise life and energy, emanating from a solid foundation. It is a reference to sharing energies and knowledge, an integral part of our corporate culture
- Orange also stands for human values and creativity, which every individual at MARG is encouraged to possess
- The corporate blue colour stands for professionalism and technological advancement
- The orange blocks, which score across the logo, epitomise MARG's relentless vision of being pioneers and strive for greater heights of success

Disclaimer

In this Annual Report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

A TRISYS product
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Spirit of Visioneering

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