MARG

Spirit of Visioneering

Our **spaces** will take you places!

MARG Limited | Annual Report 2007-08

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At MARG Limited, we have created a distinctive space for ourselves. We are among the few companies in India, to be concurrently present in the realty and infrastructure sectors.

Strategically, this will empower us to capitalise comprehensively on the growth of two of India's fastest growing spaces and help us emerge as one of the leading infrastructure and real estate companies in India.

Our philosophy

Vision
Creating Landmarks. Building Values.

Mission
To maximise value for stakeholders by continuously identifying opportunities, developing people, processes and systems through innovation and world-class technologies with professionalism and social responsibility.

Quality policy
To provide quality infrastructure solutions and meet the demands of our customers by constantly upgrading our processes, people and facilities.

Values: The power of 'Five'
- **Distinctive quality:** A top-class performance, highly sensitive to the timeframe, and a focus on continuous improvement
- **Positive attitude:** Always enthusiastic about the great happenings of the present and of the future at MARG
- **Creativity and innovation:** No barriers on possibility
- **Teamwork:** A perfect blend of individual energies, deep respect for individual agenda to the team's agenda
- **Character:** Honesty and integrity in all spheres of our activity resulting into a transparent and open culture of work with complete accountability in execution of tasks

Quality objectives
To achieve customer satisfaction by setting realistic expectations and meeting them by delivering quality products on time and within budget, and providing reliable services during and after sales; to constantly identify and upgrade new trends and technology as well as comply with statutory rules and ergonomical standards prevalent in the industry; to aim for zero accident in the work area by providing safety consciousness among employees and associates and to develop and maintain vendor management programmes, that will ensure reliable delivery and completion of our product within pre-determined parameters of time, quality and cost.

Our positioning

◆ Past: MARG Limited (incorporated 1994) enjoys a profitable 14-year track record in India's infrastructure and real estate businesses. The Company possesses the distinction of completing every project within the scheduled timeframe.

◆ Promoter: Mr. G.R.K. Reddy, a first-generation entrepreneur, is the Chairman and Managing Director of MARG Limited. Mr. Reddy began his career in 1985 as a merchant banker and gained valuable expertise in advising and structuring financial closures. An astute businessman with a vision par excellence, Mr. Reddy recognised that the infrastructure and real estate verticals would drive the second-generation reforms in India. With this understanding, he established and promoted the MARG Group in 1994. Mr. Reddy has been the protagonist in the rapid growth of the Company, which has a project base of over Rs. 80,000 mn and is rapidly evolving into becoming the lead innovator in each vertical. Today, MARG is well-positioned to create top-notch environments for the ports and logistics space, commercial space, technology development space, leisure space (hotels and serviced apartments), industrial space (SEZs) and residential space, suitable for all lifestyles.

◆ Portfolio: MARG is investing in a robust divisional portfolio: infrastructure comprising ports, power, dredging operations; industrial clusters encompassing special economic zones (SEZs), industrial townships and desalination plants; real estate commercial spaces including IT parks, malls, serviced apartments, convention centres and golf courses as well as real estate residential projects comprising high-end apartments, budget apartments, integrated townships, villas and beach houses.

◆ Business model: MARG's projects are delivered within budgeted schedules and costs. All projects are developed under respective special purpose companies (SPCs) or special purpose vehicles (SPVs), leading to a focused approach, stronger management control, superior leverage of a prudent capital structure and prospects of sharpening core competence.

◆ Projects: MARG is credited with the pioneering development of several residential and commercial complexes (including the first private IT park on the Old Mahabalipuram Road, Chennai's arterial hub). The Company completed residential and commercial real estate projects covering about a million sq. ft of space; it constructed nearly 96 MW of renewable as well as non-renewable power-generating infrastructure. Today, the Company is engaged in two large and prestigious projects – the Karaikal Port and MARG Swarnabhoomi light-engineering and multi-services SEZs – and possesses a large land bank of 2,000 acres (as on March 31, 2008).

◆ Strategic alliances: MARG entered into strategic alliances across specific projects and applications with globally reputed partners. The Company's alliance with Housing and Urban Development Corporation Limited helped create a joint venture called Signa Infrastructure India Limited to embark on infrastructure and urban development projects.

◆ Intellectual capital: MARG's professionals are 'visioneers' – visionaries with a pioneering spirit. The Company enjoys 3,933 person-years of experience across engineers (24%), MBAs (10.5%), law graduates (4%) and chartered accountants (4.5%), the rest comprising graduates, diploma holders and others. The Company employed 334 individuals as on March 31, 2008.

◆ Community service: MARG's community development integrates skill enhancement with employment creation. The Company instituted initiatives like the 'Centre of Excellence for Infrastructure' at the Great Lakes Institute of Management (Chennai), seeking to balance India's socio-economic and cultural diversity with grass root realities to create an inclusive infrastructure. The Company also collaborated with the Confederation of Indian Industry (CII) to establish the 'Grassroots Level Skill Development Initiative' to cater to talented youth from economically backward classes. It organised several interactive programmes to generate interest in the country's backbone sectors.

◆ Listing: MARG is listed on the Bombay Stock Exchange and the Madras Stock Exchange. An investment of Rs 10 made in 1995 would have appreciated to Rs 246.85 (excluding dividends) as on March 31, 2008. The Company's market capitalisation surged from Rs 2,390 mn as on March 31, 2007 to Rs 6,321 mn as on March 31, 2008. The Company's convertible bonds and GDRs are listed on the Luxembourg Stock Exchange.

Our financials, 2007-08

Total income
MARG's income from operations increased 96.71% to Rs 2,783.97 mn

EBIDTA
MARG's EBIDTA surged 96.52% to Rs 918.42 mn

Cash profit
MARG's cash profit strengthened 121.88% to Rs 706.20 mn

Post-tax profit
MARG's net profit jumped 125.46% to Rs 674.43 mn. Net profit margin improved 309 basis points to 24.23%

More places in shorter spaces…

1994 -2005

- Established as an infrastructure and realty developer
- Listed on the BSE by raising Rs 120 lakhs through an IPO
- Completed 'Wescare Towers' – built up area of 20,000 sq. ft in 110 days
- Completed 'Sai Subhodaya' project, 120 deluxe apartments, built up area of 2 lakh sq. ft
- Completed a software technology park for Slash Support Systems – built up area 25,000 sq. ft
- Completed Digital Zone I – first IT park on the OMR in Chennai, spread over 1.85 acres with a built up area of 2.4 lakh sq. ft. Leased to TATA Consultancy Services

2006

- Bagged the prestigious Karaikal Port development concession from the Government of Puducherry on a built-operate-transfer (BOT) basis with an annual cargo-handling potential of over 30 mn tonnes
- Mobilised FCCBs worth US$ 12.5 mn, listed on the Luxembourg Stock Exchange

2007

- Issued GDRs worth US$ 15 mn, listed on the Luxembourg Stock Exchange
- Completed MARG Square on the Old Mahabalipuram Road across 1.76 acres with a built up area of 2.06 lakh sq. ft. Leased to Satyam Computer Services
- Diversified into retail space development through the Riverside Mall and Business Hotel project in Karapakkam, Old Mahabalipuram Road, Chennai. Proposed built-up area of over 1.26 mn sq. ft
- Completed Digital Zone II across 1.8 acres, possessing a built-up area of 2.16 lakh sq. ft. Leased to Scope International
- Diversified business through the acquisition of MARG Cauvery, a cutter suction dredger, for onward deployment at the Karaikal port
- Gazetted light-engineering and multi-services SEZ under MARG Swarnabhoomi, spread across 613 acres in the Kancheepuram district on the East Coast Road

Earnings per share

MARG's EPS (basic) increased 10.85% to Rs 31.88

Book value

MARG's book value per share climbed 30.11% to Rs 121.62

Gross block

MARG's gross block increased 103.17% to Rs 1,193.99 mn. The return on gross block strengthened 558 basis points to 56.49%

Return on capital employed

MARG's ROCE (average) increased 159 basis points to 216.46%

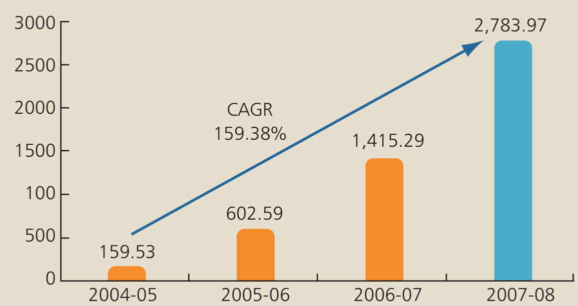
Dividend

MARG proposed a dividend of Rs 2 per share for 2007-08, maintaining the previous year's dividend of Rs 2 per share

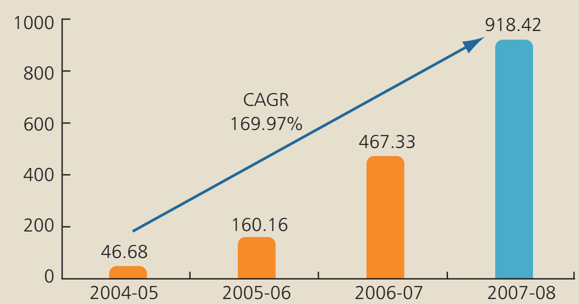
2008

- Total income crossed Rs 2,783.97 mn for 2007-08
- Launched 'MARG Swarnabhoomi'
- Launched 'MARG Navratna' affordable housing in MARG Swarnabhoomi
- Signed a concession agreement for a fishing harbour at Rajakamangalam Thurai

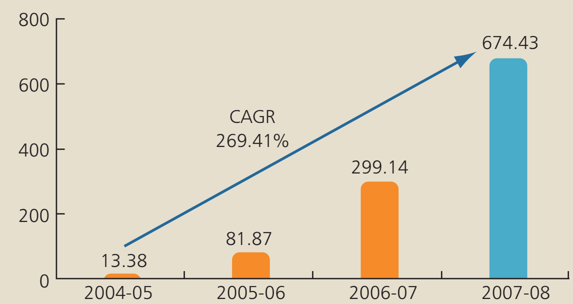
Total income (Rs in millions)



EBDITA (Rs in millions)



PAT (Rs in millions)



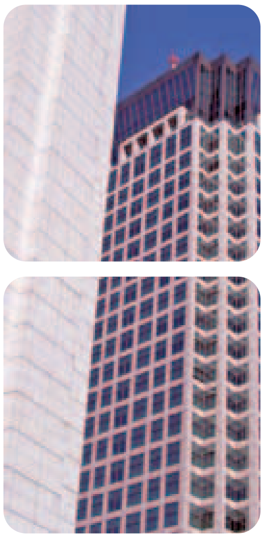
OUR MOST PRECIOUS REAL ESTATE SPACE IS SHELTERED IN THE MINDS OF OUR CUSTOMERS.

We are recalled with respect due to a spirit of trust.

The trust has been built on the foundation of a number of noteworthy achievements.

- We are pioneers in IT parks along the Old Mahabalipuram Road, having developed over 700,000 sq. ft of IT space in a span of three years
- Our clientele includes TATA Consultancy Services, Scope International and Satyam Computer Services, among others
- Federal Mogul Corporation, a US-based US$ 6.9-bn auto component giant is entering the Indian auto space through MARG Swarnabhoomi SEZ
- We acquired a strategic land bank of over 2,000 acres without government intervention or people displacement
- Our globally reputed project designers include names like HOK (master planners, USA), Oakwood (world's largest shared accommodation services conglomerate), Vivek J. Bhole's Neo Modern Architects, besides others like Karche Associates

It is no surprise that our topline recorded a CAGR of 145.62% over a five-year period ending 2007-08, enabling us to emerge as one of the fastest growing infrastructure and realty companies in India.



Need office space?

MARG is here.

Need residential space?

MARG, of course.

Need transitory living space?

Consider MARG.

Need entertain-ment space?

Surely MARG.

At MARG, we are among the select infrastructure and real estate developers in India to be simultaneously present in the areas of infrastructure, industrial clusters (including SEZs), commercial property and residential real estate.

A number of our distinguished accomplishments are indicated below:

- The concession for the prestigious Karaikal Port
- The acquisition of a captive dredger MARG Cauvery, pressed into action at the Karaikal Port with the possibility of acquiring additional dredgers in an environment of low-dredger availability
- Construction of MARG Swarnabhoomi SEZ across 613 acres on the arterial axis of Chennai and Puducherry. While the light-engineering SEZ will cater to auto-manufacturing industries, the multi-services SEZ will house the services sectors
- Creation of residential spaces within our SEZs to cater to all population tiers (LIG, MIG and HIG), besides entertainment spaces comprising integrated malls with food courts, shopping arcades, multiplexes, etc. A desalination plant will address the complete potable water needs of the resident SEZ community
- Creation of social infrastructure comprising school, hospital, business hotel-cum-convention centre and proposed golf course near the SEZ
- Creation of one of Chennai's largest malls (Riverside Mall) with global retail brands and extensive entertainment facilities in commercial realty; contemporary serviced apartments – the Oakwood Residence – in association with Oakwood, the world's largest shared accommodation service provider. Once complete, the project will revolutionise accommodation services for business travellers
- Tapovan and Tranquil Cove, high-end villas and preferred weekend getaways for HNIs and others, in our residential real estate vertical

The result is that even as our profit after tax grew at a CAGR of 341.39% across five years leading to 2007-08, the rate is expected to accelerate over the coming years.


A space that talks.
A space that likes.
A space that breathes.
A space that learns.
A space that laughs.
A space that thinks.
A space that reads.
A space that earns.

MARG. IN SEVERAL SPACES AT THE SAME TIME.

At MARG, we provide an all-inclusive infrastructure for the benefit of the country, customer and the company.

Our notable initiative to make this a reality comprise the following:

- Nearly 4000 person-years of experience in the business – an effective competitive edge
- Infrastructure programmes comprising the creation of ecosystems that can emerge as regional and national economic hubs
- Locations reconciling the livelihood aspirations of local residents through skill-development programmes, translating into a higher standard of competence and living
- A programme named MARG Parivarthan to improve the lives of employees by enhancing personal and professional skill sets; key members mentored by Padmashri Bala V. Balachandran, an eminent management expert from the Kellogg School of Management
- Regular appraisal programmes and a performance-linked pay structure to help members perform better

It is only natural that this harmonious environment helped us deliver diverse projects like wind farms and allied infrastructure, as well as IT spaces and small residential units within stipulated timelines.

From the desk of the Chairman

At MARG, we are committed to democratise infrastructure.

Dear fellow Shareowners,

A number of ironies prevail in today's India.

On the one hand, the country is the second-fastest growing economy in the world; on the other, its infrastructure is one of the weakest among nations of its size. Moreover, a country's infrastructure should enable; in India's case, the state of its infrastructure is being perceived as an impediment.

At MARG, our vision is to democratise infrastructure. In doing so, we expect to deliver the greatest good to the widest number in the shortest possible time. Creating triple-win benefits for the country, customer and the Company.

Delivering the greatest good

At MARG, we believe that India requires at least 300 new cities, which have the potential to add an incremental half-percentage point to the country's GDP growth. This is relevant when one considers that most Indian metropolitan cities are saturated or in the process of getting saturated. Our Karaikal Port and MARG Swarnabhoomi projects are integrated and attractively positioned to address this reality.

The Karaikal Port project is among the few large greenfield ports being developed in India today. Phase-I of this project will be operational by April 2009; when fully complete in 2015-16, the port will possess a handling capacity of an aggregate cargo in excess of 30 mn tonnes annually graduating it to one of the largest operational ports in India. Its all-weather deep-draft presence between the Chennai and Tuticorin ports will help users save time and freight costs. This experience will enable us to expand our presence in modern-day dredging, warehousing and logistical businesses, resulting in complete customer solution on the one hand and synergically diversified revenues for the Company on the other.

The 613-acre MARG Swarnabhoomi SEZ, located along the arterial road between Chennai and Puducherry, will comprise a light-engineering SEZ and a multi-services SEZ, catering to the auto components, BPO, KPO, animation and healthcare industries, among several others. These SEZs will facilitate 'walk-to-work' concept supported by the creation of 15,000 residential apartments, schools, hospital, desalination plant and mall. I am pleased to state that the land acquisition for this self-sustaining township has been fully completed.

To the widest number

At MARG, we are not just creating self-contained habitations to enhance public convenience and productivity; we are also extending prosperity to stakeholders. Our stakeholder engagement initiatives have comprised the following:

- Employees: Employment and enrichment of local skills through training across the areas of our presence; holistic development of people through the MARG Parivarthan programme to align personal goals with corporate objectives

- Board: Involvement of Padmashri Bala V. Balachandran, a management guru in strategic thinking from the Kellogg School of Management

- Customers: Lease of nearly 7 lakh sq. ft of IT space on schedule to brand-enhancing clients like TATA Consultancy Services, Scope International and Slash Support Systems Limited, among others

- Shareholders: Attractive capital appreciation for our shareowners; investment growth from Rs 10 in 1995 to Rs 246.85 (excluding dividends) as on March 31, 2008; US$ 12.5 mn FCCBs and US$ 15 mn GDRs listed on the Luxembourg Stock Exchange.

In the shortest possible time

At MARG, we believe that a robust social and economic infrastructure represents a competitive edge. This makes it imperative to scale extensively with speed and quality. We have reinforced this capability through the following initiatives:

- HOK, reputed and diversified US space consultants, were engaged to help us unlock the maximum economic value out of the Swarnabhoomi SEZ land resource in the shortest possible time.

- Our association with Oakwood, the world's largest shared accommodation service provider (managing 25,000 rooms worldwide) for the Oakwood Residence project enhanced operations, management insights and a quick project commercialization.

- The first phase of the Karaikal Port will be commercialised on schedule in April 2009; Swarnabhoomi SEZ, Riverside Mall and Tapovan will be completed on schedule.

Backed by our vision and strategic initiatives, we are optimistic of reporting a near 100% growth in turnover in 2008-09, enhancing value in the hands of all those who own a stake in our Company.

Sincerely,

GRK Reddy
Chairman and Managing Director, MARG Limited

Our HR purpose

The purpose of the HR department is to attract, develop, motivate and retain talent, which sustains a fulfilling and an engaging work environment in which people are empowered to learn, respect values and grow to achieve their potential through responsible practices and processes.

The year 2007 represented a watershed, presenting a unique opportunity to create a distinctive identity through projects like Swarnabhoomi and Tapovan, which defined the Company's vision and values.

We maintain the leading edge through our people who possess the best-in-class technical, managerial and leadership skills.

Managing change

The year 2007 represented a watershed, presenting a unique opportunity to create a distinctive identity through projects like Swarnabhoomi and Tapovan, which defined the Company's vision and values. A strong consensus emerged on the core purpose and beliefs of the organisation by collecting inputs from the leadership team and employee cross-section.

The mission

- Truthfully assist governments, corporates, societies and individuals in building structures and spaces that will inspire them to give their best.
- Seeking to be driven by our conscience in every aspect of our business.

Reflecting beliefs, which are integral to the culture of MARG India, the core values are defined as:

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

These values will shape the character and define the kind of organisation that MARG wants to develop in the years ahead.

Learning and personal development continue to be the priority across the Company. MARG's commitment to the personal development of employees aims to produce leaders capable of achieving the Company's mission, encouraging colleagues to contribute, set clear priorities and motivate their teams to attain stretched targets. Most importantly, MARG requires its leaders to create an environment where people can achieve their potential. The Company initiated a process of conducting development centres to identify talent and groom them through the Great Lakes Institute of Management. The training programme is further interspersed with a project assignment and on-the-job coaching to create a 'leadership talent pipeline' from within. We recognise that for building world-class infrastructure, the Company requires a strong leadership development programme.

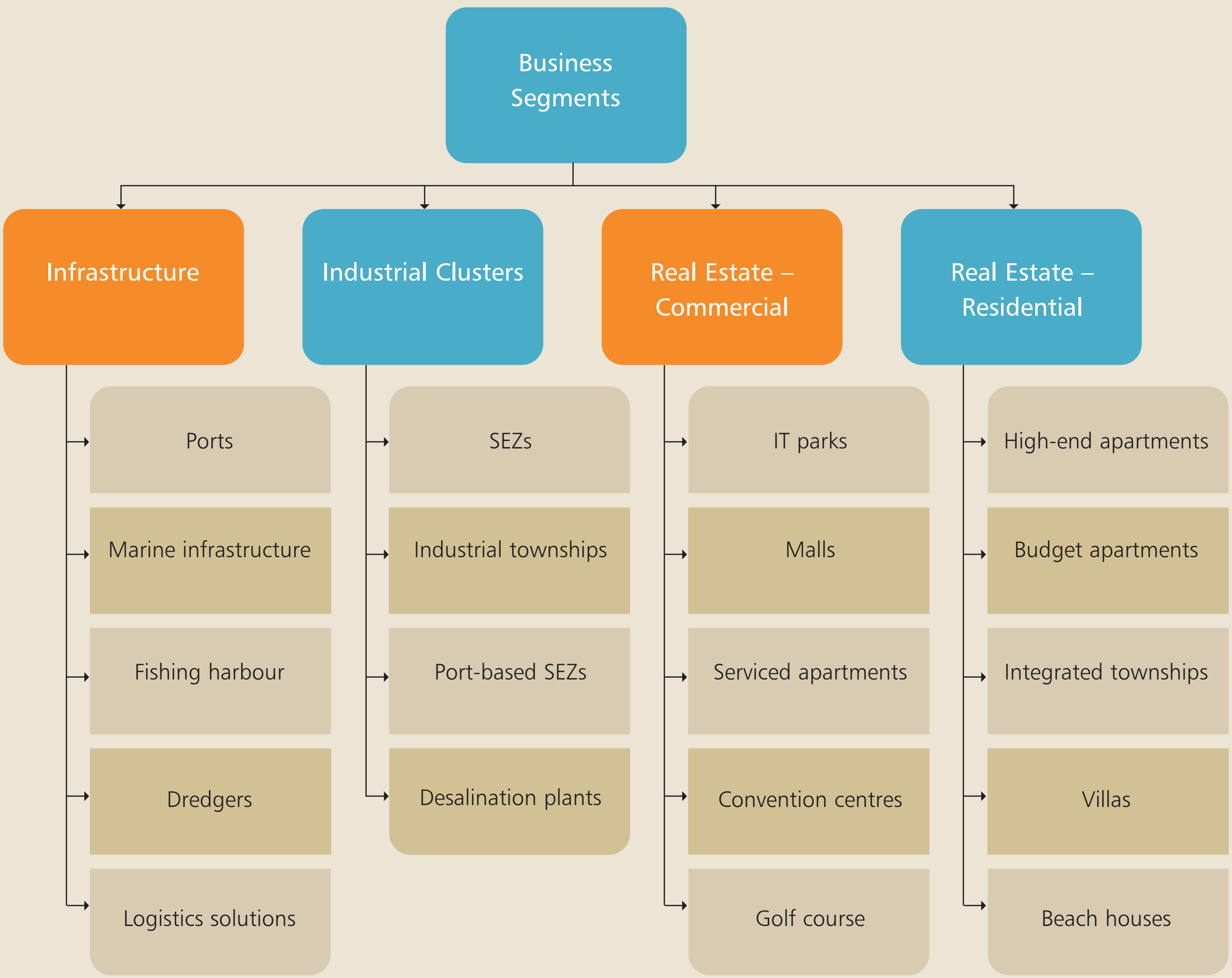
A key challenge lies in retaining people, given the unprecedented demand for infrastructure industry professionals. We started a new initiative called the 'Build Alumni' programme to ensure that we stay connected to our alumni, besides understanding the key factors to retain high performers.

MARG also believes in reinforcing positive behaviour and values through appropriate rewards. We launched an innovative reward and recognition scheme based on the principles of appreciative inquiry to increase individual performance, resulting in enhanced achievements. MARG strives to provide a healthy, safe and secure working environment for all its people.

The year 2007 witnessed a growth in the number of employees. Currently, MARG employs a total of 365 full-time and contracted staff.

Business segments review

MARG's business is organised across the four verticals of infrastructure, industrial clusters, commercial real estate and residential real estate. This segmentation has enhanced focus and visibility.



Business segment review – 1

Infrastructure

MARG strengthened its position as a key infrastructure player by entering into the port space, following the award of the prestigious Karaikal Port project in January 2006. As a prudent strategy, the Company seeks to maximise its presence across the sector through the creation of allied and associated infrastructure – dredging operations, fishing harbours, logistical facilities and marine infrastructure – with the objective to unleash broader economic potential for stakeholder benefit.

MARG bagged the Karaikal Port concession from the Government of Puducherry. The build-operate-transfer (BOT) project, expected to be completed by 2015-16 with a total capacity of over 30 mn tonnes of various cargo, is segmented across various phases (Phase-I to be commissioned by April 2009).

Karaikal Port Private Limited (KPPL), a special purpose vehicle company, was incorporated in February 2006 for project implementation and operation. The concession agreement – an initial period of 30 years extendable by another 20 years i.e. with two windows of 10 years each – provides MARG with the exclusive authority for designing, financing, building, owning, maintaining and operating the all-weather, deep-water port at Karaikal. The Company has the complete liberty to fix or revise tariffs for various port services rendered to users, as per the concession agreement. Hence, the tariff rates would be market-driven.

Infrastructure

The Karaikal Port

Overview: The Karaikal Port is located on the eastern coast of India in the Karaikal district of Puducherry, roughly 280 coastal km south of the Chennai port, and around 360 coastal km north of the Tuticorin port. At present, Tamil Nadu and Puducherry are serviced by the existing Chennai and Ennore deep-water port facilities. The only other port on the Tamil Nadu-Puducherry coastline is the Tuticorin port, close to the southern tip, making it more favourably placed to cater to the traffic generated from or bound to the southern region.

Interestingly, for a distance of almost 640 km on the Tamil Nadu–Puducherry coastline extending from the Chennai port to the Tuticorin port, there is no deepwater port with all-weather berthing facilities. This has historically compelled users in central Tamil Nadu to incur an additional road-rail freight up to 150 km, increasing cost and time. The Karaikal Port seeks to help users circumvent these problems, as it is located around the centre of the Tamil Nadu–Puducherry coastline.

Besides, the central Tamil Nadu region is conveniently connected by the NH-67, originating near Karaikal and terminating almost linearly at Coimbatore. This NH-67 is strategically intersected at various points by the national and state highways, linking the major industrial cities and towns of central Tamil Nadu. This will act as the principal artery for the Karaikal Port, which expects traffic to be routed through the road network in the initial stages of development. For rail connectivity, the conversion from metre gauge to broad gauge between Trichy and Nagore (roughly six km from the port) is currently in progress, as also the extension from Nagore to Karaikal. Upon extension, the rail link will pass through the Karaikal Port and the port will have its own siding. These will be completed by the time Phase-I becomes operational in April 2009.

Advantages

Logistical proximity: Hinterland quality is critical in ascertaining port viability. The Karaikal Port is well-placed in this regard: it will significantly save distance while catering to Central Tamil Nadu in terms of connectivity to the ports of Chennai, Ennore and Tuticorin. This will enhance competitiveness: it will facilitate an easy availability of imported cargo as well as a reduction in inland transportation cost and time. The central region of Tamil Nadu (districts of Nagapattinam, Thiruvaroor, Thanjavur, Tiruchirapalli, Ariyalur, Perambalur, Karur, Namakkal, Erode, Coimbatore, parts of Salem, Pudukottai and Madurai) and the Karaikal district of Puducherry (immediate hinterland of the Karaikal port) will gain substantially through logistical cost savings. The extended hinterland also includes parts of Coimbatore, Salem, Erode and Dindigul districts. The actual road distances of various Karaikal hinterland regions compared with Chennai, Ennore, Tuticorin and Karaikal will now be considerably shorter.

Competitive barriers: The Karaikal Port's ability to attract cargo will not be affected by minor ports in the vicinity: the other ports suffer from various constraints such as development bottlenecks, environmental concerns, type of cargo and targeted users, while the Karaikal Port is being developed as an all-weather deep-draft facility, which would handle a diverse mix of cargo types.

Hinterland development: The implementation of the port project is expected to usher in a significant development of new industrial projects in the vicinity, leading to industrial and economic growth with the potential of boosting port traffic.

Diverse cargo: The port will manage a diverse mix of cargo including coal, containers, liquid and general cargo. The port will have a total coal-handling capability of around 15 MTPA and one mn TEUs of containers with general cargo and liquid adding up the remaining capacity.

Dredging

Overview: MARG ventured into the dredging leasing business to capitalise on the huge dredging demand. The Company acquired a cutter suction dredger – MARG Cauvery – for US$ 13 mn, facilitating dredging operations from 5 metres to 25 meters with a dredging capacity of 2,000 cubic metres per hour. MARG Cauvery is currently engaged in dredging services at the Company's Karaikal Port. The dredger will be leased to other companies to meet their dredging requirements later.

Process: Dredging is the underwater excavation of various types of materials comprising rocks, boulders, cobbles, gravel and sand, among others, for the creation of deeper water drafts to improve navigation. Dredging involves excavation, transportation and utilisation or disposal of the dredged material.

Outlook: MARG expects to form a strategic partnership to acquire expertise in capital dredging, which has a huge potential in and around India. It is in the process of associating with an international partner for marketing as well as optimal and efficient dredger utilisation. The Company intends to acquire three additional dredgers in a phased manner by 2010 to meet larger requirements.

Fishing harbour

Overview: MARG's proposed fishing harbour is an excellent instance of the Company's focus on reconciling social prosperity with corporate profitability. Rajakamanagalam Thurai, a village on the west coast in the Kanyakumari district of Tamil Nadu, is completely dependent on fishing. The village set up a trust for the development of a fishing harbour; this encouraged the government to invite BOT tenders. The village trust then formed a consortium with MARG and CCCL to jointly bid for this project (concession period of 30 years) expected to be completed by 2010.

Fishing forms the principal occupation of the sea-facing region; local fishermen and other residents are entirely dependent on the sea. A fishing harbour was solicited by the local people for years to trigger a rise in the standard of living in and around Rajakamanagalam Thurai.

Project highlights

This fishing harbour – Rajakamangalam Thurai Fishing Harbour Project – is envisaged as a full-fledged fishing harbour with the following features:

- **Type:** Fully protected fishing harbour
- **Capacity:** 400 boats, depth of four metres
- **EPC contractor:** MARG
- **Engineer:** L&T Ramboll
- **Capacity for large mechanised boats:** 160
- **Capacity for small mechanised boats:** 40
- **Capacity for vellams and other catamarans:** 200

Q

A

Five minutes with the business head

"We are on schedule for commissioning Phase-I of the Karaikal Port, which will validate and strengthen our presence in the country's growing port infrastructure sector".

Mr Subramanyam Mutnuru, ED, Ports

Q. What was the rationale for MARG entering port operations?

A. Port infrastructure and operations will provide us with the maximum opportunities to unlock the economic potential of the region. The Karaikal Port will also demonstrate our capabilities in the timely execution of large infrastructure projects. We are on schedule for commissioning Phase-I of the port in April 2009 with complete port development by 2015-16. Once complete, the port will activate a virtuous cycle, facilitating economic development and feeding on the same.

Karaikal has a unique advantage of being close to Puducherry and the central Tamil Nadu region, providing the opportunity to tap the potential of these two states.

Q. Can you identify the potential around the Karaikal Port region?

A. Karaikal has a unique advantage of being close to Puducherry and the central Tamil Nadu region, providing the opportunity to tap the potential of these two states. India is on the verge of power crisis and the government has understood this. Imported coal is the preferred fuel for most coal-based power plants due to their better calorific value; coastal power plants have a great advantage due to their proximity to ports. Karaikal can emerge as a major destination for power plants.

Central Tamil Nadu accounts for about 80% of the cement production capacity of Tamil Nadu, due to the rich limestone deposits in and around Ariyalur. Cement consumption has been growing at a swift pace in India due to the infrastructure boom. Many states in India have limited production facilities, especially the East and Northeastern states. Karaikal could emerge as a major cement-handling exporting cement/clinker to other states.

Refineries could be set up in Karaikal to process heavy crude. Forty percent of the world's oil reserves are in heavy crude with another 30% in the form of bitumen and sands, which are difficult to process. Refineries around the world favour light crude as it has lower sulphur content and is easy to process. Supplies can dwindle in the future and refineries will have to switch to heavy crude, which is an expensive proposition. Karaikal is suitably located to source heavy crude from the Middle East/Venezuela and export it to high-consumption markets like Japan, China, South Korea, Thailand, Taiwan, Singapore and West Coast, USA. Karaikal can offer refinery margins similar to the refineries in Jamnagar, which are nearly double of similar ventures in Singapore.

Ship repair and ancillary industries can be set up to tap the potential in the Rs 44-bn ship repair industry. Currently, only Rs 10–12 bn of business is handled by the Indian ship repair units. The Karaikal Port would be able to attract a number of vessels to the region, which would open up a tremendous potential for ship repair units.

The Karaikal Port would handle container cargo from Trichy, industrial hubs in Mayiladurai, Puducherry, Salem, and other parts of central Tamil Nadu. CFS and ICDs can be set up close to the port to handle the inward and outward movement of containers. These CFS and ICDs could take up stuffing, de-stuffing, bonded warehousing and container repairs, etc.

Karaikal has the unique distinction of being close to the spiritual centres of Hinduism, Christianity and Islam. Karaikal town is about five km from the famous Tirunallar Temple, 10 km from Nagore Dargah and 25 km from Velankanni. This unique congregation makes it a pilgrimage and tourism destination. Opportunities for hotels, restaurants, travels and tours, etc can be explored.

Karaikal can emerge as a major educational hub as the opportunities in the district will increase due to the development of port, airport and other hubs. It is an ideal place to set up marine institutes to cater to the ever-increasing demand of the marine sector.

Due to increased opportunities, larger settlement and habitation will take place in and around Karaikal, opening up opportunities in real estate and ancillary industries. Service industries are required to cater to the needs of an economic centre and a number of services will have a huge market to tap in Karaikal.

Business segment review – 2

Industrial clusters

Industrial clusters, especially special economic zones (SEZs), are progressively being recognised as the country's prospective economic growth centres. An industrial cluster is a set of industries related through buyer-supplier and supplier-buyer relationships, or by common technologies, common buyers or distribution channels, or common labour pools. It is a geographical concentration of enterprises, producing similar and closely-related products in a small area. Business or industry clusters can be a valuable option in a community's strategic economic development planning.

MARG established its presence in this sector through the development of two SEZs named MARG Swarnabhoomi SEZs. The SEZs are strategically located in Seekinakuppam village, Kancheepuram district of Tamil Nadu, 70 km from the TIDEL IT Park, 56 km from Siruseri on the strategic IT corridor and 60 km before Puducherry. Spread over 613 acres, the notification in December 2007 was followed by the commencement of developmental work in February 2008 with targeted completion in 2014. MARG was directly involved in the land acquisition process from the erstwhile owners and the Company's people-centric capabilities were reflected in this entire process being completed peacefully with no adverse impact on the local communities. The two SEZs, being implemented through an SPV New Chennai Township Private Limited (NCTPL), encompass a light-engineering SEZ spread over 311.23 acres and a multi-service SEZ across 301.19 acres.

The Company is also in the process of developing two other industrial clusters (IC) at Nellore and Kodad in Andhra Pradesh.

MARG Swarnabhoomi

Overview: MARG Swarnabhoomi is one of the few SEZs in South India to be located adjacent to a metropolis (Chennai) and on a rapidly-developing axis linking Chennai with Puducherry. The two SEZs – light-engineering and multi-services – are expected to unleash all-inclusive economic growth and community well-being through an integration of working and recreational conveniences. The scenic East Coast Road around the SEZs will capitalise on a proximity to the sea and beach through an adjacent proposed golf course, convention centre, destination mall, expansive 12-acre water bodies and a club.

Advantages

Strong linkages: The SEZ site is connected to Chennai (88 km) and Puducherry through the arterial East Coast Road (ECR), which runs on a north–south axis close to the site. It is connected to Puducherry on the south and to the industrial hub of Madhuranthakam on the west. Dindivanam, another significant industrial township, is a major junction connecting all important cities in the region. In addition to the road linkage, a rail link has been budgeted connecting Chennai and Cuddalore, which would pass close to the MARG Swarnabhoomi site and act as a multiplier for growth along the corridor.

Economic growth enabler: Analysis of growth pattern/plans in the region reveals that a robust demand exists for light-engineering SEZ and multi-services SEZ in the Seekinakuppam region. The proposed multi-services SEZ can potentially attract significant FDI across service-oriented industries (BPOs, KPOs, animation, healthcare, R&D, publishing, IT infrastructure support, hospitality and education, etc.).

The Company's light-engineering SEZ is being established to attract industries like auto ancillary, medical and surgical equipment, packaging, electrical equipment and machinery, aviation and space electronics, automotive components, telecom and network electronics, machine tools, paper copier and packaging industries. These industries are expected to create significant employment opportunities, coupled with significant plant, machinery and technology investments. The SEZ is also proximate to leading institutes like the IIT Chennai, National Institute of Port Management and Great Lakes Institutes of Management, among others.

Lifestyle enhancer: The MARG Swarnabhoomi SEZs will offer comprehensive allied infrastructure services comprising a world-class international school, hospital, well-lit internal roads, buses, captive desalinated water supply, modern waste management systems, 15,000 residential units, villas with easy access to work, shopping and entertainment, grid power supply, telecom connectivity and professional security services.

Robust planning: The master plan of the SEZs has been developed by the internationally reputed architect firm, HOK, USA, in line with the most complex planning and design challenges. The firm has wide experience in design services in a range of verticals comprising aviation, construction services, corporate, healthcare, hospitality, landscaped architecture, retail, science and technology, sports venue, urban infrastructure, transportation and visual communication, among others.

School/university: A good school/university is considered an essential prerequisite for any major professional or residential decision. Interestingly, an Indian family spends an average of 28% of its income on school education (Global Education Digest 2007). The school in MARG Swarnabhoomi will be a mix of residential and day scholars, catering to the

Business segment review – 2

Industrial clusters

catchment area of Chennai and Puducherry for residential while developing the base for day scholars from the SEZs and the nearby areas of Kalpakkam, Marakkanam, Cheyyur, Kodur, etc. The Company is also actively exploring the possibility of establishing a foreign university to cater exclusively to foreign exchange-paying international students.

Hospital: MARG Swarnabhoomi envisions the creation of a hospital within the SEZ area to cater exclusively to medical tourism. The latter refers to the rapidly-growing practice of travelling to a foreign country for obtaining specialised healthcare at competitive costs. The Company expects to establish a multi-specialty hospital to provide integrated medicare solutions as well as a medical mall to cater to treatment needs within the SEZ.

Recreational facilities: A destination mall and convention centre is also proposed to be developed outside the SEZ. The destination mall, projected as a full-day entertainment outfit, would house retail, dining and entertainment facilities, including a multiplex, over a built-up area of one mn sq. ft on 20 acres of land. A hotel-cum-convention and exhibition centre is also proposed over eight acres of land on the ECR close to the destination mall. The convention centre – designed to be a state-of-the-art venue for international exhibitions, trade shows and conferences – is expected to have a built-up area of around 200,000 sq. ft. Along with it, a 250-room business-class hotel is also proposed to be leased to an established player.

Desalination plant

Potable water requirement of MARG Swarnabhoomi upon completion is projected at 10 mn litres per day (MLD); MARG, leveraging the proximity of the site to the sea, intends to set up a 10-12 MLD desalination plant supplemented by rain-water harvesting. The construction of the plant is expected to commence by March 2009 and completed by March 2011.

Kodad industrial cluster

Location: The proposed Kodad industrial cluster (IC) will be spread across 350 acres in the Nalgonda district, Andhra Pradesh, close to the NH 9 to Pune, to capitalise on the large hinterland.

Business potential: Andhra Pradesh, situated on the east coast of India and occupying a strategic position as the gateway to South India, is India's fifth largest state economy. Though the economy of Andhra Pradesh is predominantly agrarian, it has witnessed a structural shift to services and industries (large, medium and small-scale). Today, it is one of the fastest developing states in India.

Project details: The Kodad industrial cluster is proposed as a building materials IC around the following rationale:

- To meet the material needs of the construction industry of South and central India
- To leverage locational advantages and an access to low-cost power
- To capitalise on quality infrastructure
- To leverage common facilities such as raw material stocking, market yards for finished products and storage for goods and consumables

The proposed IC, expected to commence development in 2009-10 and completed by 2013, will facilitate the manufacture and export of building materials like cement, steel, natural stones, composites, engineered stones, ceramic, glass, aluminium, wood, plastic and surface-coating.

Q

A

Five minutes with the business head

"With our Swarnabhoomi SEZs and other industrial clusters, we are revolutionising infrastructure for 'enabling' lives and creating innovative concepts like the 'walk-to-work' culture. This project is integrated with our corporate vision of achieving a work–life balance".

Mr B.G. Menon, ED, Infrastructure

Q. What was the rationale for developing the Swarnabhoomi SEZs and industrial clusters?

A. The construction of these is synonymous with 'triple-win' benefits – for the country, customer and Company. Our infrastructure projects will unlock the economic potential of the region, generating regional prosperity and capitalising on the growing affluence. At MARG, our vision is to be present in each of these concentric developments to reinforce our brand and profitability.

On the demand side, Tamil Nadu and South India in general enjoy several inherent strengths, including the availability of skilled manpower, healthy work culture and a reputation for quality. Tamil Nadu and Chennai are considered to be the leather hubs of the country. Historically, the region is also home to some of the leading OEMs and auto component manufacturers. With about 110 key players investing a massive US$-800 mn in the automotive component industry in Tamil Nadu, Chennai has emerged as a preferred investment destination. Tamil Nadu accounts for almost 25% of India's automotive output and this is expected to increase to a projected 30–35% by 2015. The vision envisages component exports of US$ 6–7 bn by 2015. Our SEZ will help make these targets a reality.

Q. You mentioned concentric development opportunities. What do you mean?

A. Residential development within an SEZ reduces precious commuting time. We have incorporated this realisation by setting up 15,000 dwelling units within our SEZs, facilitating a relevant 'walk-to-work' culture, supported by schools, hospitals, destination mall, hotel and convention centre, golf course and a desalination plant. We will capitalise on any upturn in spin-off benefits, creating the basis for concentric development.

For instance, we roped in an innovative and diversified global auto component supplier as a customer for our light-engineering SEZ. This Company is a global supplier of quality products, trusted brands and creative solutions for the automotive, light commercial, heavy-duty truck, off-highway, agricultural, marine, rail and industrial markets with a presence in 35 countries. Their presence will enhance our brand and draw in other similar organisations.

Business segment review – 3

Real estate – Commercial

MARG's real estate development business, credited with the completion of five projects, was a logical extension of its infrastructure vertical. The Company's real estate activities can be broadly classified into commercial and residential realty ventures, each a separate vertical. The Company's forthcoming projects cater to the diverse needs of the retail, hospitality and leisure sectors. The projects that fall under this vertical comprise IT parks, office complexes, malls, golf courses, hotels and convention centres, among others. Its leasing-centric business model will generate sustainable cash flows.

Completed projects

MARG's completed commercial realty projects comprise:

Digital Zone I

Land area	1.85 acres
Location	Karapakkam, Old Mahabalipuram Road (OMR)
Built-up area	2.40 lakh sq. ft
Floors	Basement + ground + seven floors
Project duration	October 2002 to December 2004
Lessee	Tata Consultancy Services

Digital Zone II

Land area	1.8 acres
Location	Karapakkam, Old Mahabalipuram Road (OMR)
Built-up area	2.16 lakh sq. ft
Floors	Basement + ground + seven floors
Project duration	January 2005 to July 2007
Lessee	Scope International

MARG Square

Land area	1.76 acres
Location	Karapakkam, Old Mahabalipuram Road
Built-up area	2.06 lakh sq. ft
Floors	Basement + ground + seven floors
Project duration	January 2005 to July 2007
Lessee	Satyam Computer Services Limited

Wescare Towers

Location	Cenotaph Road, Nandanam, Chennai
Built up area	20,000 sq. ft
Floors	Four
Project duration	June 1998 to August 1998
Contracted by	Wescare (India) Limited

Slash Support Systems

Location	T. Nagar, Chennai
Built up area	25,000 sq. ft
Project duration	December 2000 to February 2001
Contracted by	Slash Support India Private Limited

Riverside Mall (ongoing project)

Overview: Following the successful development and commercialisation of about seven lakh sq. ft of IT space, MARG is extending into commercial projects like malls, serviced apartments and convention centre, among others. The Riverside Mall comprises a blend of shops, multiplex and a business-class hotel, the first of its kind in Chennai. Located on the Old Mahabalipuram Road (OMR), covering 7.3 acres, it is among the largest malls in Chennai under construction and primarily focused on middle and higher-income groups. Its primary catchment areas comprise the fast-developing areas of the IT corridor, Adyar, Besant Nagar, Velachery and Thiruvanmiyur. The mall was designed by Neo Modern Architects, a firm possessing a rich experience in luxury hotels, residential properties, besides commercial and institutional projects, spearheaded by the renowned architect Vivek J. Bhole.

Project highlights: The highlights of the project comprised the following:

- Prominent location of 10 km from the Madhya Kailash junction on the IT corridor with the frontage connected to a six-lane expressway
- A three-way road connectivity and approach
- A water front that blends with the landscaping
- Large and excellent frontage area of 208 feet
- Large six-screen multiplex with a capacity of 1,800 seats
- One of the largest entertainment and game arcades in South India
- Huge multi-cuisine food court with fine dining on each floor

Business segment review – 3

Real estate – commercial

- Large hypermarket with a floor area of 70,000 sq. ft
- Departmental stores, home furnishing, jewellery mart, book shop, electronic city and exclusive saree stores
- Spa, beauty parlour and gym within the complex
- Four-star premium business hotel with bar and fine dining restaurants, swimming pools and banquet halls
- Car parking facility for 1,800 cars and two-wheelers
- Twenty escalators/travellators and hi-speed glass dome elevators facing the atrium

Statistics

Land area	7.30 acres
Mall: Built-up area	10.23 lakh sq. ft
Leaseable area	7.26 lakh sq. ft
Hotel: Built-up area	2.53 lakh sq. ft
Revenue model	Lease

Oakwood Residence (ongoing project)

Overview: MARG Business Park Private Limited (MBPPL), a Company promoted by MARG Limited, is entrusted with the development of 185 serviced apartments at Kazhipattur, OMR. Spread across 3.84 acres, Oakwood Residence comprises state-of-the-art serviced apartments located along OMR, Chennai's IT corridor and two km from Siruseri, the IT hub housing global conglomerates in the IT/ITeS sector. Oakwood Residence was designed by architect Vivek J. Bhole's Neo Modern Architects. Moreover, MARG roped in Oakwood Asia Pacific, the world's largest rental housing solutions company that provides quality accommodation in the US, the UK, Europe and Asia. Through its vast selection of world-class accommodations, Oakwood offers the perfect housing solutions for short and extended-stay needs. The Company intends to leverage the strength and expertise of Oakwood in construction, property management, technical service expertise, international marketing network and a strong client base. This tie-up will also cash in on the internationally-acclaimed Oakwood brand, the global client base of Oakwood and the rapid development of the IT corridor in Chennai.

Project highlights: The highlights of the project comprise the following:

- Coming up in Kazhipattur on the OMR, in the midst of the IT hub
- 185 customised serviced apartments
- Includes a health club, business centre, residents' lounge, gymnasium, pool, 24-hour customer service desk, security and maintenance

Statistics

Land area	3.84 acres	
Total built-up area	3.25 lakh sq. ft	
Room mix	2 BHK	40 units
	Studio	40 units
	1 BHK	105 units
Status	Land fully acquired; mandatory approvals and clearances awaited	
Revenue model	Rental	

Anjali Square (upcoming project)

Overview: Anjali Square is an integrated development project in Kalavakkam, Chennai, combining commercial and residential units. It covers 7.43 acres with a total built-up area of 5.82 lakhs sq. ft being developed as a joint venture with Anjali Devi, a Tamil and Telugu actress of yore, owning a commercial complex in Kottivakkam. Anjali Devi will invest in the land while MARG will undertake project development at its cost.

Project highlights

Land area	7.43 acres
Built-up area	5.83 lakh sq. ft
Current status	Approvals awaited
Revenue model	Rental and sale

Q

A

Five minutes with the business head

"We are extending from IT commercial space to larger commercial spaces through integrated malls and serviced apartment projects, among others. This will help us carve out a larger mind space, leading to sustainable revenues."

Mr S. Ramakrishnan, CEO, Real Estate

Q. What is the potential for commercial ventures in Chennai?

A. Chennai has been witnessing a spate of investments over the past few years. Consider the following:

- Companies like BMW, Mahindra-Nissan, Ford and Hyundai possess manufacturing bases in Chennai
- The city possesses a huge auto ancillary, IT and telecom sector base with high per capita incomes
- Over 15% of the country's IT/ITeS revenue is generated from Chennai with an annual growth rate of 35%
- The city has a young workforce marked by double-income families working in the IT sector
- The OMR in south Chennai has been officially designated as the IT corridor with a projected 450,000 working population across 50 mn sq. ft of IT space over the next three years. The planned OMR developments comprise townships with more than 36,000 high-end residential units
- The city has recorded an 11–15% annual growth in foreign tourist and business arrivals
- The average city hotel occupancy increased from 61–79% over three years; average room rentals increased 16% in 2007
- Nearly 88% of the hotel clientele comprised business travellers, 60% from abroad
- A significant room shortage is expected to strengthen the average room rent by 18–20% in two years

Q. What made MARG look into the retail and serviced apartment spaces?

A. Simply because these are brand-enhancing ventures; retail and serviced apartments are the key touch points for the largest population cross-section, strengthening revenues from referrals. Besides, the MARG Riverside Mall and Oakwood Residence will be unique for the city; though Chennai has a large per capita income, the city is home to malls under 0.5 mn sq. ft. Once constructed, The Riverside Mall will be double the size in terms of built-up area and easily the city's largest.

Though foreign arrivals into Chennai are on the rise, the concept of serviced apartments has not caught on. The Oakwood Serviced apartments will provide guests with contemporary, luxurious, innovative and homely living experiences at affordable rates. This will strengthen our presence as a value-conscious brand in one of the most brand-loyal metros of the country.

Real estate – Residential

A rich experience derived out of an initial presence in civil contracting helped MARG venture into residential realty in 1998 through the Sai Subhodaya project. The Company extended its presence across the sector through spaces for the high- and mid-income groups. Besides, it seeks to be present in the Tier-II and Tier-III geographies, marked by low-cost and high developmental potential. The Company's residential realty ventures offer high synergic opportunities with its other verticals.

MARG Ramlakshmi Enclave is a residential project located in Tenali (Andhra Pradesh), developed on about an acre of property.

Tapovan – The Silent Garden (ongoing project)

Location: The Tapovan project is located in Pavunjur village, Kancheepuram district. The site is off the East Coast Road and 64 km from Siruseri, the IT hub, and 38 km from Mahabalipuram.

Project highlights: The project comprises the following noteworthy features:

- 90 exclusive, high-end luxury villas spread over a lush 77 acres
- Amenities of a getaway, holistic healing and relaxation in a weekend resort, a second home for the affluent
- Nearly 4,500 mature trees of a number of varieties (coconut, mango and guava, among others)
- Villas constructed around the trees, preserving the locational beauty and serenity
- A built-up area of 2,345 sq. ft and a covered area of 6,000 sq. ft on a half-acre plot earmarked for each villa
- Facilities like swimming pool, jacuzzi, meditation stage, gymnasium/study room provision, a modular kitchen, servant dormitory, reverse-osmosis plant and power back-up in every villa
- A landscaped garden and picket fencing for every villa
- Common amenities comprising two tennis courts, half basketball court, badminton courts, clubhouse, battery-operated carts, walking and jogging spaces, piped music in common areas, rainwater harvesting, sewage treatment plant, servants' and drivers' dormitory and full-time security service
- Management of the facility undertaken by Heiligen Worldwide Services Private Limited

Statistics

Land area	77 acres
Project duration	24 months
Number of villas	90
Total built-up area per villa	2,345 sq. ft
Covered area per villa	6,000 sq. ft

Status of project (as on March 31, 2008)

Status	Details
Land	Already acquired
Plan sanction	Building plan sanctioned
Physical progress	First phase of construction of 20 villas is in progress

MARG Ramlakshmi Enclave (ongoing project)

Overview: MARG Ramlakshmi Enclave is a residential project located in Tenali (Andhra Pradesh), developed on about an acre of property. The project was awarded through a competitive bid floated by the Vijayawada-Guntur-Tenali-Mangalagiri Urban Development Authority (VGTM-UDA). The project involves development, construction, financing, marketing and maintenance of 96 residential apartments. Amenities include car parking, security and power back-up, a pioneering initiative in Tenali. The township is essentially agriculture-based, an important centre for paddy import-export with a rapidly growing real estate segment on account of growing farmer affluence. The project was designed by Arvind Associates, a reputed Chennai-based architectural firm. Project management consultancy and construction are being carried out by the Vijayawada-based KSH Kumar and Fairview Constructions Private Limited, respectively. Approval

Real estate – Residential

for the project has been obtained. Work commenced following the launch on August 26, 2007.

Project highlights: The project is spread over 43,030 sq. ft comprising one block with stilt-plus six floors, each floor containing 16 apartments across five apartment types (960–1140 sq. ft). The amenities include car parking, children's play area, walking/jogging track, round-the-clock security, power back-up and clubhouse/party hall.

Advantages: Tenali is located in the rice bowl of Andhra Pradesh and is one of the most important exporting centres of paddy and rice. Tenali is the hometown for a number of NRIs and other people currently residing in cities like Hyderabad and Vijayawada, etc, who would like to invest in real estate there. The project site is located close to market areas, schools, colleges and the railway station, making it an attractive proposition for prospective buyers,

Statistics

Land area	43,030 sq. ft
Total built up area	97,878 sq. ft
Number of units	96
Project duration	22 months

Status of project (as on March 31, 2008)

Status	Details
Land	Already acquired
Plan sanction	Building plan sanctioned
Physical progress	Construction in progress
Sales progress	36 bookings

El Paradiso (Upcoming project)

Overview: El Paradiso is a luxurious residential complex in Kalavakkam, Chennai, situated in the emerging areas of the Old Mahabalipuram Road. This project includes 259 apartments across three blocks in 4.4 acres with 3 BHK and 2 BHK accommodations on offer.

Project highlights: The project comprises the following facilities:

- Three blocks (two with nine floors and the third with eight floors) with 259 apartments (3 BHK and 2 BHK)
- Directly on the main road and easily accessible
- Project architecture managed by Sajith & Vivek Architects
- Amenities include a swimming pool, car park, club house, party hall, gymnasium, security, international standard elevators, a toddlers' corner, children's play area, provisions for basket ball/tennis and indoor games (table tennis, badminton and squash)

Statistics

Land area	4.34 acres
Built-up area	3.71 lakh sq. ft
Project duration	24 months
Number of flats	3 BHK: 176
	2 BHK: 83

Q

A

Five minutes with the business head

"We are creating low-cost and high-value mass housing spaces. We are also building flavour-specific, high-end apartments and villas to extensively integrate our presence in the country's housing sector."

Mr S. Ramakrishnan, CEO, Real Estate

Q. What was the rationale for establishing a presence in the country's residential realty space?

A. The volume of business in the country's real estate industry is estimated at around US$ 12 bn, growing at 30% per annum. Besides, almost 80% of real estate developed in India comprises residential space, while only 20% covers offices, shopping malls, hotels and hospitals, among others. The large proportion of residential projects entailed the creation of a separate vertical for enhanced attention.

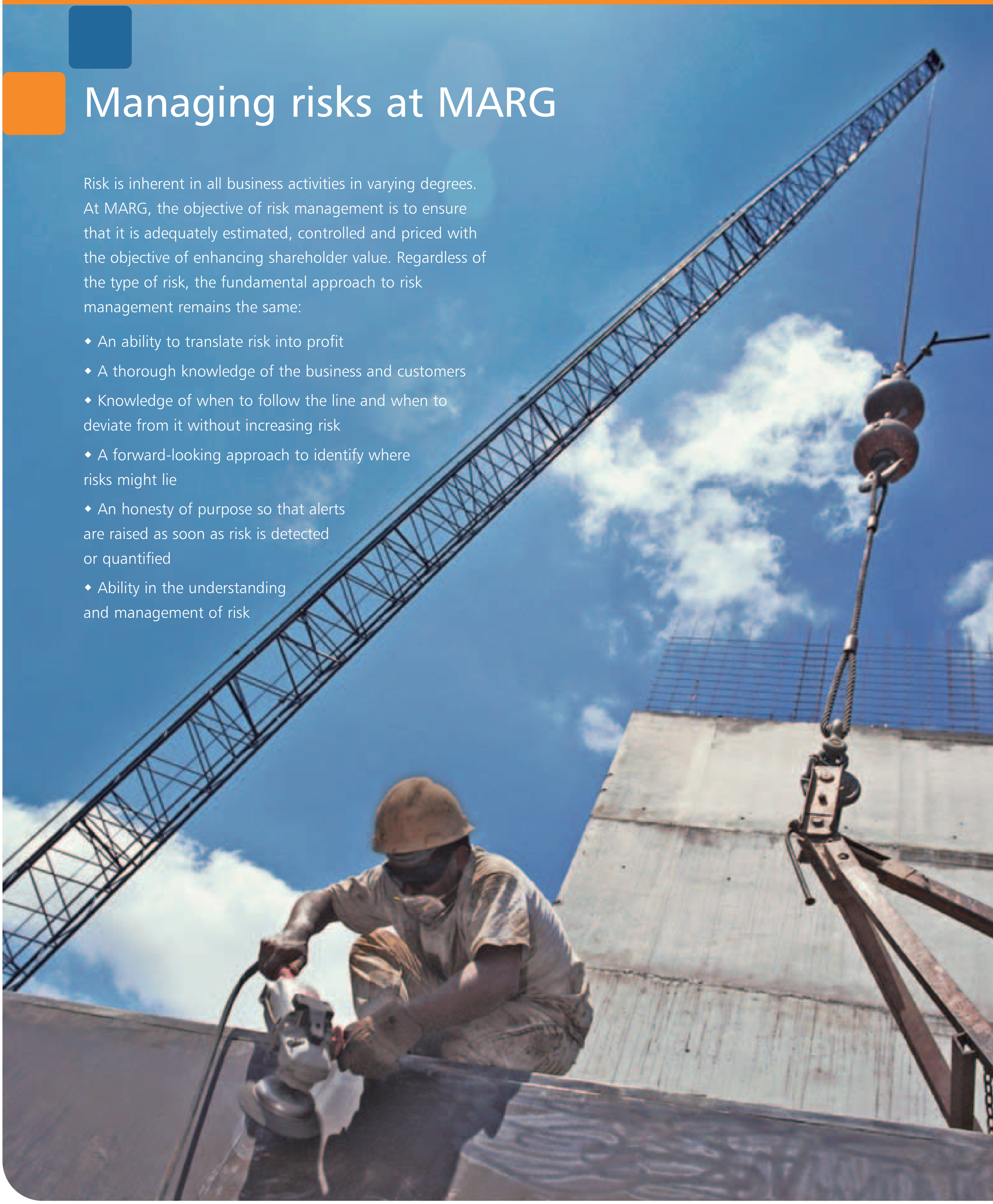
Q. What is the USP of MARG's residential projects?

A. We focus on contemporary, best-in-class and value-for-money properties in under-penetrated geographies. Some of our projects are also being established near our SEZ ventures, enabling us to bundle our products and services for customer convenience and derive more attractive synergies. Going forward, this will enlarge our presence across a particular geography and ensure better profitability.

Managing risks at MARG

Risk is inherent in all business activities in varying degrees. At MARG, the objective of risk management is to ensure that it is adequately estimated, controlled and priced with the objective of enhancing shareholder value. Regardless of the type of risk, the fundamental approach to risk management remains the same:

- An ability to translate risk into profit
- A thorough knowledge of the business and customers
- Knowledge of when to follow the line and when to deviate from it without increasing risk
- A forward-looking approach to identify where risks might lie
- An honesty of purpose so that alerts are raised as soon as risk is detected or quantified
- Ability in the understanding and management of risk



Risk identification

Industry risks

Risk explanation

A slowdown in economic growth might stagger construction activity, affecting the Company's growth.

Risk response

- Infrastructure, both economic and social, has significant implications for sustainable development, as the sector has a direct bearing on a country's economic well-being. With India emerging as one of the fastest growing US$-1-trillion-plus economies (GDP growth of 9% in 2007-08), the need for quality infrastructure is widely emphasised
- The government's intent of expanding the GDP growth to double-digits by the end of the Eleventh Plan period (2008-12) will need to be supported by large-scale infrastructure investments
- Allocation for infrastructure investment by the government increased from US$ 88 bn in the Ninth Plan to an estimated US$ 140 bn in the Tenth Plan to around US$ 450 bn in the current plan period
- Fund mobilisation opportunities were expanded with single-window clearances for foreign direct investments (FDI) in infrastructure projects, relaxation in external commercial borrowing (ECB) norms and public–private partnerships (PPPs)
- Attractive schemes like build-operate-transfer (BOT), build-own-operate-transfer (BOOT), build-operate-lease-transfer (BOLT) and own-operate-transfer (OOT) will catalyse infrastructure growth

Risk result

MARG, enjoying a unique position as an infrastructure (including SEZs) and real estate conglomerate, expects to capitalise on the national growth potential. Following our post-tax profit CAGR of 269.41% over the three years ending 2007-08, we expect to post rapid profit acceleration over the coming years.

Risk identification

Strategy risks

Risk explanation

The Company might not possess a clear strategy, resulting in a lack of opportunity identification.

Risk response

At MARG, we possess a clear vision for our growth:

- A philosophy of democratising infrastructure to create rewarding propositions for the country, customer and the Company
- Creation of self-sustaining habitats and ecosystems, encompassing workplaces with residential and recreational arenas to fulfil the broad objective – reflected in MARG Swarnabhoomi SEZ
- Identification of opportunities to create infrastructure hubs. For instance, the Karaikal Port will enable us to create an industrial cluster with warehousing and logistical facilities, dredging operations and a fishing harbour, among others. Going forward, this will help derive larger synergies between projects – maximum good for the maximum number
- Continued focus on land acquisition opportunities so that the cost of land will not constitute more than 30% of the overall development cost. This has enabled a seeking of 'new' tier cities with the maximum developmental potential (residential and commercial)
- Expectations of emerging as a pan-India property developer, the Delhi office being a positive step in this direction
- Cumulative identification of newer and more holistic infrastructure opportunities in under-penetrated geographies

Risk result

MARG reported a 159.38% CAGR in gross income over the three years ending 2007-08.

Risk identification

Business portfolio risks

Risk explanation

The Company might not be present in the right construction verticals, leading to a corporate slowdown.

Risk response

MARG is present in some of India's fastest-growing infrastructure verticals (ports and others), SEZs and industrial clusters, commercial and residential realty.

- The National Maritime Development Policy (NMDP) was formulated to catalyse India's port infrastructure growth with allocations of nearly Rs 700,000 mn in the Eleventh Plan. Besides, over Rs 63,040 mn has been committed to dredging operations up to 2011-12. India's ambition of doubling its share of exports in world trade over the next few years will need to be facilitated through a robust port infrastructure
- Special economic zones (SEZs) are fast emerging as economic hubs with over 220 notified SEZs in the country. As a result of a number of benefits offered to SEZ developers and tenants, they are well-placed to capitalise on a massive US$ 110-bn business, expected to be off-shored into India by 2010
- India's commercial realty is largely driven by the rapidly growing IT/ITeS businesses. With a projected rise in the number of IT/ITeS employees from 1.3 mn to 4.1 mn over the next five years, the need for quality office space will expand. The retail industry is also recording a 36% year-on-year growth; retail turnover is expected to triple to over Rs 147,000 mn in the next few years, warranting more space. A Deutsche Bank report has estimated the creation of 600 new shopping centres in the country by 2010, with the share of organised retail expected to grow from around 5–10%
- An analysis by AT Kearney suggests that the Indian retail market has the second-largest growth potential (after Vietnam). Over the next few years, the growing middle-class, with increasing purchasing power, will provide retail stimulus. Today, 300 mn Indians have an annual household income of at least US$ 2,000; 58 mn people earn more than US$ 4,400 per household
- With a retail turnover of around US$ 250 bn, India is already one of the world's ten largest retail markets, equivalent to about 50% of the total private expenditure on consumption and around a third of the Indian GDP
- Rapid population growth, rising incomes, declining household sizes and a current housing shortage of 20 mn units will call for extensive residential construction. It is estimated that by 2030, the country will require up to 10 mn new housing units annually *(Source: Deutsche Bank report)*

Risk result

The Company's business model reflected a strong volume-value mix, derived out of an increasing presence in growth-oriented verticals.

Risk identification

Raw material resource risks

Risk explanation

The key raw materials in construction – steel, cement, diesel and other consumables – are inflationary.

Risk response

At MARG, we enjoy a competitive business edge as far as raw material resources are concerned.

- A rich knowledge of commodity price movements, leading to proactive protection
- Long-term supply contracts for key commodities, controlling input costs to the extent possible
- Holistic and integrated infrastructure projects, enhancing the bargaining power

Risk measurement

Despite inflation, the Company controlled the cost of operations as a proportion of income from operations from 70.31% in 2005-06 to 68.57% in 2007-08.

Risk identification

Competition risks

Risk explanation

The entry of global construction companies into India and mounting pressures from domestic peer group companies could affect profitability.

Risk response

At MARG, we are relatively insulated from competition through the following initiatives:

- A comprehensive presence across infrastructure (ports, warehouses, logistics, dredging and fisheries), industrial clusters (SEZs and integrated townships), commercial realty and residential real estate, helping diversify risks during selective sectoral slowdowns
- An increasing thrust by the government on BOT and BOOT projects will reduce competition in project-bidding due to the inability of small players to fund themselves adequately. Besides, a strong net worth criterion, requisite experience and reputation are essential for meeting pre-qualification norms, filtering competition
- Alliances with respected consultants and builders, including HOK (master planners, the US), CES (master planners, India), Consolidated Construction Company Limited (construction company, India) and Simplex Infrastructures Limited (construction company, India), HUDCO (techno-financing institution in housing and urban development, India), Oakwood (world's largest shared accommodation conglomerate, the US), L&T Ramboll (construction company, India) and Great Lakes Institute of Management (management institute, India), among others, strengthens MARG's expertise

Risk mitigation

MARG won the Karaikal Port project from the Government of Puducherry. One of the Company's essential competitive strategies include engaging with partners with robust core competencies across specific project deliverables, enhancing specialisation and leading to a holistic infrastructure solution.

Risk identification

Human capital risks

Risk explanation

In an industry marked by attrition, the loss of human resources could erode intellectual capital.

Risk mitigation

At MARG, one of our resilient retention tools was characterised by a comprehensive alignment of personal goals with corporate objectives. Besides, our people-centric initiatives comprise the following:

- Our members are nomenclatured as 'Visioneers' – visionaries with a pioneering spirit to create a distinctive positioning
- Expert HR consultants associated with reputed institutes and organisations in India and abroad were hired
- Professionals with strong qualifications and rich experience were recruited to create a culture of knowledge-sharing
- 3,933 person-years of intellectual capital helped attract talent.
- The average salary level was increased by around 13% in 2007-08, benchmarked with the best industry standards
- Superior-quality talent was recruited from reputed institutions across India. The Company's team of 365 members comprised 24% engineers, 10.5% MBAs, 4% law graduates and 4.5% chartered accountants, the rest being graduates, diploma holders and others (as on March 31, 2008)
- Local people were hired across various sites to minimise mainstream attrition; focus was given on skill development to enhance adaptability, multi-tasking and remuneration
- Authority and responsibility was delegated across all management levels, encouraging a greater employee participation in decision-making
- Training was increased from around two man-days a couple of years ago to five man-days in 2007-08

Risk measurement

At MARG, our attrition at 3.5% was well below the industry average.

Risk identification

Asset risks

Risk explanation

Assets and equipment represent the backbone of any infrastructure company. A delay in equipment availability could impact timely project completion.

Risk mitigation

At MARG, our asset-centric initiatives consist of the following:

- A rich bank of state-of-the-art equipment (automatic batching plants, wet mix plants, tower cranes, concrete pumps and excavators, among others)
- Adoption of innovative construction strategies to ensure superior quality and timely completion of projects – the driving force behind asset management strategies. Credited with being one of the first in Chennai to use ready-mix concrete for one of our earliest projects (Wescare Towers)
- Investment in comprehensive asset mapping to reflect availability, maintenance schedules and asset specifications, among other factors, leading to an optimal equipment utilisation
- Investment of nearly Rs 611.85 mn in 2007-08 to procure assets and equipment
- Maintenance of an inventory of spare parts covering the entire project duration as a hedge against unforeseen downtime
- Strong relationships with equipment suppliers for instant equipment purchase or renting to plug shortfall

Risk measurement

The Company's gross block increased from Rs 319.19 mn in 2003-04 to Rs 585.54 mn in 2005-06 to Rs 1,193.99 mn in 2007-08, indicating increasing investments and a strong focus on the captive ownership of equipment.

Risk identification

Quality risks

Risk explanation

A failure to maintain quality could lead to a loss in reputation.

Risk response

MARG is an ISO 9001:2000 certified Company. Over the years, we have built our forte in quality through the following:

- A quality-control laboratory at each site, irrespective of the project complexity or value, equipped with state-of-the-art instruments and managed round-the-clock by professionals
- State-of-the-art assets to check product quality
- Stringent checks across the project lifecycle for checking incoming raw materials, materials-in-process and finished products
- Regular quality audits through third-party agencies and engineers, implementing recommended findings

Risk measurement

The Company's clientele include TATA Consultancy Services, Satyam Computers and Standard Chartered Bank.

Risk identification

Environment and safety risks

Risk explanation

A breach of environmental norms could invite censure and perhaps even litigation.

Risk response

At MARG, we are as much environmentalists as industrialists. Our focus on environment protection and ecosystem preservation is reflected in the following initiatives:

- Modern equipment, recommended by the Pollution Control Board, minimising sound and air pollution
- Collaboration with international construction companies for insights into environment-friendly global operational standards
- Extensive soil sampling and analysis to ensure the structural integrity of the surface and surrounding areas
- Adequate manpower training with a respect for environment standards and norms
- A disaster management cell to implement the most effective accident prevention measures, covering all stages of the construction activity
- Personal protection equipment mandatory for all onsite workers
- Crisis management teams across all project locations

Risk measurement

The Company did not lose a single day of operation on account of environmental non-compliances and has not reported any major accident since inception.

Risk identification

Receivables risk

Risk explanation

Construction projects are capital-intensive, requiring a large outlay for equipment mobilisation, manpower and other resources. As such, the timely inflow of funds is important for efficient working capital management.

Risk response

At MARG, we enhanced working capital efficiency through the following initiatives:

- Achievement of financial closure for the first phases of both the Karaikal Port projects
- A phase-wise revenue inflow, which will secure funds on a timely basis
- Rental income from most commercial properties represents an attractive source of steady income
- Rent securitisation activities, securing cash flows and reducing the cost of finance
- Maintenance of adequate cash and bank balance to tide over emergency situations – Rs 114.86 mn in 2007-08
- Financing of working capital requirements through short-term loans and internal accruals (Rs 900 mn and Rs 614.51 mn, respectively in 2007-08). We mobilised short-term loans at an average cost of 12.79%

Risk measurement

The Company's strong receivables management practices resulted in robust and timely cash inflows, thereby helping it efficiently manage its working capital cycle.

Corporate social responsibility

While every business comes into existence with the objective of maximising profits and creating more sustainable value, it is also necessary to see how the community at large can benefit from its existence. Such an initiative lays the foundation for building a reputation as a socially responsible and admired corporate. Social responsibility is a commitment that plays an irrevocably important role in the overall corporate strategy of any organisation. At MARG, corporate social responsibility (CSR) focuses on enriching the quality of life of the community that has been the cornerstone of success since inception. MARG, led by its dynamic visionaries, strongly believes in the orientation for

MARG focuses on enriching the quality of life of the community through inclusive growth.

social development and uplift of the poor and downtrodden through inclusive growth. While we continue to strengthen our areas of expertise, we are also driven by a need to be socially relevant in helping shape a confident, healthy and responsible nation.

Everyone counts. And at MARG, we would like our Company and people to be actively involved in bringing prosperity to every part of India, one village at a time. As we grow, we must be able to share our opportunities with the less fortunate. We have created a business model towards achieving this end by developing a holistic approach to our communities. Our communities grow in sync with the concurrent development around them, creating a balance in the system – both ecologically and financially. We call this 'inclusive living' –including everyone in the process of creating and sharing progress.

We bring in 'inclusive living' by ushering a 'chain of change' in the system, impacting the community at various levels. Over time, this 'chain of change' will impact not just communities, but generations of people with holistic prosperity.

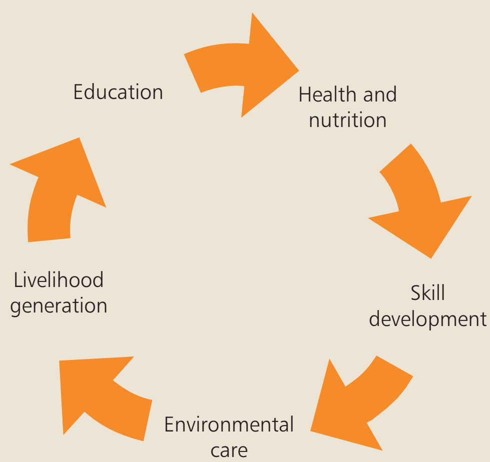
Parivarthan – A chain of change

G. R. K. Reddy's brainchild 'Parivarthan' – meaning 'chain of change' is the CSR brand of MARG. It is just not about corporate social responsibility, it's about transforming the neighbourhood and the society at large. We at MARG commence by studying the socio-economic conditions of the community.

MARG's philosophy of 'chain of change' is encapsulated as: any effort taken as an agent of change for bettering the society will trigger a series of changes that will pave the way for better education and employment opportunities, unleashing societal prosperity.

The goal of MARG's 'chain of change' is to bring about a better quality of life for the communities around the project areas with a thrust on education, healthcare, nutrition, skill development, livelihood generation and environmental care.

Our current focus for the programme is at Cheyyur Taluk of Latur Block, Kancheepuram district in Tamil Nadu.



Access to higher education is difficult here. The pressure to economically support families becomes one of the most critical issues for young adults; they are forced to go out into the world seeking employment, with no training and no hope for career advancement. This is where MARG Parivarthan has played a major role to transform the lives of hundreds of youth.

Starting from education to skill development, health and environmental care, we will witness a complete chain of change—that has started to touch the lives of over 5000 families, within a period of just 18 months.

A case study in the making at Seekinakuppam

So far, MARG has taken up the following CSR initiatives to impact the villages surrounding MARG Swarnabhoomi:

Skill development initiative

As the SEZ comes up at Seekinakuppam, it has the potential to significantly develop the surrounding villages and generate huge employment opportunities. MARG has envisioned grand plans to aptly prepare the local unemployed youth to become employable in the SEZ. With this intention, it has collaborated with CII to initiate a Grass root Level Skill Development (GLSDI) programme to impart 5,000 rural youth select employable skills, that will enable them to be gainfully employed. An MoU was signed between MARG and CII on June 9, 2007 on GLSDI, where CII would steer the initiative and execute this project in mission mode, within 18 months.

The GLSDI is an initiative targeted at the Kancheepuram district's unskilled (primarily agricultural) workforce.

Two forms of skill training are imparted:

- Pre-employment training comprising workplace culture, general rules, work timings, and safety habits
- Specific skill-training, where training required in a specific industry would be imparted.

The project is supported by MARG with a financial commitment of Rs 100 lakhs with a target to enhance employment for 5,000 rural youth of the surrounding villages and 1,000 among them were imparted industry-specific training

Emphasis has been given to train at least 40% of the scheduled castes, focusing on eight-ten standard school dropouts.

Pre-employment training for 10 days would encompass:

- **Personal skills:** They focus on understanding oneself, help build a positive self-image, determine ethics and values, and enable individuals to lead fulfilling personal lives
- **Group skills:** Skills required to understand other group members and maintain good inter-personal relationships
- **Work habits:** Work habits are critical skills required to understand the work and develop the capabilities to meet employer expectations.
- **Workplace and functional skills:** Communication and mathematical skills, besides those essential to understand the job requirements and perform tasks effectively.

Pre-employment training at the community level is done through NGOs adopted by CII.

Consortium of industries for job placements

Subsequent to completion of the pre-employment training, the youth are provided jobs through the consortium of companies developed by MARG and CII, provided the skill sets and vacancies match.

Current status of the project

Through this initiative, 1,035 youth from Lathur, Thirukalukundram, Maduranthagam, Marakanam, and Chitamur blocks of Cheyur Taluk have been trained so far. About 500 youth provided jobs through the consortium members, are working in Chennai, Kalpakkam and Kelambakkam, earning a minimum monthly salary of Rs 3,000.

Rural job fair

MARG, in partnership with CII, organised the first-ever, rural job fair to provide employment opportunities for the rural youth who underwent training at the GLSDI. On April 19, 2008 at MARG Swarnabhoomi, jobs were offered to 500 youth by 15 corporate companies, operating in facility management, retail and logistics.

The rural job fair was inaugurated in the presence of the following dignitaries:

1. Mr Santosh K Misra, IAS, Collector, Kancheepuram District

2. Mr Desh Raj, Deputy Director General, (Apprenticeship Training), Ministry of Employment and Training, Government of India

3. Mr Muruganandam, IAS, Managing Director, Tamil Nadu Corporation for Development of Women, Government of Tamil Nadu

4. Mr G. R. K. Reddy, Chairman, CII Chennai Zone and CMD, MARG Limited.

5. Mr B. Santhanam, Chairman, Task Force on Skills,

Employability and Affirmative Action, CII (SR) and Managing Director, Saint Gobain Glass India Limited.

Educational initiatives

Strengthening infrastructure of schools and *anganwadis* in Seekinakuppam and Kodur village:

Children symbolise the future development of a society. Education plays a crucial role in nurturing children, who in turn create a developed society. MARG believes that strengthening school infrastructure to provide better facilities attracts children to attend school and would in a way prevent school dropouts. Therefore, it has focused on strengthening the infrastructure of schools and *anganwadi* centres in and around the villages.

Schools identified in Seekinakuppam and Kodur Village:

- Lathur Panchayat Union Middle School – Seekinakuppam
- Lathur Panchayat Union Middle School – Kodur
- Lathur Panchayat Union Primary School – Karukamalai

MARG's focus comprises:

Developing school infrastructure; providing partition/compound walls; painting the school walls; providing water and toilet facilities at schools and sponsoring meritorious children for education.

Upgrading the *anganwadi* infrastructure

Anganwadi centres identified in Seekinakuppam and Kodur:

- Vellore village *anganwadi* centre – Seekinakuppam panchayat
- Kodur village *anganwadi* centre – Kodur panchayat
- Karukamalai village *anganwadi* centre – Kodur panchayat
- Kodur colony *anganwadi* centre – Kodur panchayat

MARG's initiatives would comprise the following:

Roof-repairing of the *anganwadi* centres, complete painting, flooring, kitchen renovation, book racks, toilet renovation and wall-painting.

Financial support to the Government High School in the Karapakkam village

MARG sponsored Rs 5,00,000 for constructing an additional building for the Government High School at Karapakkam to provide for more classrooms under the 'Namakku Namaey Thittam' of the Government of Tamil Nadu. The school has 500 children with classes up to the 10th standard.

Educational tour

MARG sponsored an educational tour to the Vandalur Zoo, organised by the NGO Hand-in-Hand, for 240 children studying in residential transit school. This is a part of the rehabilitation programme for the underprivileged children comprising school dropouts and child labourers.

Children garden school: Medical camps

MARG is interested in improving the health of the rural population surrounding Swarnanbhoomi and supports every government effort towards this direction. It supported the Government of Tamil Nadu's initiative 'Varumun Kappom Thittam' for screening and early detection of diseases by conducting a series of free comprehensive health check-ups and treatment facilities.

MARG promoted the medical camps conducted through Koovathur primary health centre in Seekinakuppam, Madayambakkam, Kadalur, Kodur, Koovathur and Mugaiyur villages by bearing complete expenses. All these villages are in the Cheyyur Taluk, in the vicinity of our proposed SEZ project.

Name of village	Camps conducted on
Mugayur	June 2007
Seekinakuppam Village	August 2007
Parameswaranmangalam	October 2007
Madayambakkam Village	November 2007
Kodur Village	December 2007
Kodur Village	June 2008

Karaikal bus shelter

MARG sponsored the bus shelters upgradation at Karaikal, which required a facelift and refurbishing. The bus shelter is at a vantage position and of great use to the people.

Temple renovation

MARG sponsored the flooring of the temple and revamping of the roof for Anandhanam hall at Karapakkam village in Kancheepuram district. The villages and devotees are now finding it more convenient and comfortable.

Developmental work

MARG will be adopting the Garden Park in Karaikal for its development and beautification.

MARG sponsors the following programmes:

- Sri Mata Amritanandayami Devi's programme at Puducherry, which turned out to be a huge success
- The Tirumala Tirupathi Devasthanam (TTD) conducted 'Srinivasa Kalyana Mahotsavam' on Island Ground in Chennai. The wedding was performed amid chanting of hymns and prasadams from Tirumala were distributed
- Shri China Jeeyar Swamiji arrived in Chennai and was received by ardent devotees who religiously followed his messages

Chennai Sangamam

Presented by Tamil Maiyam and the Department of Tourism and Culture, Government of Tamil Nadu, Chennai Sangamam is a unique attempt to showcase the best of Chennai. MARG's association with Chennai is for the events at the venue - IRT Office, Velachery Main Road – near American International School, Taramani.

Music concert, Voice of India

Voice of India, a music concert held in March 2008 received enthusiastic participation from music lovers.

Fishing harbour Rajakamangalam Thurai

A single fishing harbour can make a huge difference to over a thousand families. The cost of building and operating one fishing harbour would be close to Rs 60 crores and 20 such fishing harbours would cost approximately Rs 12,000 mn. This investment would open up a wave of opportunities to tap the growing foreign exchange for fisheries, generating vast employment opportunities directly and under other allied activities, involving technical and unskilled employment. This development can promote various cottage industries such as shell designing and pearl jewellery.

MARG Swarnabhoomi launch

Our mega infrastructure project MARG Swarnabhoomi, was launched through a vibrant high-decibel 360 degree communication, comprising a spectrum of media programmes including events, a discussion panel with thought leaders, a mass media campaign and press conferences/interactions.

MARG Swarnabhoomi was launched on February 9, 2008 with a soul stirring concert by music maestro A.R. Rahman. The Live Life Concert by Rahman was the perfect launch pad for the future city, being touted as a jewel in the crown for the state of Tamil Nadu.

A forum of thought leaders came together to discuss the growing context for planned cities of the future. Stalwarts from industry, sport, cinema and the media gathered together for the programme. "Does your city make you feel special?" – the topic of discussion saw the likes of Kapil Dev, Shobhaa De and others in a stimulating debate on why they love their cities. The discussion with Vir Sanghvi as the moderator, focused on crucial facets of city life: Are our cities equipped to handle manifold growth? Is it possible to ever love cities for aspects like facilities and infrastructure? And finally, is all of this spelling out a clear and present need for planned super cities of the near future? The occasion also showcased MARG Swarnabhoomi.

A mass media campaign comprising outdoor and print advertising enhanced awareness for the launch across metros and key Indian cities.

Communication collaterals such as brochures, leaflets, press takeaways and the likes were developed exclusively for the launch.

The launch generated considerable awareness and response across different sections of society.

MARG sponsors the Chennai Marathon

MARG will be the presenting sponsor of the Chennai Marathon 2008, being organised by Tamil Maiyam in aid of Give Life Charity.

MARG Chennai Marathon in aid of Give Life Charity is being organised on August 31, 2008.

The MARG Chennai Marathon, a first of its kind in Chennai, supports the cause of underprivileged children. The event will lend a helping hand to thousands of less fortunate children by giving them their right to education and good health. People from various walks of life across different cities will converge in Chennai to be a part of this run.

The MARG Chennai Marathon will mark a new beginning in the history of Chennai. This run will converge all the diversities of the city – economic, cultural, social and emotional.

It is expected that over 50,000 people of all age groups will come forward to be a part of this cause.

Sports is beyond discrimination and is loved by all. The spirit of oneness is achieved only when all of us come together for a cause, no matter where we come from. The MARG Chennai Marathon is one such event, where all people come together beyond religion and discrimination, to move towards one common goal, that of a better world and a better human race. MARG is proud to be the presenting sponsor for such an event.

Industry review

1 Infrastructure

Overview

A teeming population base (second largest in the world at 1.1 bn with an annual increment of 143 mn) and a rapidly growing economy (GDP growth of 9.4% in 2005-06 to 9.2% in 2006-07 to 9% in 2007-08) are expanding the country's infrastructure.

Economic development of a nation hinges on reliable power availability, connected utilities and transport network. Impediments in these could result in huge losses. For instance, the inadequacy of transport infrastructure is one of the biggest curbs on India's economic growth with losses arising out of congestion and poor roads alone estimated to be as high as US$ 6 bn per year.

In today's world, robust infrastructure networks represent a competitive edge, creating sustainable economic centres. Besides, reliable social infrastructure, comprising healthcare and education services, sustain long-term growth.

In India, private capital (through public–private partnerships) is necessary to bridge the infrastructure gap. In 2005, India passed a historic law permitting PPPs for infrastructure initiatives with innovative concession agreements like BOT (build-operate-transfer) and BOOT (build-own-operate-transfer), etc. Under these, developers mobilise most of the funds, collect tolls or usage fees and eventually transfer the ownership of the facilities back to the government, translating into a model for infrastructure growth.

Indian infrastructure funds are also emerging rapidly. Last year, these funds were responsible for about 80 deals aggregating around US$ 1.6 bn. Foreign players have primarily invested in the transport (airports or ports) and telecom sectors. At the end of 2007, the government had awarded 86 PPP contracts, mainly for roads, ports and airports.

India's Eleventh Five-Year Plan's (2008-12) vision of an annual economic growth in excess of 8% necessitates significant infrastructure investments. In the present plan period, more than US$ 450 bn of investment will flow into India's infrastructure. To fund these investments, the Planning Commission has urged the government to increase the current gross capital formation for infrastructure from around 5% of the GDP to 9% between 2008 and 2012.

Port sector overview

Bagging the Karaikal Port project paved the way for MARG to enjoy a robust presence in the country's port sector. There are 12 major ports accounting for roughly three-quarters of the total maritime trade with foreign countries and close to 190 small ports along India's 7,500 km long coastline. Overall, India's ports handle 95% of trade in goods by volume and 70% by value. The country's economic structure is reflected in the goods structure at the ports. Currently, bulk goods such as iron ore, coal, agricultural products and mineral oil are predominant. Container traffic is still insignificant at most ports (exception being Jawaharlal Nehru Port Trust).

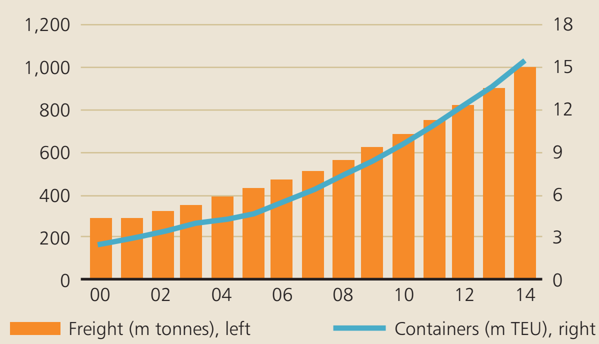
As in air transport, Indian seaports do not figure in the upper echelons of the global charts. Freight traffic at Singapore, the world's largest port (measured in millions of tonnes), was only slightly less than the total of all of India's major ports combined. The world's top 50 ports did not include a single Indian port in 2005 in contrast to nine Chinese ports. Besides, container business in Singapore alone is over four times higher than India's combined port traffic generation. The difference between India and China is again tremendous: three of the world's four largest container ports in 2006 were in China.

The growth of the Indian port business is set to continue with tonnage traffic likely to increase by around 10% up to 2015. Container traffic could conceivably grow at 14% annually, marking the growth at Indian ports higher than the global average of about 9% annually. However, the expected growth would still appear modest, compared with the dynamic expansion of some Chinese ports. Container traffic in Shenzhen, the fastest-growing port in China and now the fourth busiest in the world, surged by over 3,000% since 1996.

The Indian government realises that it can only become a bigger player in global trade through stronger port capacities. Given its geographical location and topographical features, the country is ideally positioned to develop into an eminent freight transhipment point, linking East Asia and Europe.

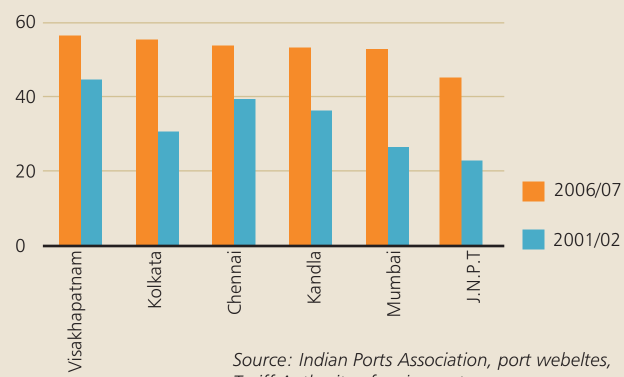
As part of the National Maritime Development Programme (NMDP) of 2006, the Indian authorities identified approximately 300 major and minor projects with the implementation target being 2011-12. This will cover the development and construction of new berths and container terminals, the deepening of canals and coastal shipping lanes, the improvement of links with other modes of transport (especially rail and road), as well as modernisation of the existing freight-handling facilities.

Veritable boom at India's seaports



Source : Indian Ports Association, Indian Ministry of Finance, DB Research

Goods trade picking up at Indian ports



Source: Indian Ports Association, port webeltes, Tariff Authority of major ports

In terms of most performance indicators, Indian ports lag behind their foreign counterparts. Earlier, the average ship turnaround time (ASTA) in India used to be exceptionally high (11.9 days in fiscal 1985) and despite progressive decline, stood at approximately 3.5 days in 2007-08 compared with 10 hours in Hong Kong.

Growth drivers and key industry trends

- Increasing efficiency, including larger vessels, deeper draughts at ports, improved equipment and technologies: The trend in global shipping has rapidly shifted towards the deployment of large vessels, requiring deeper draughts at ports and highly efficient modes of cargo discharge to minimise the detention time. Recent advances in engine technology made it possible to propel a 10,000-TEU ship with a single engine. Economies of scale can be gained by a port's ability to handle substantial cargo. Adapting to these technological changes, deploying modern handling equipment and establishing effective cargo-handling methods are prerequisites for increasing the efficiency and effectiveness of Indian ports

- Growth in inter-modal logistics and improved infrastructure: The development of inter-modal routes has increased inter-port competition for ship calls and cargo and reduced the relative importance of any one port in the logistics chain. As private transport companies integrate their services across modes and shipping lines become more concerned with the landside delivery of cargo, a port's clientele base expand from individual shippers and consignees to include forwarder and transport companies. A port's success is increasingly dependent upon the quality of infrastructure in and around the port, including road and rail connections, and on how well it is able to handle logistics movement to shore

- Consolidation to capture value chain and the addition of value-added services: Rising competition is reducing the margins of ports and affecting their ability to achieve economies of scale. Ports are beginning to consolidate their assets and acquire stakes in related businesses to offer services across the value chain. In addition to adding deep draughts at ports, incorporating the latest handling equipment and maintaining highly-trained manpower, value-added services are playing an increasingly important role in port development. These include value-added logistics comprising general warehousing, conditional warehousing, distribution centres, quality control and testing services, as well as value-added facilities (VAFs) comprising weighbridges, truck maintenance and repair, cleaning facilities, information and communications, hotel and restaurants to serve the port clientele

- Changes in types of cargos and customer needs, including increasing containerisation: Major global ports had to adapt to a dramatic increase in containerised cargo trade. From a decent beginning in the late 1970s, the global containerised cargo trade grew manifold. Indian container traffic increased from 1.4 mn TEUs in fiscal 1996 to 5.4 mn TEUs in fiscal 2007, a CAGR of approximately 13%. This growth necessitated a substantial increase of handling capacity at Indian ports and improvement in logistical operations

- Increased privatisation, regulatory reforms and other institutional dynamics: While regulatory reform in the global port industry led to the reworking of institutional governance arrangements, aggressive second-generation regulatory reforms pending. According to a World Bank report, port privatisation has increased. Approximately, 20% of ports worldwide experienced significant changes in institutional governance structures, particularly during the last two years. Increasing privatisation witnessed a shift from the 'service port' model to 'landlord' model, under which port authorities continue to own the land and infrastructure assets, but divested themselves of developing and operating the commercial facilities. Since September 11, 2001, there has been a growing concern over port security and safety, leading to new international laws and safety codes for cargo, personnel and port infrastructure. All ports need to comply with the International Ship and Port Facility Security Code, that came into effect in July 2004

Dredging sector overview

MARG operates its captive dredger MARG Cauvery for the Karaikal Port project, which will be deployed in third-party dredging activities, following project completion.

The lack of adequate depth and indigenous capacity in major ports is a key hindrance to large bulk carriers and mainline container vessels, paving the way for foreign dredging companies garnering a large market share. The domestic market is dominated by the Dredging Corporation of India (DCI). Private companies are entering the sector by acquiring new or second-hand dredgers.

The size of the Indian dredging industry is pegged at over Rs 6,500 mn, constituting Rs 6,000 mn in maintenance and Rs 500 mn in capital dredging activities. Dredging is expected to grow three-fold in the next few years as the existing main ports are expanded and new private ports and additional terminals are built to service larger and more vessels. In the next couple of years, dredging projects worth US$ 444.40 mn will be implemented at various ports. The industry's future potential is projected to be 1 bn cu.m. in the next five years. Large dredging projects include those being finalised at Nhava Sheva (estimated at US$ 177.77 mn), Paradip (US$ 55.55 mn) and Ennore (US$ 31.77 mn) as well as the projects underway at Haldia, Tuticorin, Mangalore and Kochi.

It is estimated that Indian ports will have to handle cargo traffic of about 1,009 mn tonnes by 2012, compared with 520 mn tonnes in 2004-05, creating demand for at least 35 specialised dredgers. As per the NMDP, the total expenditure earmarked for dredging by 2011-12 is estimated at over Rs 63,040 mn, out of the total port development expenditure of more than Rs 558,040 mn. Expansion of India's port capacity to meet the growing demand will create both maintenance and capital dredging opportunities. The government's Sagar Mala initiative interlinking ports and inland waterways aims to expand water transportation in India and dredging contract for the Sethusamudram project offers attractive domestic potential. The dredging requirement of major ports up to 2011-12 is estimated at about 500 mn cu.m. Maintenance dredging, estimated at about 50 mn cu.m., is also enhancing the dredging requirement in non-major and private ports, estimated to exceed 160 mn cu.m. annually over the next few years.

Fishing sector overview

MARG is engaged in the development of a full-fledged fishing harbour in Rajakamanagalam Thurai, a village located on the west coast in the Kanyakumari district of Tamil Nadu, completely dependent on fishing.

The Indian fishery industry is a vibrant sector with the following characteristics:

- 5.3 mn depend on the marine fishery sector
- 6.2 mn tonnes of annual fish production
- Annual foreign exchange earnings of over Rs 70,000 mn.
- Increasing number of fishing fleets reinforced the demand for fishing harbours.

The country's fishery sector is constrained by shore infrastructure bottlenecks. The existing fishing harbours/fish landing centres accommodate a mere 30% of the country's fishing fleet. Fishing harbours are operational in 13 coastal states and union territories through 5,684 mechanised crafts, 44,578 motorised crafts and 1,81,284 traditional crafts (as of June 2007). Apart from the four main harbours at Kochi (Kerala), Chennai (Tamil Nadu), Visakhapatnam (Andhra Pradesh), and Raichak (West Bengal), 23 minor fishing harbours and 95 fish landing centres are designated to provide landing and berthing facilities to fishing craft.

The Government of India is taking measures to promote six major harbours, 54 minor fishing harbours and 188 fish landing centres. It is also promoting infrastructure for the safe landing, berthing and unloading of fish catches of mechanised fishing vessels, traditional fishing craft and deep sea-fishing vessels, repairs and renovations, development of fishing villages and marketing infrastructure.

The Government of Tamil Nadu established 10 new landing centres and five fishing harbours under the build-own-operate-transfer (BOOT) basis. Shore-based infrastructure will be in the form of auction halls, net repairs and cold storage units, among other allied infrastructural facilities.

Warehousing overview

MARG is in the process of developing a warehouse proposed over 50 acres, equipped with state-of-the-art warehouse management system, material handling systems and allied facilities.

India is already a global heavyweight in the services sector. Manufacturing, although contributing a smaller percentage in the overall GDP, is growing in terms of domestic focus and exports. India's container trade has been growing at around 15% over the past five years. This growth has an effect on the logistics services business, which will increase at a multiple of the container trade. The growth in demand presents significant opportunities and challenges for the logistics industry.

Broadly, the elements of integrated supply chain include:

- Supply chain management design
- International ocean/air transportation
- Consolidation/distribution
- Document delivery
- Deconsolidation distribution
- Multimodal transportation
- Warehousing and distribution centres (DC)
- Delivery to point-of-sale

There will be a need for larger DCs, compared with the current small size and larger number of warehouse facilities, mostly operated by transport companies or clearing and forwarding agents. The consolidation of smaller warehouses will facilitate pan-India coverage, benefiting transportation companies. Larger logistics companies may even buy out some smaller existing clearing and forwarding agents. Suppliers and manufacturers will pick out most central and convenient warehouses/DCs for their needs, as opposed to one in each state/location. Economies of scale allowing rationalisation of logistics and supply chains will be possible. This will be significant in the post-textile-quota environment, providing Indian manufacturers with a crucial competitive edge in efficiency and time.

Warehouse providers in India are increasing capacities due to the huge demand for agricultural products, following increasing delivery system in futures market and the retail boom. However, according to warehousing experts, delays in land acquisition and high costs are hindering modern warehouse establishment. Additionally, warehousing in India, perceived as storage hubs, is not prioritised. Few companies realise that up to 21% of their stock can be destroyed, contaminated or wasted in poorly maintained warehouses.

At present, bulk warehousing in India is provided by the Food Corporation of India (FCI), Central Warehousing Corporation (CWC), 17 state warehousing corporations and single-space owners. As per the Planning Commission and industry estimates, the total capacity of warehouses is 80 mn MT, projected to rise by an additional 35 mn MT over the next five to ten years.

2 Industrial clusters

Overview

An industrial cluster is a set of industries linked by buyer–supplier and supplier–buyer relationships or by common technologies, common buyers or distribution channels or common labour pools. It is a geographical concentration of enterprises producing similar and closely related products across a small designated area. Industrial or business clusters are based on the physical proximity of firms in one area or region. At first glance, this proximity may be considered unhealthy, leading to serious competitive pressures. However, research and practical experience have indicated that industrial clusters may be beneficial for both firms and the communities around which they operate. The benefits of industrial clusters include economies-of-scale, technology transfer and the availability of human capital. As firms physically congregate in one region, spill-over of knowledge, people and technology lead to increased productivity and reduced costs for all firms.

Special Economic Zones (SEZs) overview

Special Economic Zones are also classified as an industrial cluster with special advantages in incentives, tax and other operational benefits. By definition, SEZ is a specifically delineated, duty-free enclave, deemed to be a foreign territory for trade operations, duties and tariffs. Goods and services entering the SEZ from the domestic tariff area (DTA) are treated as exports and the goods entering the DTA from the SEZ area are treated as imports. The SEZ units may be involved in manufacturing or services.

Industry and services are two of India's primary growth engines. The service sector accounts for more than half of the country's GDP, the rise in its share in economic growth indicates a structural change. The reasons fuelling a high growth rate in the country's service sector are the liberalisation in regulatory framework, providing high impetus to innovation and high export earnings. Besides, the sector's strong focus on superior quality at low cost has also taken it on a high growth trajectory. The export of services has been growing at an average annual growth rate of around 56%. Interestingly, trading in services is growing faster than merchandise trade.

It is expected that by 2010, as much as US$ 110 bn of business will be off-shored and India could capture half of this market. In a meeting organised by UNCTAD and FIEO, the commerce and industry ministries indicated that the service sector registered a robust global growth. India accounted for a whopping 60% of the world's output during the last decade and 30% of total employment. Service sector exports from India grew to around US$ 90 bn in 2007-08 and accounted for a large share of exports. The doubling of the share of India's exports by the end of the Eleventh Five-Year Plan holds an attractive potential for service exports.

Advantages of SEZs

- Faster economic growth
- Large-scale employment generation
- Increased foreign earnings
- Infusion of modern technologies and their rapid incorporation and absorption
- Economies in production due to clustering
- Inviting massive investments to unleash the economic prosperity of the region (expected to the tune of Rs 10 lakh mn over the next few years)

Incentives for the SEZ developer

- Import/procurement of goods without payment of duty for development, operation and maintenance
- Income tax exemption for a block of 10 years in the first 15 years of operation
- Full freedom in developed plot allocation to approved SEZ units on a purely commercial basis
- Full authority to provide services like water, electricity, security, restaurants, recreation and amusements centres
- Foreign investment permitted to develop township within the SEZ with residential areas, markets, playgrounds, clubs and recreation centre, among other allied facilities
- Income tax exemption to investors in SEZs under Section 10 (23) of the Income Tax Act

- Exemption from service tax
- Investments made by individuals/entities in an SEZ company are eligible for exemption under Section 88 of the Income Tax Act
- Development promoted to transfer infrastructure facility for operations and maintenance under Section 80-I-A of the Income Tax Act
- Generation, transmission and distribution of power in SEZs are permitted

Benefits to tenants

- Single-window clearances
- No routine examination of imports and exports
- 100% FDI through the automatic approval route
- Off-shore Banking Unit (OBUs) for financing and funding needs
- Relaxed labour laws
- SEZ units function on self-certification basis
- 100% DTA sale is permitted on the payment of the applicable duty
- No cap on foreign investments on items reserved for SSI units
- A host of income tax benefits comprising 100% exemption for the first five years, 50% for the next five years and 50% of the profit ploughed back for the next five years.

State-wise distribution of SEZs (as on March 31, 2008)

State	Formal approval received	In-principle approval	Notified SEZs
Andhra Pradesh	66	5	48
Chandigarh	2		2
Chhattisgarh	1	2	
Delhi	2		
Dadra & Nagar Haveli	3		
Goa	7		3
Gujarat	36	10	12
Haryana	32	18	11
Himachal Pradesh		4	
Jharkhand	1		1
Karnataka	39	15	19
Kerala	11	2	8
Madhya Pradesh	10	17	3
Maharashtra	84	40	24
Nagaland	2		
Orissa	9	6	2
Puducherry	1		
Punjab	6	7	2
Rajasthan	5	10	2
Tamil Nadu	55	14	24
Uttar Pradesh	13	9	6
Uttaranchal	3		1
West Bengal	16	16	4
Total	**404**	**165**	**172**

Desalination plants overview

There are no commercial desalination projects in the country to supply water for civic consumption. But there are commercially successful projects for captive consumption. The reason for not developing such projects on a commercial basis for civic consumption is primarily due to other available competitively priced water resources.

Desalination plants are economically viable when they are used for captive consumption and located near the shore.

The Reliance refinery in Jamnagar has five captive desalination units with an aggregate output of 62.4 MLD.

Tamil Nadu is the first state to develop such a project to supply potable water for civic consumption, using the desalination technology. Even this is riddled with legal cases by environmentalists. However, the surge in demand, the reducing water tables and rising demand on other sources will ultimately make desalinated water one of the most competitive water resources.

3 Real estate – Commercial

Overview

The Indian real estate sector is witnessing a revolution, driven by a booming economy, favourable demographics and a liberalised foreign direct investment (FDI) environment. Growing at 30% per annum, it has emerged as one of the most appealing investment destinations. It is also the second-largest employment-generating sector in India (including construction and facilities management), directly linked to about 250 ancillary industries (cement, brick and steel) through backward and forward linkages. Interestingly, a unit's worth of increase in expenditure in this sector has a multiplier effect with the capacity to generate a near five-fold income.

Developments in the country's real estate sector are driven by the following:

- Demand for housing units in cities and towns as a result of growing urbanisation, a 350 mn-plus middle-class segment, increased disposable incomes, easy availability of housing finance at cheaper rates and tax benefits
- Demand for office premises from a fast-growing IT/ITeS industry
- Demand for shopping malls from a fast-growing retail industry
- Demand for multiplexes from an evolving entertainment sector
- Demand for hotels/resorts from growing business visitors and tourism industry
- SEZs in various sectors
- The general demand for enhanced infrastructure from a growing Indian economy

The country's real estate industry is primarily driven by the Central Government's support in repealing the Urban Land Ceiling and Regulation Act (ULCRA) with nine states already rescinding the Act; modifications in the Rent Control Act are providing a greater freedom to home owners earlier wary of renting out flats, especially in large cities; rationalisation of property tax in some states, computerisation of land records and liberalisation of FDI in real estate has led to a strong multiplier effect. Interestingly, assistance to the states under the National Urban Renewal Mission entailed repealing the ULCRA, amending rent control laws and reducing the stamp duty to 5%. The government is also working towards simplifying procedures easing various approvals and clearance norms to a lower gestation period. As a result, demand for commercial real estate is expected to touch 160 mn sq. ft over the next three to four years, driven primarily by the services sector, accounting for over 55% of India's GDP.

Commercial realty: The number of people employed in the IT /ITeS sector is expected to grow from around 1.3 mn to around 4.1 mn people over the next five years. Apart from the IT/ITeS sector, the office space growth will also be driven by the financial sector, including services, insurance, banking and bio-technology, among others. Although only major cities are driving the demand, the need for lower-cost alternatives is creating a growing realty demand in Tier-II and Tier-III cities. Besides, the Central Government expects to allocate US$ 1.5 bn for 60 cities to modify legislations and processes, leading to enhanced development.

Retail segment: India's retail industry is among the fastest-growing sectors, contributing roughly 10% to the country's GDP, with the retail market expected to grow by 36%. Ironically, organised retail comprises a mere 3% of the aggregate retail industry volume. Assocham envisages an annual 36% growth, with the market size expected to increase to Rs 14,790 bn from the current Rs 5,880 bn over the next few years. However, this figure is expected to surge with the government's consideration of permitting liberalised FDI in retail, increasing the demand for shopping malls, multiplexes and other leisure zones. The principal factors responsible for the retail boom comprise:

- Increase in the number of international brands available in the Indian market
- Change in consumer profile and demographics, a young population possessing a higher disposable income
- Economic implications of government policies and increasing urbanisation
- Easy access to cheap credit facilities
- Infrastructure enhancements

Price trends: Property prices in India rose sharply over the last three years. However, it is believed that prices will now stabilise and could resume the uptrend only in the long run, given the basic strength of the economy. Other drivers of property prices comprise relaxation in FDI, a growing investment interest by real estate mutual funds (REMFs) and real estate investment trusts (REITs).

Opportunities

- The real estate market is projected to reach US$ 50 bn by 2010 at a CAGR in excess of 30%. Currently, there is a deficit of 12 mn housing units in urban areas.
- There is a scope for 400 township projects over the next five years spread across 30–35 cities, each with a population of about half a million
- Total investments dedicated to low- and middle-income housing over the next seven years are estimated at US$ 40 bn
- The retail market for mortgages is currently valued at slightly over US$ 5 bn. Considering that the outstanding loan-to-GDP ratio in India is less than 8%, the mortgage market is expected to grow in excess of 25% over the next five years, bringing it at par with Asian peers
- The recently announced Urban Infrastructure Renewal Mission, with a funding of US$ 11.5 bn over the next five years for 60 cities, is expected to provide a further fillip to the sector

Robust commercial segment: The commercial segment comprises office space, hotels, hospitals, schools and stadiums. Within office space construction, almost 70-75% of the demand comes from the IT/ITeS sectors, the other key drivers including banking and financial services, FMCG and telecom. During the last four years, the IT/ ITeS sectors registered healthy growth rates. By 2020, India Inc. can hope to generate US$139-365 bn of additional revenue from IT/ITeS, pushing the GDP growth rate by an additional 0.6–1.5% between 2002 and 2020 *(Source: India's New Opportunity 2020 by All India Management Association, Confederation of Indian Industry and Boston Consulting Group)*.

The commercial real estate scenario in Chennai

Chennai is popularly known as 'the Detroit of South Asia', a hub for industries like automobile, leather and textiles. Tamil Nadu has undertaken mega projects in conjunction with the private sector to upgrade its existing infrastructure. It is emerging as a preferred destination for IT/ITeS and manufacturing companies due to better infrastructure, low attrition and easy availability of skilled human resources.

Office space in Chennai: The demand for office space in Chennai exceeded supply in almost all sectors, leading to appreciation in capital and rental values. Commercial office space growth was generally directed southwards with large-scale commercial developments on the IT highway. Approximately 75% of the total demand was generated from the IT sector and 21% from the IT SEZs. The suburban and peripheral locations accounted for about 80–85% of the total office transactions in the market. A deficit of office space in the CBD regions created demand in the suburbs, where the absorption was largely on account of growth in telecommunications, consulting, manufacturing and BFSI firms, apart from IT/ITeS.

The Chennai office-space market is expected to maintain its growth. Apart from the technology sector, the city is also generating considerable investment enquiries from global manufacturing majors. The suburban and peripheral markets will remain the key growth centres. Values are expected to harden by another 10–15% over the medium term due to accelerated demand. Another emerging trend is the pre-leasing of space in buildings under construction, but this holds good only for projects with higher specifications and grade. The city is expected to emerge as a hub for high-tech manufacturing sectors such as auto components, electronic and electrical industries. These facilities are coming up along the industrial corridor of Sriperumbudur in West Chennai, creating a balanced distribution of commercial growth in the city.

Retail space in Chennai: The increase in demand for office space had a secondary effect on the demand for social infrastructure. Consequently, the development of retail space is rising. Mall development in Chennai is at a nascent stage with few operational malls. The existing demand-supply mismatch resulted in an increase of over 50% in mall rentals. Organised retailing is bright with 11 malls slated to be developed by end of 2010, aggregating a development of 4.83 million sq. ft. Mall developers are selective in signing on retailers, in anticipation of international retailers and their innovative concepts and space requirements. There will be a rise in rental values for retail space in the coming years. The Rajiv Gandhi Salai, GST Road and north-west Chennai are the focus areas for retail developments.

Hospitality: Around 88% of the hotel clientele in Chennai constitutes business travellers. Currently, hotels in Chennai are concentrated in Anna Salai, Cathedral Road and T. Nagar. The hotel segment in Chennai witnessed a gradual growth in occupancy from 61% in 2003 to 78% in 2006 and at over 80% currently. With average room rates (ARR) on the rise, there is scope for significant development. Around ten serviced apartments and hotel projects have been announced by various developers, adding an estimated 2,900 rooms in the premium category alone over the next few years.

The Chennai hotel market is expected to witness steady medium to long term growth due to expansions in biotech, IT/ ITeS, automotive and telecommunication sectors. The Old Mahabalipuram Road, being developed as an IT corridor, does not have many major hotels. Due to a large catchment of IT/ITeS companies and their captive boarding, lodging and conferencing requirements, this stretch of road will be a viable hotel business market. Chennai's scenic coastline will be leveraged to develop leisure hotels and attract tourists.

Chennai – a hot property

- Established base of major IT players like Infosys, TATA Consultancy, Wipro, Ascendas, Polaris and several others
- The fifth largest resource pool of graduating students, ensuring a steady supply of qualified professionals for IT/ITeS
- The highest supply of affordable real estate (compared with Mumbai and Bangalore) in the country, mainly along the borders of Chennai near Kancheepuram and Thiruvallur
- Successful establishment of the Old Mahabalipuram Road as an IT corridor, promotion of the area between Tidel Park and Kelambakkam as a software corridor
- Nearly 11 malls-cum-multiplexes spanning an area of over 4.5 mn sq.ft expected to come up by the end of 2010

The potential of Old Mahabalipuram Road (OMR)

The OMR is officially designated as an IT corridor, home to almost all the established IT firms, besides hospitals and other institutions. It is a six-lane highway stretching 40 km with a mass rapid transport system (MRTS) and two additional service lanes. According to Knight Frank research, around 450,000 professionals are expected to work on the IT corridor within three years. Roughly, another 50 mn sq. ft of IT space is being created on the OMR, expected to go onstream over the next three years.

Hotel-cum-convention centre sector

Most countries are engaged in business tourism either as a destination or as a source market. A business event drives inbound tourism segments due to enhanced per delegate spend. With rapid globalisation, the benefits of doing business with and within India are consistently on the rise, bringing thousands of jobs to the country. This, in turn, attracts transit travellers, business travellers, business meets and holiday seekers.

Liberalisation and industrial deregulation unleashed foreign business prospects, with India offering enormous opportunities in IT, medicine, telecommunications, tourism, textiles, media, banking, insurance, oil and petroleum, sports, healthcare, pharmaceutical, agriculture, food products and water management, among others. The unprecedented economic expansion in India is inviting business delegates from around the globe. The business tourism sector comprises two major elements; individual executive travel and mass movement for purposes like meetings, incentive travel reward programmes, conferences, exhibitions or MICE, as generally known.

The global MICE market is roughly pegged at US$ 270 bn, while the annual growth of the India-bound MICE segment is between 15–20%. The country ranks 27 in the global meetings market with a one-percent share in the international MICE market. A further incentive to encourage widespread development of convention centres lies in the fact that those travelling on conventions spend about four to eight times the normal leisure traveller. Thus, developing business travel has a spill-over effect on leisure travel with a large percentage of business travellers revisiting for leisure. Moreover, the inclination of the tourism sector has always been favourable towards the corporate sector due to higher rates, better yields and bigger margins.

Efforts to develop India as a MICE venue are on as part of the ‘Incredible India’ campaign. Currently, India is served by about 40 international airlines with a weekly average seat capacity of 78,000. This is supported by an elaborate network of surface transportation system and an extensive pan-India railway system.

A preliminary analysis of the trade fair industry suggests attractive potential. India has a middle-class population of more than 300 mn people and the youngest economy in terms of qualified entrepreneurs. There is an enormous number of people with significant buying power who can profit from tradeshows. Today, exhibition organisers are concentrating on niche areas such as machine tools, building and construction, engineering, electronics, plastics and rubber. As the economy expands, the need for specialised exhibitions increases. The retail marketing sector is another new trend in the trade fair industry in India.

According to a UFI (Global Association of the Exhibition Industry) study, there are only 14 exhibition centres for specific purposes with a consolidated indoor exhibition space of 205,185 square metres. Of these, only three possess space exceeding 20,000 square metres. It is ironic that no exhibition centre exceeds 70,000 square metres of available indoor exhibition space; New Delhi and Mumbai alone represent 70% of the nation’s dedicated exhibition capacity.

4 Real estate – Residential

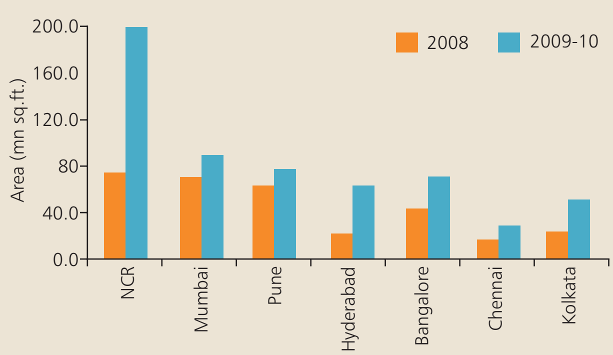
Overview

The US$ 40–45 bn real estate market in India involves residential, commercial, retail and hospitality segments. The residential sector forms 90–95% of the Indian realty space, while commercial segment comes a distant second with 4–5% and organised retail around 1%. Fuelled by a robust economy and rising per capita income, the realty space is surging at a CAGR of 19.50% to reach US$ 97.8 bn by 2010. The boom in the real estate sector is attributed to the surge in FDI. In 2003-04, India received a total FDI inflow of US$ 2.7 bn, of which only 4.5% was committed to real estate. This rose to US$ 3.75 bn in 2004-05, with real estate accounting for 10.6%. However, in 2005-06, the total FDI in India was estimated at US$ 5.46 bn with real estate constituting around 16%. In 2006-07, the total FDI touched about US$ 8 bn in which the real estate share was 26.5%.

The current economic trend in the country augurs tremendous optimism for construction and real estate sectors. The possibilities can be summed up based on the following aspects.

Escalating housing crisis: Thanks to a narrowing rural-urban divide, there is a spiralling need for residential units in the country. India needs 24.7 mn housing units over the next few years. The spurt in demand is also fuelled by rapid urbanisation. After saturation in the metros and big towns, smaller towns and suburbs are coming up as realty hotspots to accommodate the 1.3-bn-strong Indian population, growing at 1.19% annually.

Estimated new residential supply by 2009



Source: HDFC

The number of households in the country grew by 54 mn from around 192 mn between 1991 and 2001. Only 51% of the households could be termed as good dwellings, while 44% were liveable. This reflects a growing replacement demand for better houses.

An estimate of the demand of housing units in top 10 Indian cities/districts by 2015

Delhi	696,621
Mumbai	585,932
Thane	369,863
Urban areas of North 24 Parganas, West Bengal	294,808
Pune	270,161
Ahmedabad	234,927
Bangalore	214,909
Jaipur	212,328
Chennai	196,314
Kolkata	193,998

Source: Global Research Group

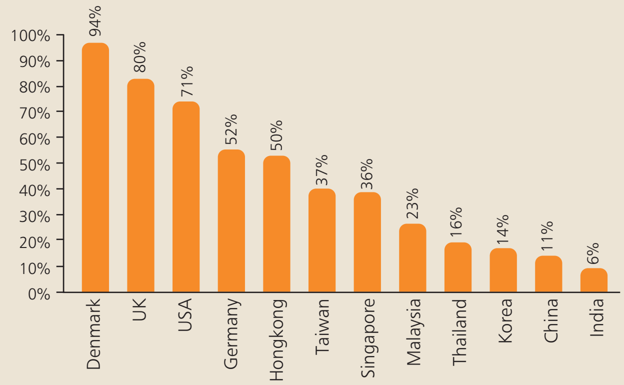
Rising affordability: The salaried Indian punched in a double-digit hike for the fourth year running – the highest in the Asia-Pacific region – with the global consulting firm Hewitt Associates pegging an average 14.5% wage hike in 2007. As a result, the declared spending on housing underwent a sharp increase from Rs 1,718 bn in 2004-05 in the middle-and-higher income housing to Rs 4,034 bn in 2006-07, a CAGR of 18.6%.

Expanding middle class: The stellar economic growth led to a strong income generation, expanding the country's middle-class segment. India currently has a 260 mn middle-class, roughly the population of USA. Rising purchasing power and propensity to consume are expected to drive and support a double-digit growth rate. The middle-class flourish is evident, given the number of multinationals intending to set up shop in India, the real estate boom, burgeoning upscale restaurants and India emerging as one of the biggest markets for luxury good manufacturers and automobiles.

Spiralling population: India is the second highest populated country after China, with an estimated population of 1.12 bn on March 2007, with the average age being 26 years. Around 4.7% of the total population is over 65 years of age. The demographic profile indicates that India's working population forms around 61.6% of the total population. India possesses a strong advantage of cheap and abundant labour and a higher number of people contributing to the overall economic development. India is and will remain one of the youngest countries in the world for a long period in terms of its working population. This demographic dividend offers various attractive opportunities.

Underdeveloped mortgage market and easy finance: Mortgage loan as a percentage of GDP in India is around 6%, compared with 94% in Denmark and 71% in the US. Even countries like Malaysia and Thailand have far higher mortgage penetration than India.

Mortgage as percentage of GDP



Source: HDFC

Banks and financial institutions are offering innovative and easy credit facilities to cash in on the under-penetrated mortgage market and spiralling housing needs. All these will trigger growth in residential sales, benefiting developers.

The residential real estate scenario in Chennai

The Chennai residential market is young, vibrant and holds tremendous potential. Real estate asset prices across the city almost doubled over two years, while rental values appreciated by over 10% in most of Central Chennai's residential areas. Besides, areas such as Avadi, Gummidipoondi and Maraimalai Nagar, etc emerged as attractive residential and commercial pockets.

The Chennai residential market witnessed a fresh addition of one mn sq. ft in 2007, out of which 0.60 mn sq. ft was concentrated in Chennai's new residential areas. The period between 2007 and 2010 is expected to witness a supply of 0.60 mn sq. ft in each of the major residential areas, raising the residential real estate demand to around 2,166 mn sq. ft by 2012. The first phase of the Chennai–Siruseri IT corridor, covering the first 20 km, is expected to open by the second quarter of 2008, while the next phase covering the entire 50-km stretch from Chennai to Mahabalipuram will be ready in a couple of years. Besides, the Chennai–Sriperumbudur corridor is expected to extend beyond Ranipet and Hosur.

Following the relaxation of FDI norms, global funds such as the Government Investment Corporation of Singapore invested in the Chennai residential real estate market. Moreover, domestic real estate venture capital funds promoted by banks such as HDFC, ICICI and Kotak, are on the lookout for suitable equity investments and tie-ups with developers.

Residential realty in the heart of Chennai

- The nucleus of the city includes old residential areas of George Town, Chintadripet, Triplicane and Purasawalkam
- Prime and secondary residential markets witnessed a significant increase in capital and rental values
- The micro markets along the Inner Ring Road (Jawaharlal Nehru Road), which include Saidapet, Anna Nagar and Vadapalani, witnessed robust construction activity
- Other micro markets that witnessed fresh residential supply were Maraimalai Nagar, Guindy, Velachery, Pallavaram, Tambaram, Saligramam and Old Mahabalipuram Road
- The proposed residential space till 2010 is estimated at around 25 mn sq. ft, out of which 6.5 mn sq. ft is under construction in the OMR alone
- There exists a massive demand for residential units as realty development has not kept pace with the increasing population and IT/ITeS/office space development.

Corporate information

Chairman and Managing Director
Mr GRK Reddy

Directors
Mr G Raghava Reddy

Mrs VP Rajini Reddy

Mr PM Shivaraman

Mr Arun Kumar Gurtu

Mr Karan Jit Singh Jasuja

Mr Saibaba Vutukuri

Company Secretary
Mr Gouri Shanker Mishra

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

Bankers
AXIS Bank Limited

Corporation Bank

Deutsche Bank

Indian Bank

Indian Overseas Bank

ING Vysya Bank Limited

Kotak Mahindra Bank

Oriental Bank of Commerce

State Bank of India

Syndicate Bank

The Catholic Syrian Bank Limited

The Federal Bank Limited

The Karur Vysya Bank Limited

UCO Bank

Union Bank of India

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

Website
www.marggroup.com

Directors' Report

Dear Stakeholders,

The Directors of your Company have great pleasure in presenting the thirteenth Annual Report, together with the audited accounts for the financial year ended March 31, 2008. Members would be happy to note that your Company had a good year of operations, resulting in a total income of Rs. 2,783.97 million, an increase of 96.71% over the last year. Operations resulted in after tax profit of Rs. 674.43 million, an increase of 125.46% over the last year.

Operations

The Company's financial results for the year ended March 31, 2008 is summarised below:

(Rs in million)

	Year ended March 31, 2008	Year ended March 31, 2007
Income from operations	2,427.48	1,242.08
Non-operating Income	356.49	173.20
Total income	2,783.97	1,415.28
Total expenditure	1,865.56	947.95
Profit before depreciation, interest and taxation	918.41	467.33
Interest & finance charges	51.28	62.61
Depreciation	31.77	19.15
Profit before tax	835.37	385.57
Provision for current taxes	144.00	80.00
Provision for deferred taxes	15.36	5.69
Fringe benefit tax	1.58	0.74
Profit after tax	674.43	299.14
Balance in Profit & Loss Account	358.04	112.57
Amount available for appropriation	1,032.47	411.71
Interim Dividend	51.22	20.84
Dividend tax	8.70	2.92
Transfer to general reserve	70.09	29.91
Balance carried to Balance Sheet	902.46	358.04

The year 2007-08, witnessed excellent results as your Company achieved an operational income of Rs. 2,427.48 mn for the financial year 2007-08 compared with Rs.1,242.08 mn in 2006-07.

During the year, the basic earning per share is Rs. 31.88 and diluted earning per share is Rs. 31.76 for equity share of Rs. 10 each.

The year 2007-08, witnessed excellent results as your Company achieved an operational income of Rs. 2,427.48 mn for the financial year 2007-08 compared with Rs. 1,242.08 mn in 2006-07. The total turnover also increased to Rs. 2,783.97 mn for the current year as against Rs. 1,415.28 mn of the previous year. Profit before depreciation, interest and tax stood at Rs. 918.41 mn compared to last year's Rs. 467.33 mn, registering an increase of 96.52%. Profit before tax stood at Rs 835.37 mn, an increase of 116.66% over the last year.

Name change

The Company's Shareholders at their Annual General Meeting held on September 25, 2007, approved the change in name of the Company from MARG Constructions Limited to MARG Limited. The same was approved by the Registrar of Companies and a fresh certificate of incorporation was issued on December 17, 2007.

The Company has included one more objective, i.e. setting up of infrastructural facilities, industrial projects, tourism projects, etc. while continuing in the business of construction and infrastructure development.

Projects

Your Company has progressed well in all its current projects in different verticals, handled by dedicated teams. The average age of the employees is 34 years. These teams are highly skilled, motivated and are led by professionals who are experts in their respective fields. The projects are discussed in detail in the Management Discussion and Analysis Report which forms part of this report.

Dividend

The Directors recommend a dividend of 20% (Rs. 2 per equity shares of Rs. 10 each) for the year ended March 31, 2008. The aggregate amount of dividend on equity shares for the financial year 2007-08 would be Rs. 59.92 mn, including dividend tax and surcharge thereon. The company proposes to transfer Rs.70.09 million to the General Reserves out of the amount available for appropriation.

Future prospects

Going forward, we maintain our positive outlook to maintain the growth momentum for the year 2008-09. Infrastructure and realty sectors cemented its path and witnessed significant growth.

The envisaged GDP by the Government of India need to be supported by creating further infrastructural facilities. The avenues are abundant and the Company is trying to capitalise on the opportunities available through all the concerns.

Your Company is pursuing growth opportunities, strategic to its intents and operations. It has all available resources leading to the future, leveraging on all available infrastructural development opportunities. Future prospects and projects of the Company are provided in detail in the Management's Discussion and Analysis Report.

Your company aims at capturing 5% of the market shares in all the business verticals.

Challenges

Your Company has set a vision to be a trusted market leader in providing infrastructure solutions and is thus set for an exponential growth, while gearing up to take challenges.

The Company is facing normal market competition from domestic and international companies. It has successfully maintained its operating efficiencies and constantly improved its financial performance.

Joint venture agreement

Signa Infrastructure (India) Limited was incorporated as a

Your company has started programmes to usher in a 'Chain of Change' through three aspects – education, health & nutrition and the environment.

subsidiary of MARG Limited (then MARG Constructions Limited), a joint venture of the Company.

This company was formed with a view to take up larger projects in infrastructure development. The joint venture partner, Housing and Urban Development Corporation Limited (HUDCO), holds 26% of shares and 74% share are held by your Company. This company is executing certain projects and is also bidding larger projects in infrastructure segment including Government projects.

Fixed deposits

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

Directors

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Saibaba Vutukuri, was appointed as the Additional Director on Board on October 24, 2007. The Company has received a notice under Section 257 of the Companies Act, relating to his re-appointment at this Annual General Meeting.

Mr. P M Shivaraman and Mrs. V P Rajini Reddy, Directors retire by rotation and being eligible offer themselves for re-appointment.

Directors' responsibility statement

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

i) In the preparation of the Annual Accounts for the financial year ended March 31, 2008 the applicable accounting standards had been followed and there are no material departures;

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

iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) They have prepared annual accounts on a going concern basis.

Auditors

M/s K Ramkumar and Co., Chartered Accountants, Auditors of the Company, holds office upto conclusion of the forthcoming Annual General Meeting and have given their consent for the reappointment. The company has received a certificate under Section 224(1B) regarding their eligibility for re-appointment as the Company's auditors for the year 2008-09.

Corporate social responsibility – approach towards society

At MARG we want progress to be inclusive; we would like our communities and our people to grow along with us, to have access to equal opportunity and the power to make their dreams a reality. Your company has started programmes to usher in a 'Chain of Change' through three aspects – education, health & nutrition and the environment.

In the field of education and skill development, Your Company proposes to upgrade school infrastructure, balwadis and aanganwadis, and providing educational aids like charts, globes and libraries. Your company will also enable skill development in association with CII and local NGOs. Your company has established a Grassroots Level Skill Development Initiative (GLSDI) that offer a 20-day training program to prepare these youths to the world of work. This initiative shall impart training at the pre-employment level, covering areas such as workplace culture, communication skills, hygiene, safety, time management, etc. and industry-specific training program to equip people with specific industries like construction, manufacturing units, and so on. Through this initiative so far 1035 youth have been placed.

Providing communities with access to healthcare allows a community to grow strong. Towards this end, Your Company plans to upgrade Primary Health Centres with medical equipment, proper sanitation facilities for children at schools, setting up a multi speciality hospital at Koovathur, besides conducting routine medical camps.

A good environment will foster a better quality of life. Your company's initiative in this direction involves creating ponds, water collection infrastructure in anticipation of the monsoons, provide for piping of water, filling of OHT during the summer and to plant trees for a cleaner and greener city.

Besides the above, your company has undertaken various outreach programmes like an Ability Fest, conducted in association with Ability Foundation, for the disabled. Another programme was conducted for 240 under privileged children, studying in a residential school, as an educational tour.

Industrial relations

Your Company believes in maintaining cordial industrial relations with workers at all project sites. Your company strives in augmenting and developing human assets. At present we have around 25 contractors employing around 1500 contract workmen at various projects.

Employee wellness

Your Company believes in work life balance; we have family interaction programmes which are combined with national festival holidays. We celebrate these festivals with great pomp and grandeur.

Leverage human potential

Your Company recognizes the potential in each employee and it endeavours to capitalize on this potential through innovative reward and recognition programmes.

Particulars of employees

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

Conservation of energy, technology absorption, foreign exchange earning and outgo

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

The information on foreign exchanges earnings and outgo is contained in the note 14 schedule 18 Notes to Account, forming part of the accounts. A separate list is also attached as Annexure II.

Subsidiaries

The Company has 69 subsidiaries as on March 31, 2008. Brief details of the subsidiaries are attached as Annexure IV. The Company has been granted exemption by the Central Government vide their letter bearing number 47/313/2008-CL-III dated May 23, 2008 as per provisions of Section 212 (8) of the Companies Act, 1956, 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

Your Company had implemented MARG Constructions Limited Employee Stock Option Scheme 2006 (ESOP 2006) and MARG Constructions Limited Employee Stock Option Scheme 2007 (ESOP 2007) for the benefit of employees of the Company and its subsidiaries.

the following information for each subsidiary "(a) capital, (b) reserves, (c) total assets, (d) total liabilities, (e) details of investment (except in case of investment in subsidiaries), (f) turnover, (g) profit (loss) before taxation, (h) provision for taxation, (i) profit (loss) after taxation and (j) proposed dividend" as per the exemption of the Central Government. The same forms part of the annual accounts of the Company.

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

Employee stock option scheme

Your Company had implemented MARG Constructions Limited Employee Stock Option Scheme 2006 (ESOP 2006) and MARG Constructions Limited Employee Stock Option Scheme 2007 (ESOP 2007) for the benefit of employees of the Company and its subsidiaries. The aforesaid Scheme was approved by the members of the Company at the Annual General Meeting held on September 30, 2006 and September 25, 2007 respectively and the scheme is monitored under the guidance of the members of Compensation Committee of the Board of Directors.

The Disclosures required to be made under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is given as Annexure III to this report including details on the grant, vesting, exercise, and lapsed under the aforesaid scheme ESOP 2006 and ESOP 2007.

Management discussion and analysis report

The Management discussion and analysis report for the year under review, as stipulated under Clause 49 of the Listing Agreements is presented in a separate section forming part of the Directors Report. This segment also contains detailed information of projects executed under each vertical.

Corporate governance

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

Acknowledgement

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the financial institutions, banks, government authorities, customers and members, during the year under review.

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

For and on behalf of the Board of Directors

Place: Chennai
Date: June 18, 2008

G R K Reddy
Chairman & Managing Director

Management Discussion and Analysis Report

Industry Structure and Development

Your Company is a premier infrastructure and real estate developer, building a reputation of quality, craftsmanship and expertise.

The year 2007–08 witnessed continued buoyancy in the real estate/ infrastructure market in line with the growth of the Indian economy. The estimated GDP growth for the year 2006-07 is 9.4% *(Source- CSO)*.

The size of the real estate market is worth USD12-14 billion. The realty sector is growing by 30% and expected to be worth USD 60 billion *(Source- FICCI)*. The Government of India estimates an investment of USD 350 billion in the Infrastructure sector to sustain the economic growth of 9%.

Economic activity across various sectors of the economy as well as all segments of the infrastructure and real estate industry turned in an impressive performance in recent times. The international outsourcing phenomenon has given a boost to the real estate business especially in Chennai due to the enabling infrastructure support by the Government. Your Company put together another outstanding performance in the fiscal year 2007-08. The Company achieved a higher trajectory growth with revenues and profits posting significant increases and continues additions with new infrastructure and real estate projects in the pipeline.

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

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

Organization Structure

Keeping in view the potential in infrastructure and real estate, your company has reworked the organization structure whereby the entire business has been split into Infrastructure, Industrial Clusters, Real Estate Commercial, Real Estate Residential. Each vertical is being headed by professional CEOs supported by common corporate services of HR, admin, legal, finance and strategic planning. The aim of this reorganization is to facilitate focus on the opportunities within each vertical, better control and project management, and attract experts with respective domain knowledge and inculcate healthy competition between teams.

Infrastructure:

This vertical undertakes infrastructure projects on a pan-India basis in the form of ports, logistics, airports, roads and related projects. Most infrastructure projects are aimed at being undertaken on a Public Private Partnership (PPP) basis. Current projects being executed in this vertical are the Karaikal Port, Rajakamangalam Thurai Fishing Harbour and Dredging.

Industrial Clusters

An industrial cluster is a geographical concentration of enterprises producing similar and closely related products within a defined area. Special Economic Zones form a part of industrial clusters. Development of an industrial cluster involves acquisition of contiguous land, applying for SEZ notification/ registering as an industrial cluster with the respective State’s industrial development corporation, as well as project planning and execution including infrastructure development. Your company is presently developing the 613 acre MARG Swarnabhoomi light engineering and multi services SEZ. In the pipeline are cluster developments at Kodad and Nellore.

Real Estate Commercial

The development of commercial space, whether it is office, retail or leisure, will be the focus of this vertical. It ensures a steady flow of revenue and provides the social infrastructure required for regional development. Ongoing projects include Riverside Mall with a built up area of over a million square feet and serviced apartments. This vertical will also look at entertainment and hospitality development in the form of golf courses and hotels.

Real Estate Residential

This vertical will execute residential projects essential to society. Your company has projects ranging from premium and luxury residences to affordable housing. Residential projects are lucrative in that these generate higher revenues and require lower gestation periods than infrastructure projects. These projects will be standalone residential projects, besides those forming a part of the industrial clusters. Projects being developed at present are Tapovan, a high end villa project, and MARG Navratna, the residential portion of the Swarnabhoomi SEZ.

Industry Overview

Infrastructure:

Ports and Dredgers

The Indian ports sector is divided into two categories: major ports and non-major ports. Major ports are under the authority of the Central Government and non-major ports (minor and intermediate ports) are under their respective State Governments. Non-major ports fall in the concurrent list of the Constitution and are administered jointly by the Central and State Governments. All ports in India are regulated under the Indian Ports Act, 1908.

India has 13 major ports and about 187 non-major ports along its 7,500 km coast line. The port sector handles about 95% by volume and 70% by value of India's international trade. The traffic handled in 2006-07, in the Indian ports was about 650 million tonnes, out of which, major ports accounted for more than 70% of the traffic and non-major ports accounted for the balance. Between 2000-01 and 2005-06, the traffic handled at the Indian ports grew at a CAGR of 9%. The traffic handled at the major and non-major ports grew at CAGR of around 8.5% and 10.9%, respectively. Most of the country's major ports are operating at 80% plus capacity, with little or no free capacity, resulting in a better traffic growth rate at the non-major ports. The share of non-major ports increased from 25% in 2001-02 to 29% in 2006-07.

The traffic forecast for 2011-12 is around 1,009 million tonnes and by 2013-14, it is estimated at 1,225 million tonnes. Between 2005-06 and 2011-12, major ports are expected to grow at 8.9% and non – major ports by 11.7%.

In order to handle the increased traffic at the ports, the capacity addition required in major ports is 546 million tonnes while that in non-major ports is 346 million tonnes. The total investment required for this capacity addition is estimated at Rs 57,452 crores in major ports and Rs 35,933 crores in non–major ports. An analysis of the proposed investment profile in the non- major ports reveals that the private sector participation is the highest component in the funding pattern, indicating an opportunity for the private sector.

A comparison of the anticipated investments in the Tenth Plan and the projected investment in the Eleventh Plan shows that the thrust on the ports sector has increased. Between the plan periods, the investment in the ports sector is expected to grow 18 times and the ports sector's share in the total investment of the infrastructure sector is expected to grow from 0.5% to 3.6%, which is more than 7 times an increase.

Overall, the outlook for the sector is very buoyant and the private sector has a huge role to play in the development of this sector.

Fishing Harbour

An estimated 5.3 million people depend on the marine fisheries sector. Annual fish production touches about 6.2 million tonnes. The sector contributes annual foreign exchange earnings of over Rs 7,000 crore. The fisheries sector, however, is constrained by bottlenecks in shore infrastructure. The existing fishing harbours can manage only about 30% of the country's fishing fleet. The Government of India is planning to promote infrastructure for berthing and landing of catches, mechanized fishing vessels, development of fishing villages, repairs and renovations of existing facilities and marketing.

Industrial Clusters

SEZ

Government's introduction of special economic zones is a major initiative in the direction of export-driven growth. A Special Economic Zone (SEZ) is defined as "a specifically delineated duty-free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs".

The Indian SEZ policy helps to develop these zones in the Government, private and joint sector. Units may be set up in SEZs for manufacture/trading of goods and rendering of services. The units in the zone have to be net foreign exchange earners but they will not be subjected to any pre-determined value addition or minimum export performance requirements.

Consequent upon the SEZ Rules coming into effect w.e.f. February 10, 2006, formal approval has been granted to 467 SEZ proposals, of which 225 SEZs are notified. SEZs will play a significant role in the country's economic development and investment growth as well as in the creation of increasing employment opportunities, across all geographical locations.

Investments in SEZs across the country are likely to touch around Rs 2.84 lakh crore by December 2009. These SEZs are expected to create around 2.1 million additional jobs. Exports are likely to touch around Rs 1 lakh crore. At the end of 2007-08, around Rs 71,000 crore was invested and around 311,000 employment opportunities were created across the country. Exports from SEZs increased by 78.1% to Rs 67,300 crore from Rs 37,787 crore.

In Tamil Nadu as on March 31, around Rs 5,440.09 crore was invested in SEZs and 52,177 direct employment opportunities were created.

Real Estate Commercial

Commercial real estate encompasses retail, office and hospitality space. The boom in this segment is being fuelled by a demand from MNCs and Indian corporates besides IT/ITES, BFSI and BPOs.

Office Space: The primary growth driver of commercial real estate is the IT/ITES sector, absorbing about 70-75% of the total office space generation. NASSCOM estimates the IT/ITES industry to reach USD 148 billion by 2012. As per E&Y estimates this will require about 250 million square feet of commercial office space by 2012. Other sectors which drive demand are financial services, biotechnology, pharmaceuticals, telecom, insurance, and consultancies.

Liberalization and easing of FDI norms across sectors have resulted in increasing FDI inflows. This has led to an expanding demand for office space from multinationals and other foreign investors.

It is expected that, over the next five years, commercial real estate will see a growth of CAGR 22%. Off-shoring will continue to remain a key demand driver.

Retail Space: The Indian retail space is also undergoing a structural change with more organized players and store formats. Additionally, partial relaxation in FDI regulations has increased interest in the retail segment. Currently, the top seven cities have a dominant share in mall space.

Rising consumerism is a significant growth driver in retail. The combination of rapidly rising household incomes and a growing middle-income population has boosted overall consumer spending which in turn has been driving the growth of the Indian retail industry. An AT Kearny study pegs India the most preferred destination for international retail expansion. Some international players are already present in the market through franchises and are looking to expand. Besides these, several other players are planning an entry. Indian corporates are also diversifying into retail. Mall development is seeing heightened activity but this is primarily in the top cities.

The organized retail market is expected to grow at 25-30% annually and will form around 10% of total sales. This will entail greater geographical spread of organized retail into Tier I and Tier II cities, and demand for retail space.

Hospitality space: Inbound travel consists of both leisure tourists and business travellers through the expanding services sector. Business travellers often extend their stays or return later. Tourism infrastructure in terms of number of hotel rooms is yet to fully develop, leading to increasing hotel occupancy rates and average room rents. India has emerged as a top tourism destination, and with it demand for accommodation and restaurants has also grown. Increasing affordability of Indians themselves has boosted domestic tourism. Connectivity, be it by road, rail, or air, has improved vastly, reducing travel time and cost. Another growth area is medical tourism. This market is expected to grow to more than USD 200 million by 2012.

New concepts taking root in India are serviced apartments and budget hotels, low cost airlines, conferences, meetings and exhibitions, all of which contribute to the growth in the hospitality segment.

Estimates of the Ministry of Tourism, Government of India, show a total of 2.9 million and 6.6 million hotel rooms in India by 2010 and 2020 respectively. As per CRIS-INFAC, demand for hotel rooms in the country will continue to grow at a CAGR of 10% over the next 5 years. The rapid growth in number of visitors is not met by an increase in hotel rooms and therefore, there is a severe shortage of the same that needs to be bridged.

Real Estate Residential

Housing is a basic requirement for every individual and rapid urbanization, rising household income coupled with diminishing household size, has spurred demand for residential spaces. In value terms, residential real estate forms about 75% of total real estate market. The Working Committee of the 11th Plan has mentioned that the shortage of dwelling units at the beginning of Eleventh Plan Period was 24.7 million. This shortage lies mostly in the low to mid income brackets. The estimated shortfall of housing in Tamil Nadu alone is 2.82 million units, which is second only to Maharashtra.

Urbanization and increasing number of households are the primary contributors to the sharply increasing demand. Supply finds it difficult to keep pace with the demand growth. Other factors are increasing number of first time buyers due to rising income levels. The average age of home buyers has also reduced, meaning there are more buyers. Affordability of homes is also improving with attractive credit packages by financiers and innovative packages by home developers. Tax breaks and growth in dispensable income also contribute to affordability. Over the past five years loan disbursals by housing finance companies have grown by 30-40 per cent annually.

Most growth is concentrated in mid-market and luxury residences. However, the Government is promoting low cost homes to ensure that growth is uniform and shortages are met. Large scale development is envisaged to overcome the housing gap. Developments will occur around industrial regions, peripheral regions of metropolitan cities, and Tier I and Tier II cities.

Business Segment Review

Infrastructure:

Port

Karaikal Port, located on the eastern coast of India in Karaikal District of Puducherry State, around 280 km south of Chennai Port and around 360 km north of Tuticorin Port, is being developed as an all-weather deep-water port under a Concession Agreement with the Government of Puducherry (GoP) on BOT basis. The Concession is for a period of 30 years and is extendable by another 20 years, i.e. with two windows of 10 years each, on mutual consent. The project is implemented through Karaikal Port Private Ltd (KPPL), a wholly-owned subsidiary of your Company. It will be the only port with all-weather berthing facility, on the coast line extending from Chennai to Tuticorin, a distance of about 650 km, providing the vast hinterland comprising Puducherry and the central region of Tamil Nadu with a great advantage. Road connectivity to the hinterland is through NH 67 and NH 45. Rail connectivity will also develop with the port's operation.

The Karaikal Port will be developed as a lagoon type harbour connected to the sea by an entrance/access channel protected by short breakwaters. The management is contemplating on the port to have a depth of 16.5 m and to be capable of handling vessels up to 1,00,000 DWT. An area of around 600 acres was originally leased to your Company by GOP and which was subsequently assigned to Karaikal Port Private Limited. Phase 1 of the development, currently under progress will comprise two berths, one each for coal and general cargo.

The major components of the port project are dredging and reclamation, breakwater, berth construction, equipment lot, internal linkages and utilities and services. KPPL made significant progress in each of these components, in addition to the progress on the other facets of the project.

For dredging the basin area, Cutter Suction Dredgers (CSD) will be used and Trailer Suction Dredgers (TSD) will be used for the channel and excavators for the removal of top soil. Top earth excavation has been completed and Your Company deployed its own CSD, 'MARG Cauvery' on the project site along with other local dredgers, actively carrying out the dredging operations. Contracts were signed to deploy additional CSD and the management is in the process of finalising the contract for the TSD.

The earth reclaimed out of the dredging activities is being used on the project area to increase the height of the port area to 4 m.

Breakwater provides tranquillity to the channel and basin area of the port by protecting it against predominant wave directions, essential to berth the vessels and discharge cargo. Breakwater construction involves sourcing and placing of large stones on the sea bed. Sourcing of stones for the breakwater started in early 2007, and currently, a significant portion of the total stone requirement for the breakwater is completed and the same is stored at the project site for placement.

The breakwater contract has been awarded and the placement of the stones on the sea bed has been commenced. Acropode contract has also been signed and its casting is expected to commence shortly.

As part of Phase 1 of the project, two berths are being constructed. The total length of the berth is 460 m and the width will be 21 m. Berth construction is in full swing.

For Phase 1, harbour mobile cranes have already been ordered. Navigational equipment is the major equipment to be procured. LOI has been received from reputed international suppliers of the equipment and evaluation is being done for navigational aids.

Fishing Harbour

Rajakamangalam Thurai is a fishing village in Kanyakumari District. It has the advantage of being the nearest location to a wedge bank, which is one of the few places in the world where large volumes of fish are available. In spite of being a fishing community housing over 8000 fishermen, the village does not have its own harbour.

The village set up a trust, Rajakamangalam Thurai Development Trust (RTDT) for the development of a fishing harbour. In 2005, the Trust sought authorization from the Government of Tamil Nadu (GOTN) for the development of the harbour. GOTN therefore called for competitive bids. RTDT, in consortium with your Company and CCCL bid and won the project. The project is to be developed on BOOT basis.

An SPV, namely, Rajakamangalam Thurai Fishing Harbour Private Limited was incorporated on 24.04.2008. Concession Agreement was signed by the SPV Company with the Government of Tamil Nadu, Fisheries department, on 30.04.2008.

As per the terms of the agreement, the concession period is for 30 years, extendable by another 20 years. The project is slated to be completed in 30 months (6 months for pre construction activities and 24 months for construction).

The harbour would accommodate 300 boats besides providing basic facilities like auction hall, net mending shed, ice plant, fish drying centre, processing centre, etc. The revenue will come from auctioning charges, berthing charges, drying yard charges, cold storage charges and other miscellaneous charges.

The company is in the process of finalizing the consultant for the project, design for the harbour and the deal with CCCL for construction.

Industrial Clusters

Special Economic Zone

New Chennai Township Private Limited (NCTPL), a wholly owned subsidiary of your Company, is developing two sector-specific special economic zones and creating a superior value for its shareholders. The two SEZs are at Seekinakuppam in Cheyyur Taluk of Kanchipuram District on about 612 acres of land, one for light engineering sector including auto-ancillary on about 311 acres and the other for multi-services on about 301 acres. The project site is strategically located 75 km from

Tidel Park, Chennai and 60 km before Puducherry on the East Coast Road.

The Company received the required gazette notifications and necessary approvals, including the environmental clearances and authorized operations approval, towards setting up of the two SEZs.

The SEZs will take full shape over the next five and half years. The development will provide world class infrastructure facilities, ensuring a hassle-free environment for the units to set up their operations. The processing zones will cater to industries from the engineering, auto-ancillary and services sector. The social infrastructure development will provide for housing requirements across all segments of society at a reasonable price and other developments like school, hospital, shopping mall, entertainment zones, etc will provide a high quality work-life balance.

The Company also finished the required comprehensive planning and is in the advanced stages of project implementation. The initial phase of development will involve land development work including provision of various infrastructure facilities, which will include construction activities of various components planned like IT buildings, residences, commercial complex, etc.

Site grading work in the project area is nearing completion while the fencing work is almost complete. The engineering, procurement and contracting activities have reached significant progress and full fledged construction will commence shortly.

Your Company in association with the Confederation of Indian Industry (CII) has developed a skill development centre in the Cheyyur area, which imparts industry-ready skills to the region's unemployed. The region has a good supply of high quality manpower, both skilled and unskilled labour, suitable for manufacturing and services sector. This will bridge the urban-rural divide and boost the area's economic and social development.

The Company is in the process of tying up term loans for the project and has got very positive response from its bankers. The Company is confident of achieving the project's financial closure in a couple of months.

MARG Swarnabhoomi had a successful launch on February 9, 2008 through a tremendous response from the society and the industry.

The project accomplished overall progress and advancement on all fronts surpassing several significant milestones. Thus the Company is well positioned to generate significant value for its stakeholders as well as for the entire nation.

Real Estate Commercial

Riverside Mall

Having completed development of seven lakh square feet of office space, your Company is moving into other aspects of real estate development. One such project is the Riverside Mall, coming up on the Old Mahabalipuram Road, Chennai. Spanning 7.3 acres with a built up area of more than a million square feet, the mall boasts of a multiplex, a business class hotel and shopping space. The mall has an interesting mix of entertainment zones, kids' zones, shopping and food courts. The primary catchment areas of the mall comprise Adyar, Besant Nagar, Velachery and Thiruvanmiyur. The mall has been designed by renowned architect Vivek J Bhole's Neo Modern Architects. It is slated to be one of the largest malls in Chennai primarily focused on middle and higher income groups.

Riverside Mall is being developed by your Company's wholly owned subsidiary, Riverside Infrastructure (India) Private Limited. Work on the mall began in 2007 and the progress is healthy. The mall site has been segregated in two sections for development. In the first section, construction has reached the third level of the basement. In the second section, foundation work has been completed and the first level of the basement is nearing completion. The target is to complete construction of the entire basement by end of September.

Serviced apartments

The spur in economic activities in the last two years, coupled with a robust growth in both the manufacturing and services sector, has stupendously increased the demand for quality realty space.

With the emerging opportunities in the segment, your Company decided to come up with a serviced apartments project at Kazipattur in Chennai's IT corridor through its wholly owned subsidiary, MARG Business Park Private Limited. The required land has already been acquired and the Company has already entered into an agreement with Oakwood Asia, one of the dominant players in the shared accommodation space for managing and maintaining its serviced apartments. Construction work is expected to commence by the end of this calendar year.

Real Estate Residential

Tapovan

Tapovan is a signature villa project. It consists of 90 villas on a property of 77 acres. Each villa will be built in half an acre and will have a swimming pool, a Jacuzzi, a meditation centre besides provision for a study or a gym and a servant dormitory. The entire property has more than 4500 fully grown trees and exudes an atmosphere of peace and tranquillity. Located 38 km after Mahabalipuram, in the village of Pavanjur, Kancheepuram district, the site is well away from the noise and hustle-bustle of the city and is a perfect get away. Common amenities include tennis and basketball courts, a clubhouse, waste management plants and others.

Tapovan is being developed by Your Company's wholly owned subsidiary, Sarang Infradevelopers Private Limited. Development of the project is being carried out in phases. The first phase is currently underway with the construction of twenty villas. Three strategically placed villas will be completed by September. Laying of internal roads is being carried out. Landscaping of the entire site has been planned and is being done.

Opportunities, Threats, Risks and Concerns

Opportunities and risks are integral to dynamic industries like infrastructure and real estate. The opportunities which the company seeks to harness are as mentioned below:

• 100% FDI permitted into Infrastructure projects in India

• Entry of institutional investors in real estate investment. Real estate is emerging as a preferred asset class for HNI's.

• Rapid urbanisation driven by increased rail, road and air connectivity makes development in the suburban and Tier II cities feasible.

• Burgeoning middle class and higher disposable income creating demand for malls and entertainment centres.

• Inculcating internationally accepted standards in construction and infrastructure

• Fast-growing requirements for industrial clusters.

The company's business, results of operations and financial condition are affected by number of risks. Therefore, the risk management function is of paramount importance and integral to its functioning. The objective of the risk management strategy includes ensuring that critical risks are identified, monitored and managed effectively to protect the company's business viability. The company has formal reporting and control mechanisms to ensure timely information availability and facilitate proactive risk management. At the enterprise level, de-risking of the company's business risk is achieved by a policy of diversified projects in different verticals, geographies and revenue models. All key functions and divisions are independently responsible for monitoring the risks associated with their prospective areas of operations. The following factors affect the infrastructure and real estate sectors:

- Increase in the competition in the infrastructure/ construction/ real estate industry.
- High increase in property prices, labour costs and raw materials prices in India.
- Increase in prices of plant and machineries and insurance premium.
- Changes in laws and regulations having implications on the infrastructure and real estate industry.

Segmentwise / Productwise Performance

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

Segment Wise Revenue, Results and Capital Employed

(Rs. In Million)

	Particulars	Year ended March 31, 2008 (Audited)	Year ended March 31, 2007 (Audited)
	Segment Revenue		
1	Projects Division	2,334.20	1,157.27
2	Leasing Division	93.28	84.81
	Total	**2,427.48**	**1,242.08**
	Segment Results		
	Profit/ (Loss) before tax and interest		
1	Projects Division	664.05	342.01
2	Leasing Division	73.63	63.81
	Total	**737.68**	**405.82**
	Less:		
1	Interest	51.28	42.23
2	Other un-allocable expenditure net of un-allocable income	(148.92)	(21.98)
	Profit before tax	**835.31**	**385.57**
	Capital Employed		
	(Segment Assets less Segment Liabilities)		
1	Projects Division	384.80	264.76
2	Leasing Division	233.24	49.36
	Add: Un-allocable assets less un-allocable liabilities	2,496.31	1,236.84
	Total Capital Employed	**3,114.35**	**1,550.96**

Outlook

India is among one of the most sought after outsourcing destinations. With more contracts of infrastructure and real estates projects expected in the future, the Company has undertaken a number of projects i.e. port at Karaikal, mall, SEZs, residences, etc. and is expected to have a good outcome from the above projects. Your Company has ambitious plans to emerge as an integrated infrastructure and real estate solutions hub.

The consistency of performance, the stability of our operations and the clarity of vision will place your Company among leading infrastructure developers in the country. The initiatives taken by the Company will also continue to enhance stakeholders' wealth over the years.

The projects that are being planned under each business vertical are discussed as below:

Infrastructure Vertical

The Karaikal Port being developed in the Infrastructure vertical throws up a number of new opportunities in synergy with port development. These opportunities may be exploited to create new business ventures within this vertical.

One such potential venture is in the form of providing the infrastructure essential to the functioning of a port like tug boats. These boats have the capacity to move vessels hundreds or thousands times their size. Revenues will flow on the basis of day to day hire charges for the tugs.

Another opportunity lies in dredging. Given the lack of capital dredging equipment within the country in contrast to the huge demand from upcoming and existing ports, leasing of dredgers is an extremely lucrative business. Your Company has already acquired a cutter suction dredger, MARG Cauvery, currently being used in the Karaikal Port which may be leased to other port developers in the future. Different types of dredgers may also be acquired to widen the base of dredging services provided.

Logistics play an important role in the smooth flow of goods. In this field, there are a number of possibilities like the development of a container freight station, inland container depot, warehouses and so on.

These are just some of the potential revenue streams that may be pursued in the future within the Infrastructure vertical.

Industrial clusters

Kodad IC: The proposed IC, expected to commence in 2009-10 and completed by 2013, will facilitate the manufacture and export of building materials like cement, steel, natural stones, composites, engineered stones, ceramic, glass, aluminium, wood, plastic and surface coating.

Real Estate Commercial

Destination Mall: Your Company believes in regional development and therefore is planning to put up a Destination Mall on 20 acres close to its Swarnabhoomi SEZ. The mall will have a built up area of almost 1 million square feet and will be a place for families to spend their entire day. The mall will have a combination of movie and entertainment zones, discount and wholesale zones, as well as food and shopping zones.

Hotel and Convention Centre: Close to the Swarnabhoomi SEZ and the Destination Mall, your Company will put up a 250 room business class hotel and a convention centre over an area spanning 8 acres. The hotel will have a built up area of 2.5 lakh square feet while the convention centre will be 2 lakh square feet. Adequate provision for extensive parking will be provided.

Golf Course: A golf course provides recreation for its members and proved beneficial for the environment as it forms a part of the 'Green Zone' in the city. MARG's Golf Course is planned to span 100 acres close to the Swarnabhoomi SEZ and will provide relaxation and leisure to its members. The golf course will be an 18-hole course with a par of 72. With soft landscaping, water bodies and dining facilities, MARG's golf course is set to attract linksmen form all over Chennai and Puducherry.

Real Estate Residential

Tranquil Cove: Houses close to the beach are ever-popular and your Company is planning a community villa development on the East Coast Road, Chennai. The project comprises 111 villas on a property of 19.96 acres. The villas will be a combination of 3BHK and 2BHK offerings with amenities like squash, tennis and basketball courts, a swimming pool, and a fitness centre among others.

El Paradiso: This is a luxury apartment project along the Old Mahabalipuram Road, Chennai. Comprising three blocks of 3BHK and 2BHK apartments, this project is situated directly on the main road and is easily accessible. Other features include a state-of-the-art swimming pool, party hall and clubhouse, a gym and outdoor games.

Alathur Township: This project is a mixed residential development on 19.79 acres. It has a mix of low rise, high rise, row houses and independent houses. Targeted only at specific segments of customers, this project is ideally situated close to the IT Corridor and Siruseri, Chennai. The residences will be accompanied by amenities like a clubhouse, play courts, play areas for children, and much more.

Internal Control System and Adequacy

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

Financial Performance

During the year the Company scaled new heights and several

Your Company has proven competencies in managing construction projects, sourcing suitable financing, forging alliances with vendor partners in India and abroad and, most importantly, the domain expertise for risk mitigation.

new benchmarks in its financial performance in terms of sales, profits, net worth and assets. During the year under review your Company achieved yet another milestone and the total income touched all time high of Rs. 2783.97 mn and profit after tax stood at Rs. 674.43 mn as against Rs. 299.14 mn in the previous year.

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

Material Developments in Human Resources

Your Company believes in employee retention and employee empowerment. The Company provides required training to the employees, including knowledge, skill development and executive training. It has sponsored few employees for executive MBA programmes and has sponsored various seminars, employee-training programmes and others. Further, the Company also undertook development programmes for senior management staff.

While your Company has contributed to the society and the environment at large, it, as an organization, has not forgotten its responsibilities towards the people who have contributed a lot in its success in the corporate world. These people with their commitment and relentless support have widened the boundaries of our existence as well as enhanced our goodwill.

Your Company celebrated Deepavali, Christmas, New Year, and Pongal. Each of these festivals is associated with a grand get together of the families of the staff along with various activities like musical chairs, fashion parade for kids and others. These festivities concluded with a grand feast. Besides, the Company also organizes monthly celebration of employees' birthdays and marriages.

Your Company obtained the approval of shareholders in the last Annual General Meeting for Employee Stock Option Scheme, 2006 and is also planning to obtain the same for 2007. ESOP will be useful for attracting and retaining qualified, talented and competent personnel as well as fostering a sense of ownership and belonging among the employees.

The year 2007 witnessed a growth in the number of employees within the organisation. Currently your Company employs a total of 1500 full-time and contracted staff.

Branding

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

Your Company has proven competencies in managing construction projects, sourcing suitable financing, forging alliances with vendor partners in India and abroad and, most importantly, the domain expertise for risk mitigation. Additionally, an enviable land bank makes for a robust business model.

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

Cautionary Statement

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

Report On Corporate Governance

1. Philosophy on Code of Governance

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

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

This section, along with the section on 'Management Discussion and Analysis Report' and 'General Shareholders Information', constitutes the Company's compliance with Clause 49 of the Listing Agreement.

2. Board of Directors

The Board is comprised of appropriate mix of Executive, Non-Executive and Independent Directors maintaining the Independence of the Board. The Board presently consists of seven members comprising of the Managing Director, who is also chairman of the Board and six Non-Executive Directors out of which four are Independent Directors.

During the year two Non-Executive Independent Directors were inducted on June 20, 2007 and October 24, 2007 respectively.

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

Sl. No	Name(s) of Director (s)	Executive/ Non-executive/ Independent	Other Directorships (Excluding Private Limited Companies	Number of Committee membership in other Companies*	No of Committee Chairmanship in other Companies*
1	Mr. G R K Reddy	PD/ ED	10	3	Nil
2	Mr. G Raghava Reddy	PD/ NED	5	Nil	Nil
3	Mrs. V P Rajini Reddy	PD/ NED	12	3	Nil
4	Mr. P M Shivaraman	NED/ ID	6	3	Nil
5	Mr. Arun Kumar Gurtu	NED/ ID	Nil	Nil	Nil
6	Mr. Karan Jit Singh Jasuja**	NED/ ID	Nil	Nil	Nil
7	Mr. Saibaba Vutukuri***	NED/ ID	Nil	Nil	Nil

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

*In accordance with clause 49 of listing agreement, membership/ chairmanship of only Audit and Shareholders and Investors Grievance Committee has been considered.

**Joined the Board on June 20, 2007

***Joined the Board on October 24, 2007

Directors' Profile

Brief Resume of all the Directors are given below:

Mr. G R K Reddy, *Chairman & Managing Director (Executive)* aged 48 years, is a post-graduate in commerce. He started his career in 1985 with merchant banking industry and gained rich experience in advising and structuring financial closures. Later in 1994, he moved to the constructions and infrastructural industry and promoted the MARG Limited. He made it one of the prominent groups operating in South India providing infrastructure, real estate, power, civil, electrical, residential and commercial projects.

Mrs. V P Rajini Reddy, *Director (Non-Executive)* aged 41 years, is a B. Tech with over 10 years experience in the areas of Investment Consultancy and Capital Market Operations. She has over 7 years experience in the area of CAD/CAM systems, software development and training. She runs a BPO organization in Chennai, catering international clients back office activities. She has been instrumental in guiding technology inflow in the Company.

Mr. G Raghava Reddy, *Director (Non-Executive)* aged 76 years, is a B.E MIE, with over 40 years of experience in infrastructure and construction industry having worked for Nagarjuna Sagar Dam Diversion Tunnel, Nagarjuna Sagar Dam Right Canal at Gundlakamma River, Krishna Delta Regulation System, Godavari Barrage, Water Supply Canal to Vishakapatnam steel plant, Spilway works for Yellashwaram Reservoir and Multi-storey Commercial and Residential Complex in Vijayawada. He has been pallet guiding for MARG Limited.

Mr. P M Shivaraman, *Director (Non-Executive, Independent)* aged 53 years is a qualified Cost Accountant & Company Secretary. Mr. Shivaraman has held senior position in Credit and Merchant Banking in Allahabad Bank. He has got over 27 years of experience in project preparation and appraisal of various infrastructure projects. He has represented many companies in various forums. He is also well connected with Foreign Banks, Mutual Funds and Industrial Investors.

Mr. Arun Kumar Gurtu, *Director (Non-Executive, Independent)* aged 65 years is a fellow member of Institute of Chartered Accountants of India. He possess over 33 years of executive experience. Presently he is carrying on profession of advisory and consultancy services. He has held senior positions in various industries varying from Banking, Tea, Cable Paper and Constructions and Real Estate. For last thirteen years he has been working in Constructions and Real Estate Industry. He has handled various projects from conception stage to commissioning stage.

Mr. Karanjit Singh Jasuja, *Director (Non-Executive, Independent)* aged 47 years is a fellow member of Institute of Chartered Accountants of India. He has been authoring articles on professional topics. He has held senior position in various industries. He is presently carrying on his practice as a Chartered Accountant. He has been advisor to all kind of Capital Market operations and is an expert on taxation and finance.

Mr. Saibaba Vutukuri, *Director (Non-Executive, Independent)* aged 44 years is a graduate from National Dairy Research Institute and completed his MBA from Scandinavian International Management Institute, Copenhagen. He is a management professional and has worked in various organisations both within and outside India. During his journey so far, he was associated with various organisations such as APV Pasilac, General Electric, Cadbury Schweppes, NEG Micon, Kwality group, Dempo Industries. He has handled various functional areas in his career such as Manufacturing operations, Technology, Business development, Marketing and sales. He is currently heading Suzlon Energy Ltd. South & East India business as CEO.

Company Secretary:

Mr. Gouri Shanker Mishra is the Company Secretary. Company Secretary acts as the Secretary to the Board and all the Committees of the Board.

Attendance of Directors at Board Meetings and at Annual General Meeting

During the financial year 2007 - 08, six meetings of Board of Directors were held on June 20, 2007; July 31, 2007; September 25, 2007; October 24, 2007; January 25, 2008 and March 5, 2008.

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

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

* Joined the Board on June 20, 2007

**Joined the Board on October 24, 2007

3. Committee of Directors

Board had constituted several committees to deal with specific matters and delegated powers for different functional areas. Presently seven Committees are functional, few committees have been constituted as per the statutory requirements and others have been constituted to enable the Board to take the decision faster.

Following are the seven Committees of Board:

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

I. Audit Committee

Pursuant to provisions of Section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement, Board has constituted an Audit Committee in its meeting dated April 16, 2002. Presently, Committee comprise of four Non-Executive Directors out of which three Directors are Independent. All the members of the Committee are financially literate and Mr. P M Shivaraman, Mr. Arun Kumar Gurtu and Mr. Karanjit Singh Jasuja have accounting expertise. Mr. P.M. Shivaraman, Director is Chairman of the Committee.

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

During the year five meetings of Audit Committee were held on April 7, 2007; June 20, 2007; July 31, 2007; October 24, 2007 and January 23, 2008.

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

*Joined the Board on June 20, 2007

Terms of reference

Following are the main terms of reference given by Board of Directors to 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 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) Director's Responsibility Statement in terms of section 217 (2A)of the Companies Act, 1956

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

   viii) Disclosure of any related party transactions

   ix) Qualifications in the draft audit report

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

c) To approve of 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 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.

k) To review Management letters / letters of internal control weaknesses issued by the statutory auditors;

l) To review Internal audit reports relating to internal control weaknesses;

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

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

During the year one meeting was held on April 7, 2007. Composition of the Remuneration Committee and Attendance of each member of the Committee are given below:

Sl. No.	Name(s) of Director (s)	Chairman/ Member	Meetings Held	Meetings Attended
1	Mr. Arun Kumar Gurtu	Chairman	1	1
2	Mr. G Raghava Reddy	Member	1	1
3	Mr. P M Shivaraman	Member	1	1

Terms of reference

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

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

(b) To approve of the appointment/ reappointment of the managerial personnel for such tenure as they may decide.

(c) To approve the remuneration package to the managerial personnel within the limits provided in Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the said act.

(d) Other benefits entitlement viz., accommodation, insurance, medical expenses reimbursement, Leave Travel Allowance, Company's Car and telephone at residence, etc.,

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

Remuneration Policy

Company is at par with industry standard in terms of remuneration. The Company now provides very competitive salary according to the industry standard.

Remunerations to Non Executive Directors

The Company presently doesn't pay any salary or remuneration to non executive directors other than sitting fee. Non Executive Directors are paid sitting fee of Rs. 20,000 for each Board Meeting and Rs. 10,000 for each Committee Meeting attended by them w.e.f. June 20, 2007. Earlier to that sitting fee was Rs. 5,000 for each Board Meeting and Rs. 2,500 for each Committee Meeting.

Remunerations to Executive Director

Mr. G R K Reddy has been appointed as Managing Director for five years w.e.f. April 1, 2007. The appointment and remuneration has been approved by the shareholders at AGM held on September 25, 2007.

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

As per contract entered with Managing Director, the Company has paid salary of Rs. 60 Lakhs; HRA of Rs. 36 Lakhs; and other benefit as per company rules to Managing Director. No stock option has been granted to him. He has also been paid commission of Rs. 60 Lakhs.

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

Name(s) of Director (s)	Salary including HRA	Other Benefit	Commission / Bonus / Incentives	Total
Mr. G R K Reddy	96.00	7.20	60.00	163.6

Mrs. V P Rajini Reddy and Mr. G Raghava Reddy hold 9,50,000 and 11,00,000 shares respectively representing 3.71% and 4.29% of the voting power as on March 31, 2008. No other Non-Executive Director holds any share of the company.

III. Shareholders'/ Investors' Grievance Committee

The Board has constituted Shareholders'/ Investors' Grievance Committee in its meeting dated October 29, 2002. Presently, Committee consists of three Non-Executive Directors out of which two are Independent Directors. Committee oversees and reviews all matters connected with transfer of securities, non-receipt of balance sheet and attending the grievances of the shareholders. The Committee has delegated the authority for share transfers to Managing Director so that it can be taken up at regular interval. The Committee oversees performance of Registrars and Transfer Agents of the Company and recommends measures for overall improvements in the quality of investor services.

During the year four meetings has been held on April 7, 2007; July 31, 2007; September 25, 2007 and January 17, 2008. The composition of the Committee and attendance of each Committee member is given under:

Sl. No.	Name(s) of Director (s)	Chairman/ Member	Meetings Held	Meetings Attended
1	Mr. G Raghava Reddy	Chairman	4	4
2	Mr. P M Shivaraman	Member	4	3
3	Mr. Arun Kumar Gurtu	Member	4	4

Compliance Officer

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

Investors' Grievance Redressal

During the year total 30 complaints were received. All the complaints have been resolved to the satisfaction of shareholders. There was no outstanding complaint as on March 31, 2008.

IV. Banking and Legal Matters Committee

The Board in its meeting dated October 29, 2005 has constituted a Banking and Legal Matters Committee. Presently Committee consists of one Executive and three Non-Executive Directors out of which two are Independent Directors. The Committee has been constituted with a view to expedite the banking, legal and other issues including the matters provided below. Board has delegated these powers to Committee along with limitations.

- To deal with the matters relating to represent before Registrar of Companies, Company Law Board, etc;
- To deal in relation to closing or operation of the account;
- To represent the company before Statutory, Legal, Judicial, Quasi Judicial, Arbitrators, Mediators, Conciliators, Tribunals and all Other Authorities;
- To borrow money from banks and other financial institutions and to accept inter-corporate deposits;
- To subscribe or acquire shares of wholly owned subsidiary or to provide any loans or guarantee in connection with loan obtained by it's wholly owned subsidiary.

V. Allotment committee

The Committee was constituted for the purpose of allotment of shares on conversion of Foreign Currency Convertible Bonds or the Warrants issued by the Company. The Committee consisted of one Executive and three Non-Executive Directors out of which two were Independent Directors. The Committee was dissolved on January 5, 2008 on conversion of final tranche of FCCB.

The Committee has been constituted again on March 5, 2008. Committee consists of one Executive and four Non-Executive Directors out of which three are Independent Directors.

VI. Compensation Committee

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

The Committee has been constituted for the purpose of ESOP. A total of 2,36,341 options were granted during the year to employees, including subsidiary company employees. Out of that, 61,381 options have lapsed. 1,74,960 options are in force as on April 1, 2008. A detailed report on the ESOP is provided in Annexure III as per SEBI Guideline.

VII. Business Review Committee

The Board has constituted Business Review Committee at its meeting dated September 25, 2007. The Committee consists of three Independent Directors to review the progress of the projects including the financial aspect. Review of Independent Directors of all the projects would give better insight for the purpose of project implementation and cost implication.

4. Subsidiaries

The Company has sixty nine subsidiary companies as on March 31, 2008. Details regarding subsidiary and business undertaken by them are provided in Annexure IV. All subsidiaries other than M/s. Signa Infrastructure India Limited are wholly owned subsidiary. The Company holds 74% of the equity shares of the M/s. Signa Infrastructure India Limited.

5. General Body Meeting

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

Year	Date	Time	Venue	No. of Special Resolution passed	Type of Meeting
2007- 08	05.03.2008	4:00 P.M.	Hotel Maathus 7, East Coast Road, Kottivakkam Chennai – 600 041	2	EGM
2007- 08	25.09.2007	4:00 P.M.	Hotel Maathus 7, East Coast Road, Kottivakkam Chennai – 600 041	8	AGM
2006- 07	30.09.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road, Kottivakkam Chennai – 600 041	6	AGM
2006- 07	13.05.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road, Kottivakkam Chennai – 600 041	1	EGM
2005- 06	22.02.2006	4:00 P.M.	Hotel Maathus 7, East Coast Road, Kottivakkam Chennai – 600 041	3	EGM
2005- 06	01.09.2005	11.00 A.M.	Narada Gana Sabha Trust 254, T T K Road, Chennai-600 018.	6	AGM

6. Postal Ballot

During the previous year 2007-08 three Special Resolutions were passed through postal ballot by the shareholders for the following business:

1. Alteration of Object clause in terms of Section 17 of the Companies Act, 1956
2. En-bloc approval of Rs. 2,000 crores of Corporate Guarantee for one financial year and total limit of Rs. 5000 crores of Corporate Guarantee outstanding at any time in terms of Section 372A of the Companies Act, 1956
3. Authorisation to the Board of Directors to provide the assets of the Company as security to avail loans from Banks, Financial Institutions or any other lenders in terms of Section 293(1)(a) of the Companies Act, 1956

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

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

	Particulars	No. of Postal Ballot Forms	No. of shares up equity capital	% of total paid	% of votes in favour of/against the Resolution
A	Total postal ballot forms received	122	9336596	50.38%	–
B	Less: Rejections	22	5180	0.03%	–
C	Net valid postal ballot forms (as per register)	100	9331416	50.35%	–
D	Postal ballot forms with assent for the Resolution for Item No 1	98	9330966	50.35%	100.00%
E	Postal ballot forms with dissent for the Resolution Item No 1	2	450	0.00%	0.00%
F	Postal ballot forms with assent for the Resolution Item No 2	97	9330166	50.34%	99.99%
G	Postal ballot forms with dissent for the Resolution Item No 2	3	1250	0.01%	0.01%
H	Postal ballot forms with assent for the Resolution Item No 3	97	9330166	50.34%	99.99%
I	Postal ballot forms with dissent for the Resolution Item No 3	3	1250	0.01%	0.01%

Procedure for Postal Ballot

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

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

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

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

7. Disclosures

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

II. Company has complied with all requirements of the listing agreement entered with Stock Exchanges as well as regulation and guidelines of SEBI. The suspension in the trading of Company's scrip has been revoked and the trading has resumed w.e.f. August 11, 2005. Other than as mentioned, there has been no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years.

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

IV. The Company complies with the entire mandatory requirement and non-mandatory requirement 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 certificate is annexed to the Directors' Report of the Company which are sent to share holders and Stock Exchanges.

8. Means of Communication

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

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

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

9. General Shareholder Information:

I. Information about Thirteenth Annual General Meeting

Date and Time:

Thursday, September 25, 2008 at 2.00 pm

Venue:

Hotel Fortune Select Palms, 142, Rajiv Gandhi Salai,
Mettukuppam, Thoraipakkam, Chennai – 600 096

II. Financial Year

The financial year of the Company each year starts with 1st April and ends with 31st March. The financial year 2007-08 started on April 1, 2007 and ended on March 31, 2008. The current financial year 2008-09 started on April 1, 2008 and would end on March 31, 2009.

Financial Calendar (Tentative)

First Quarter June 30, 2008:
on or before July 31, 2008

Second Quarter September 30, 2008:
on or before October 31, 2008

Third Quarter December 31, 2008:
on or before January 31, 2009

Fourth Quarter March 31, 2009 :
on or before June 30, 2009

III. Date of Book Closure

The Register of Member and Share Transfer Books shall be closed for a period of eight days starting Tuesday, September 16, 2008 to Thursday, September 25, 2008 (Inclusive of Both Days).

IV. Dividend Payment Date

On or after September 26, 2008

V. Listing on Stock Exchange

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

VI. Stock Code

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

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

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

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

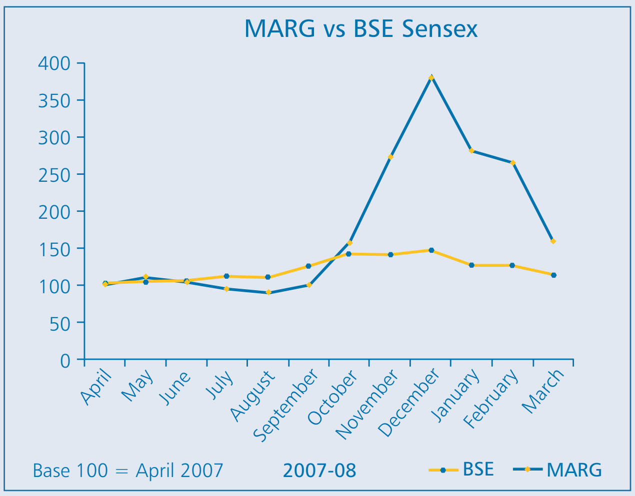
VII. Market Price Data

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

Year	Month	High(Rs.)	Low(Rs.)	Trading Volume
2007	April	190.70	137.20	491,466
2007	May	180.50	144.00	539,509
2007	June	191.45	146.05	614,167
2007	July	174.00	145.10	293,745
2007	August	177.80	132.50	425,249
2007	September	185.00	137.75	572,804
2007	October	289.00	148.00	3,871,374
2007	November	448.00	211.30	7,463,312
2007	December	616.40	384.95	6,083,424
2008	January	630.45	405.35	4,262,196
2008	February	508.25	359.70	1,008,478
2008	March	415.00	220.00	1,036,738

VIII. Performance vis a vis BSE Sensex

The share prices of the equity shares of the Company, vis-à-vis the Sensex, have been provided in graphic form as below:



IX. Registrar and Share Transfer Agents

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

M/s CAMEO CORPORATE SERVICES LIMITED
Subramanian Building,
1, Club House Road,
Chennai – 600 002.
Ph: +91 44 2846 0390
Fax: +91 44 2846 0129
Email: investor@cameoindia.com

X. Share Transfer System

The physical transfers are normally processed within 7-10 days from the date of receipt of documents complete in all respect. Share Transfers in physical form have to be lodged with the Registrar and Transfer Agents.

XI. Distribution of shareholding as at March 31, 2008

No. of Shares held	No. of shareholders	% of shareholding	Amount	%
Upto 500	11069	90.49	10251440	4.00
501 to 1000	616	5.04	5199000	2.03
1001 to 2000	242	1.98	3623660	1.42
2001 to 3000	78	0.64	2021300	0.79
3001 to 4000	41	0.33	1477510	0.58
4001 to 5000	40	0.33	1918250	0.75
5001 to 10000	61	0.50	4613520	1.80
10001 & above	84	0.69	226979130	88.63
Total	12231	100.00	256083810	100.00

XII. Dematerialization of Equity Shares and Liquidity

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

Authorized Capital of Rs. 50,00,00,000 comprising 5,00,00,000 equity shares of Rs.10/- each. Paid-up Capital of the Company as on March 31, 2008 is Rs. 25,60,83,810 comprising 2,56,08,381 Equity shares of Rs.10/- each. Out of the above shares 6,72,503 Equity Shares representing 2.63% are held physically and the balance 2,49,35,878 Equity Shares representing 97.37% is held in dematerialised form.

The Company Equity shares are highly liquid and are frequently traded at Bombay Stock Exchange.

XIII. Outstanding GDR / FCCB / Warrants

Warrants

Board of Directors of the Company in its meeting dated April 13, 2006 had allotted 81,00,000 (Eighty One Lakhs) warrant to promoter and promoters group at Rs. 88.75 per warrant on preferential basis pursuant to approval of shareholders at the Extra Ordinary General Meeting dated February 22, 2006. Each warrant was convertible into one Equity Shares of Rs. 10/- (Rupees Ten). According to terms of issue, the company has received 10% of the consideration amount at the time of allotment of the warrants.

During the financial year 2006-07, Company has allotted 36,99,900 shares on conversion of equal number of warrants on receipt of remaining 90% consideration towards these warrants.

Out of remaining 44,00,100 warrants pending for conversion, all warrants have been converted during the current financial year within the validity period of eighteen months.

On receipt of balance 90% towards the warrant value, Company has allotted 7,79,100 equity shares on conversion of equal number of warrants on April 7, 2007. Further, Company has allotted 2,51,000 and 19,00,000 equity shares on August 1, 2007 and October 11, 2007 respectively on conversion of equal number of warrants on receipt of balance 90% consideration towards these warrants.

Last tranche of 14,70,000 warrants were converted in to equal number of equity shares on October 12, 2007 on receipt of 90% of value of warrants. Accordingly, all the outstanding warrants at the beginning of financial year have been converted into equity shares of the Company and presently there are no convertible warrants pending for conversion.

These allotments of equity shares on conversion of warrant totalling to 44,00,100 equity shares of Rs. 10 each has bought an inflow of Rs. 39,05,08,875 to Company with increase of Paid up Capital by a sum of Rs. 4,40,01,000 and added an amount of Rs. 34,65,07,875 to the Share Premium Account.

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

FCCBs

Pursuant to approval Board and Shareholders the Committee of Directors for FCCB Issue has allotted 2500, 3% Unsecured Foreign Currency Convertible Bonds (Bonds) of USD 5000 each amounting to US$ 12.5 Million on June 22, 2006, These bonds were listed at Luxembourg Stock Exchange. These bonds were to be redeemed after five years unless converted into equity shares of the Company. The exchange rate for conversion into Indian Rupee of USD has been fixed at Rs. 45.92. The conversion price from Bond to Equity Shares has been fixed at Rs. 130. Accordingly FCCB on conversion would result into Equity Shares of Rs. 10 each allotted on premium of Rs. 120.

During the current financial year all 2500 outstanding Bond has been converted into equity shares of the Company. Committee of Directors as per the approval of Board has allotted 7,68,276 equity shares on conversion of 435 Bonds on April 7, 2007. Further, Committee has allotted 141,292 and 261,390 equity shares on conversion of 80 and 148 Bonds respectively on August 1, 2007 and October 12, 2007 respectively.

Further, Committee has allotted 21,19,384 and 11,25,039 equity shares on conversion of 1,200 and 637 Bonds respectively on December 1, 2007 and January 5, 2008 respectively. Accordingly, all the outstanding Bonds at the beginning of financial year have been converted into equity shares of the Company and presently there is no convertible Bonds are outstanding.

These allotments of 44,15,381 equity shares of Rs. 10 each on conversion of Bonds has brought an amount of Rs. 57,39,99,530 and has resulted into increase of Paid up Capital by a sum of Rs. 4,41,53,810 and added an amount of Rs. 52,98,45,720 to the Share Premium Account.

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

GDRs

Pursuant to approval of Board and Shareholders, the Committee of Directors for GDR Issue has allotted 13,51,500 Global Depository Receipts for an amount of USD 15 Million. Each GDR represents two equity shares of Company. GDRs are listed at Luxembourg Stock Exchange.

The Company in terms of the issue of GDR has allotted 27,03,000 Equity Shares of Rs. 10 each at a premium of Rs. 235.92 to Bank of New York, the Custodian. As on March 31, 2008, depositories are holding 4,58,000 shares in their name for the outstanding GDR. Since the underlying equity shares have already been allotted, it would not result in any further shares on conversion.

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

Conversion of Pending Instrument

As all the outstanding warrants and bonds has been converted into equity shares, except outstanding GDR for which underlying shares are already allotted at a ratio 2:1, no convertible instrument is outstanding for conversion.

XIV. Preferential Allotment during the year

During the year company has made preferential allotment of 2,00,000 shares to Bennett, Coleman & Co Limited. The Company has decided to make this preferential allotment for the purpose of brand building exercise and spreading its geographical presence. The Company has utilized this money to increase brand awareness and mass reach for complementing future growth plans.

XV. Plant Location

The Company is engaged in business of constructions and infrastructure development. Accordingly the activities are carried on at the concerned location where the projects are being undertaken.

XVI. Address for Correspondence

The Registered Office of the Company is situated at following address. Further all correspondence with the Company can be done at following address, addressing to

The Company Secretary
MARG Limited
MARG Axis, 4/318,
Rajiv Gandhi Salai
Kottivakkam,
Chennai – 600 041
Ph: +91 44 2454 1111
Fax: +91 44 2454 1123
Email: investor@marggroup.com

For any correspondence in relation to shareholders' grievance the communication would be addressed to the Registrar and Transfer Agents

M/s CAMEO CORPORATE SERVICES LIMITED
Subramanian Building
1, Club House Road,
Chennai – 600 002
Ph: +91 44 2846 0390
Fax: +91 44 2846 0129
Email: investor@cameoindia.com

◆ Categories of Shareholding as at March 31, 2008

Category		No. of Shares Held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters	12,260,000	47.87%
2	Persons acting in Concert	40,000	0.16%
	Sub Total	**12,300,000**	**48.03%**
B	Non Promoters Holding		
A	Mutual funds/FIs/Bonds	244,307	0.95%
B	FIIs	5,921,339	23.12%
C	Body Corporates	1,387,664	5.42%
D	NRI/FCB	1,665,429	6.50%
E	Indian Public	3,499,083	13.66%
F	Others-(Clearing Members)	132,559	0.52%
G	Shares represented by GDRs	458,000	1.79%
	Sub Total	**13,308,381**	**51.97%**
	Grand Total	**25,608,381**	**100.00%**

◆ Insider Trading

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

◆ Secretarial Audit

Secretarial Audit as required in terms of Circular No. D&CC/FITTC/CIR – 16/2002 dated June 30, 2002 is being done by a Practicing Company Secretary on quarterly basis for reconciling total admitted capital with NSDL and CDSL and total issued and listed capital. The Company has obtained Secretarial Audit Report for all the four quarters during the year ended March 31, 2008 and same has been forwarded to Stock Exchanges. The audit confirms that the total issued/ paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

◆ Code of Conduct

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

◆ CEO / CFO Certification

As required under the Clause 49 of the Listing Agreement a certificate duly signed by Mr. G R K Reddy, Managing Director and Mr. B Bhushan, Executive Director – Finance & Chief Financial Officer of the Company was placed at the meeting of the Board of Directors on June 18, 2008.

XVII. Non Mandatory Requirements

1. The Board:

No separate office is maintained since chairman is Executive.

2. Remuneration Committee:

The Company has constituted a Remuneration Committee.

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

3. Shareholders Communications:

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

4. Audit Qualifications:

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

5. Training of Board Members:

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

6. Mechanism for evaluating Non-Executive Board Members:

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

7. Whistle Blower Policy:

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

Declaration Regarding Compliance by Board Members and Senior Management Personnel with Company's Code of Conduct

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

I confirm that the Company has in respect of the financial year ended March 31, 2008 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 March 31, 2008.

For **MARG Limited**

Chennai
Date: June 18, 2008

G R K Reddy
Managing Director

Auditors' Certificate On Corporate Governance

To
The Members of MARG Limited

1. We have examined the compliance of conditions of Corporate Governance of MARG Limited, for the year ended March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.
2. The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as on March 31, 2008 as per the records maintained by the Shareholders / Investors Grievances Committee.
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

R M V BALAJI
Partner

Place : Chennai
Date : June 18, 2008

Annexure I

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975

Sl No	Name of the Employee	Age (Years)	Designation/Nature of Duties	Date of Joining	Remuneration Received (Rs.)	Qualification	Total Experience (Years)	Previous Employment
Employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs.24,00,000/- P.A.								
1	G R K Reddy	48	Managing Director	25.07.1997	15,600,000	M Com	22	MARG Holdings and Financial Services Ltd
2	B Bhushan	54	Executive Director & CFO	19.08.2005	2,440,000	B Com, LLB, MBA	35	Management Consultant
3	B G Menon	50	Executive Director-Infrastructure	01.06.2006	6,130,004	B Tech, PGDBM	24	Mahindra World City Developers Ltd
Employed for part of the year and were in receipt of remuneration at the rate which in aggregate was not less than Rs.2,00,000/- P.M.								
1	M Subramanyam	44	Executive Director - Ports	05.10.2006	2,768,289	B Com, ACA	19	Bayer Cropscience Ltd
2	Lazar Pilli	46	Vice President -HR	10.03.2007	3,388,662	MBA	23	Samtel Color Ltd
3	P Ramakrishna Rao	46	Chief Technical Officer	16.04.2007	2,982,590	BE (Civil)	24	Salapuria Properties Pvt Ltd
4	S G Gopinath	56	Vice President - Technology	28.05.2007	1,469,779	BE, ME	28	FLSmidth Pvt Ltd
5	Hari Nair	38	Vice President - Marketing	01.06.2007	475,001	BA, DCE, MBA	16	Riverside Infrastructure (India) Pvt Ltd
6	Sriram Iyer	42	Chief Executive Officer- Real Estate	04.06.2007	5,325,280	BE, MBA	20	ITC Limited
7	Bharathi Ponde	41	Vice President - Corporate Finance	17.11.2007	960,966	B Com, ACA, Grad CWA	16	Systematix Corporate Services Ltd
8	V Vasan	46	Head - Corporate Affairs	04.02.2008	471,861	MA, MBA	19	Rakindo Developers Pvt Ltd
9	Avali Srinivasan	60	Director-Real Estate	11.02.2008	562,758	B Com, ACS, BGL	40	Juniper Hotels Pvt Ltd.

Notes:-

1. All employment are contractual.
2. Mr G R K Reddy, Managing Director, is related to Mr G Raghava Reddy and Mrs V P Rajini Reddy, Directors. None of the other employees is related to any Director of the Company
3. Remuneration comprises Salaries, Allowances, Bonus, Commission, Medical Benefits, Leave Travel Assistance, Gratuity and Contribution to Provident Fund & Perquisites valued as per Income Tax Rules.
4. Except Mr G R K Reddy, none of the employees own more than 2% of the outstanding shares of the Company as on March 31, 2008.

For and on behalf of the Board of Directors

G R K Reddy
Chairman and Managing Director

Place: Chennai
Date: June 18, 2008

Annexure II

Foreign Exchanges Transactions

Foreign Exchange Earning and Outgo

(Rs in million)

		2007-08	2006-07
a.	Value of Imports calculated on CIF Basis :		
i	Components, embedded goods and spare-parts	0.89	40.30
ii	Capital goods	477.43	16.29
b.	Expenditure in foreign currencies:		
i	Travelling expenses	3.51	0.79
ii	Expenses on FCCB Issue	–	8.46
iii	Expenses on GDR Issue	–	2.81
iv	FCCB conversion & Listing fee	1.07	–
v	Technical / Profession & Conference Exp	3.14	–
vi	Business Promotion & Trade Fair Exp	0.60	–

For and on behalf of the Board of Directors

Place: Chennai
Date: June 18, 2008

G R K Reddy
Chairman and Managing Director

Annexure III

Statement as at 31.03.2008, 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	2,36,341 options
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	Nil
D	Options exercised	Nil

Sl. No.	Description	ESOP 2006	
E	Total number of Ordinary Shares arising as a result of exercise of Options	Nil	
F	Options lapsed	61,381	
G	Variation of terms of Options	Nil	
H	Money realized by exercise of Options	Nil	
I	Total number of Options in force	1,74,960	
J	Details of Options granted to	Names	No of Options
	a) Senior Management Personnel	1. B G Menon	10200
		2. Avali Srinivasan	6900
		3. Subramanyam Mutnuru	5700
		4. P Ramakrishna Rao	5250
		5. Jayesh Bhatt	5175
		6. B Bhushan	4950
		7. Vasan	4950
		8. K Malmarugan	4800
		9. Mrs. Bharathi	4500
		10. G S Reddy	3600
		11. M Venkateswaralu	3600
		12. K M Narayana Rao	3600
		13. T P Anand	3600
		14. Natarajan	3390
		15. Shailaja Vardhan	3300
		16. Ramakrishnan Suresh	3260
		17. C V Lakshmanan	3150
		18. Krishnamurthy	3150
		19. Sanat Attavar	3000
		20. P Chandrasekaran	2850
		21. S Bhargava	2830
		22. V Raghupathy	2700
		23. G S Ramesh Babu	2700
		24. Lakshman Sainath	2700
		25. P Gopalakrishnan	2550
		26. M Abdul Hakkeem	2250
		27. Charles Robinson	2160
		28. Sanjay Kumar Gaur	1950
		29. M Kableeswaran	1500
		30. R Srinvasan	1500
		31. Joseph Melvin Raj	1500
		32. Gouri Shanker Mishra	1410
		33. J K Chourasia	810

Sl. No.	Description	ESOP 2006
	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.'	Rs. 31.76
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.	The employee compensation cost would have been increased by Rs. 46.62 lakhs.
	iii) The impact of this difference on Profits and on EPS of the Company.	The effect of adopting the fair value method on the net income and earnings per share is presented below:
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.	Exercise Price : 112.93 Fair Value : 160.18

		Rs. In lakhs
Net Income as reported (Profit after tax)		6,743.76
Add: Intrinsic Value Compensation Cost		36.36
Less: Fair value Compensation Cost (Black Scholes Model)		82.98
Adjusted Net Income		6697.14
Earning per share	**Basic (Rs.)**	**Diluted (Rs.)**
As reported	31.88	31.76
As adjusted	31.66	31.54

Sl. No.	Description	ESOP 2006	
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	7.68%
		ii) Expected life	4.10 years
		iii) Expected volatility	55.41
		iv) Expected dividend	Nil
		v) The price of the underlying shares in market at the time of option grant	228.36

For and on behalf of the Board of Directors

Place: Chennai
Date: June 18, 2008

G R K Reddy
Chairman and Managing Director

Annexure IV

List of Subsidiaries

1. MARG Business Park Private Limited

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

2. Karaikal Port Private Limited

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

3. Riverside Infrastructure (India) Private Limited

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

4. New Chennai Township Private Limited

The Company was incorporated on March 24, 2006 in the State of Tamilnadu and is a wholly owned subsidiary of your Company. The Company is establishing two Special Economic Zones (SEZ) at Seekinakuppam in Cheyyur Taluk of Kanchipuram District on about 612 acres of land, one for Light Engineering Sector including Auto-ancillary on about 311 acres and the other for Multi-Services on about 301 acres. The project site is strategically located 75 km from Tidel Park, Chennai and 60 km before Puducherry on the East Coast Road. The Company has already received the formal approval from Government to establish SEZ.

5. O M R Developers Private Limited

The Company was incorporated on March 27, 2006 in the State of Tamilnadu and is a wholly owned subsidiary of Your Company. The company is conceptualizing and developing premium residential apartments in Chennai.

6. Aprati Constructions Private Limited

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

7. Arohi Infrastructure Private Limited

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

8. Aroopa Infradevelopers Private Limited

The Company was incorporated on July 12, 2006. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company hold land for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

9. Siddhi Infradevelopers Private Limited

The Company was incorporated on July 12, 2006. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company hold land for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects.

10. Signa Infrastructure India Limited

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

11. Bhushan Tradelinks Private Limited

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

12. Aaram Constructions Private Limited

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

13. Bay Infradevelopers Private Limited

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

14. Sarang Infradevelopers Private Limited

The Company was incorporated on January 19, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has identified a project "Tapovan villas" and is jointly developing with fellow subsidiary Companies namely Magnumopus Infrastructure Private Limited and Wisdom Constructions Private Limited.

15. Magnumopus Infrastructure Private Limited

The Company was incorporated on January 20, 2007 in the state of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds land for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects. As said in above point No.16 it is one of the Joint developer of the Project " Tapovan Villas".

16. Dasha Infradevelopers Private Limited

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

17. Arogya Constructions Private Limited

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

18. Singar Constructions Private Limited

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

19. Wisdom Constructions Private Limited

The Company was incorporated on February 22, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company holds lands for the purpose of projects. The Company has been incorporated to take up constructions and infrastructural projects. As said in point No.16 it is one of the Joint developer of the Project " Tapovan Villas".

20. Viswadhara Constructions Private Limited

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

21. Sanjog Infrastructure Private Limited

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

22. Ajani Constructions Private Limited

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

23. Avatar Constructions Private Limited

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

24. Pathang Constructions Private Limited

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

25. Veda Infradevelopers Private Limited

The Company was incorporated on April 7, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

26. Swatantra Infrastructure Private Limited

The Company was incorporated on April 9, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

27. Anuttam Constructions Private Limited

The Company was incorporated on April 18, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

28. Aparajitha Infrastructure Private Limited

The Company was incorporated on April 18, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

29. Bharani Infrastructure Private Limited

The Company was incorporated on April 18, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

30. Kripa Infrastructure Private Limited

The Company was incorporated on April 19, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

31. Karaikal Infradevelopers Private Limited

The Company was incorporated on May 4, 2007. The Company is situated in the union Territory of Puducherry and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

32. Puducherry Infradevelopers Private Limited

The Company was incorporated on May 4, 2007. The Company is situated in the Union Territory of Puducherry and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

33. Mukta Infrastructure Private Limited

The Company was incorporated on May 17, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

34. Akhil Infrastructure Private Limited

The Company was incorporated on May 21, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

35. Amir Constructions Private Limited

The Company was incorporated on May 21, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

36. Atul Infrastructure Private Limited

The Company was incorporated on May 21, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

37. Hilary Constructions Private Limited

The Company was incorporated on May 21, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

38. Rupak Constructions Private Limited

The Company was incorporated on May 21, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

39. Abhinaya Infradevelopers Private Limited

The Company was incorporated on May 29, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

40. Prospective Constructions Private Limited

The Company was incorporated on May 29, 2007. The

Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

41. Sathsang Constructions Private Limited

The Company was incorporated on May 29, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

42. Akarsh Constructions Private Limited

The Company was incorporated on May 30, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

43. Kadambani Infrastructure Private Limited

The Company was incorporated on May 30, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

44. Yuva Constructions Private Limited

The Company was incorporated on May 30, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

45. Kanchanajunga Infradevelopers Private Limited

The Company was incorporated on May 31, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

46. Jai Ganesh Infradevelopers Private Limited

The Company was incorporated on June 4, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

47. Kirtidhara Infrastructure Private Limited

The Company was incorporated on June 4, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

48. Navita Estates Private Limited

The Company was incorporated on June 8, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up Real estate and infrastructural projects.

49. Darpan Houses Private Limited

The Company was incorporated on June 12, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up Housing constructions and infrastructural projects.

50. Parivar Apartments Private Limited

The Company was incorporated on July 5, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up residential and Housing constructions and infrastructural projects.

51. Shubham Vihar Private Limited

The Company was incorporated on July 6, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing constructions and infrastructural projects.

52. Navrang Infrastructure Private Limited

The Company was incorporated on July 10, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

53. Saptarishi Projects Private Limited

The Company was incorporated on July 10, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

54. Saral Homes Private Limited

The Company was incorporated on July 13, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing constructions and infrastructural projects.

55. Tapovan Villas Private Limited

The Company was incorporated on July 16, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up construction of villas, resorts and infrastructural projects.

56. Marigold Villas Private Limited

The Company was incorporated on August 20, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up construction of villas, resorts and infrastructural projects.

57. Prabhat Villas Private Limited

The Company was incorporated on August 21, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up construction of villas, resorts and infrastructural projects.

58. Rainbow Habitat Private Limited

The Company was incorporated on August 21, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing constructions and infrastructural projects.

59. Giri Infradevelopers Private Limited

The Company was incorporated on August 27, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up constructions and infrastructural projects.

60. Goldenview Nivas Private Limited

The Company was incorporated on October 4, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing constructions and infrastructural projects.

61. Mayur Habitat Private Limited

The Company was incorporated on October 4, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing constructions and infrastructural projects.

62. Highrise Housing Projects Private Limited

The Company was incorporated on October 5, 2007. The Company is situated in the State of Andhra Pradesh and is wholly owned subsidiary of your Company. The Company has been incorporated to enable the holding company to acquire lands and to take up housing and infrastructural projects.

63. Anumanthai Beachside Resorts Private Limited

The Company was incorporated on December 4, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to carry on business of or deal in resorts, camps, hotels, motels, lodging and boarding houses, restaurants, cafes, refreshment rooms, house keepers, clubs, holiday homes in India and in any part of the world.

64. Kodur Developers Private Limited

The Company was incorporated on December 4, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to act as a special purpose vehicle(SPV) for integrated township development, telecommunication, development of roads, airports, ports, railway system, sanitation, water treatment, waterways, sewerage disposal, industrial estates, IT Parks, bridges, fly overs and to develop tourism and entertainment infrastructure projects or any other facility of similar nature, in and outside India.

65. Trusted Properties (KPO) Private Limited

The Company was incorporated on December 4, 2007. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to Carry on the business of developing, promoting & trading Internet Related Solutions & Services with High Technology tools & Constructions, to form and enroll members of associations of various kinds like Agents, Builders, Bankers, Vendors, Lawyers etc related in the field of real estate & real estate related services, to form online marketplace for real estate services & solutions and carry on the business of buy, sell, lease or rent properties.

66. MARG Port Management Services Private Limited

The Company was incorporated on December 10, 2007. The Company is situated in the union Territory of Puducherry and is wholly owned subsidiary of your Company. The Company has been incorporated to take up Port projects and Port Management services. Construction, development and management of ports are expected to create good business for the Company

67. Swarnabhoomi Port Private Limited (Formerly Secure Infrastructure Private Limited)

The Company was incorporated on February 18, 2008. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. Considering the good growth prospects in the port development the name of the Company has been suitably changed to take up port projects. The Change of name has been duly approved by the Registrar of Companies, Chennai on May 23, 2008. It is expected that Company would identify the project and would undertake some operations in the forthcoming year.

68. MARG Power Projects Private Limited

The Company was incorporated on February 29, 2008 in the State of Tamil Nadu as wholly owned subsidiary to take up Power Projects across India. It is expected that Company would identify the project and would undertake some operations in the forthcoming years.

69. MARG Renewable Power Projects Private Limited

The Company was incorporated on March 7, 2008. The Company is situated in the State of Tamilnadu and is wholly owned subsidiary of your Company. The Company has been incorporated to take up power projects. Considering the good growth prospects in the power sector, output of the power projects is expected to create good business for the Company.

For and on behalf of the Board of Directors

Place: Chennai
Date: June 18, 2008

G R K Reddy
Chairman and Managing Director

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 2008 and the annexed Profit & Loss Account and Cash Flow Statement for the year ended 31st March 2008. 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 is disqualified as on 31st March 2008 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 2008;

      ii. in the case of Profit and Loss Account of the Profit for the year ended 31st March 2008; and

      iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended 31st March 2008.

For **K Ramkumar & Co.,**
Chartered Accountants

R M V BALAJI
Partner

Place: Chennai
Date : 18th June 2008

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) According to the information and explanation given to us the fixed assets have been physically verified by the management at the end of the financial year. No Material discrepancies were noticed on such verification.

c) No substantial part of fixed assets has been disposed off during the year.

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

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

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

3. The Company has not taken/granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.

4. In our opinion and according to the explanation given to us there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods & 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 2008, for a period of more than six months from the date they became payable.

c) According to the records of the Company and the information and explanation given to us, the dues of Income Tax/Sales Tax/Customs Duty/Cess, which have not been deposited on account of any dispute, are as follows.

Asst. Year	Nature of Tax	Department Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	Tax on Income	16,785,003	16,879,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (A)
1996-97	T D S	21,503	4,931	ITAT & CIT (A)
1997-98	T D S	2,368,619	2,317,682	ITAT & CIT (A)
1998-99	T D S	1,628,830	842,934	ITAT & CIT (A)
1999-00	T D S	1,857,640	581,282	ITAT & CIT (A)
2000-01	T D S	442,820	65,450	CIT (A)
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	5,551,773	DCTO Enforcement

10. The Company has no accumulated losses and has no cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and banks.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/Society.

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 Rs 4,135 Millions for loans raised by others from Banks.

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

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

18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained U/s 301 of the Act. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.

19. During the year, the Company has not issued any debentures and therefore the question of creating security or charge in respect thereof does not arise.

20. The Company has not made any public issue during the period covered under audit.

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

For **K Ramkumar & Co.,**
Chartered Accountants

R M V BALAJI
Partner

Place: Chennai
Date : 18th June 2008

Balance Sheet

(Amount in Rupees)

Particulars	Schedule	As At 31-Mar-08	As At 31-Mar-07
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	256,083,810	165,929,000
Warrant Application Money		–	64,575,588
Reserves & Surplus	2	2,858,316,941	1,320,453,576
LOAN FUNDS			
Secured Loans	3	1,768,405,434	1,034,036,737
Unsecured Loans	4	50,000,000	100,895,160
Foreign Currency Convertible Bonds		–	574,000,000
DEFERRED TAX LIABILITY (NET)	5	34,939,464	19,576,634
		4,967,745,649	**3,279,466,695**
APPLICATION OF FUNDS			
FIXED ASSETS	6		
Gross Block		1,193,994,596	587,684,680
Less : Depreciation		78,923,546	47,822,830
Net Block		**1,115,071,050**	**539,861,850**
INVESTMENTS	7	1,528,497,744	1,307,770,000
CURRENT ASSETS, LOANS & ADVANCES	8		
Inventories		268,734,509	303,744,327
Sundry Debtors		924,994,801	505,334,230
Cash & Bank Balances		114,864,294	257,559,457
Loans & Advances		2,869,273,710	1,134,375,439
		4,177,867,314	**2,201,013,453**
LESS : CURRENT LIABILITIES & PROVISIONS	9		
Current Liabilities		1,590,803,534	646,529,949
Lease Deposits/ Rental Advances		41,760,881	41,910,881
Provisions		221,126,044	80,737,778
		1,853,690,459	**769,178,608**
NET CURRENT ASSETS		**2,324,176,855**	**1,431,834,845**
		4,967,745,649	**3,279,466,695**
NOTES ON ACCOUNTS	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Profit and Loss Account

(Amount in Rupees)

Particulars	Schedule	Year Ended 31-Mar-08	Year Ended 31-Mar-07
INCOME			
Income from Operations	10	2,427,482,627	1,242,084,432
Other Income	11	356,493,737	173,204,963
		2,783,976,364	**1,415,289,395**
EXPENDITURE			
Cost of Projects / Other Operating Expenses	12	1,664,572,140	818,832,612
Personnel Expenses	13	94,430,876	56,424,410
Administrative Expenses	14	106,553,094	72,699,539
		1,865,556,110	**947,956,561**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**918,420,254**	**467,332,834**
Depreciation	6	31,769,799	19,149,825
PROFIT BEFORE INTEREST & TAX		**886,650,455**	**448,183,009**
Interest & Finance Charges	15	51,282,273	62,612,165
PROFIT BEFORE TAX		**835,368,182**	**385,570,844**
TAX EXPENSE			
Current		144,000,000	80,000,000
Deferred	16	15,362,830	5,686,253
Fringe Benefit Tax		1,575,000	745,000
PROFIT AFTER TAX		**674,430,352**	**299,139,591**
Balance brought forward from Previous Year		358,038,195	112,569,848
AMOUNT AVAILABLE FOR APPROPRIATION		**1,032,468,547**	**411,709,439**
APPROPRIATIONS			
Interim Dividend		–	20,835,155
Proposed Dividend		51,216,762	–
Dividend Tax		8,704,289	2,922,130
General Reserve		70,086,041	29,913,959
Balance carried to Balance Sheet		902,461,455	358,038,195
		1,032,468,547	**411,709,439**
EARNINGS PER SHARE			
Basic		**31.88**	**28.76**
Diluted		**31.76**	**20.97**
NOTES ON ACCOUNTS	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Schedules forming part of Accounts

(Amount in Rupees)

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 1 SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of Rs 10 each	500,000,000	500,000,000
(Previous year 50,000,000 Equity Shares of Rs 10 each)		
Issued, Subscribed and Paid up Capital		
25,608,381 Equity Shares of Rs 10 each	256,083,810	165,929,000
(Previous year 16,592,900 Equity Shares of Rs 10 each)		
	256,083,810	**165,929,000**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 2 RESERVES & SURPLUS		
Securities Premium Account	1,855,855,486	932,501,421
General Reserve	100,000,000	29,913,959
Profit & Loss Account	902,461,455	358,038,196
	2,858,316,941	**1,320,453,576**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 3 SECURED LOANS		
From Banks & Financial Institution		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	1,363,592,077	729,661,004
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	401,148,606	267,647,941
Secured by way of pledge of Fixed deposits	–	36,031,438
Interest Accrued but not Due	3,664,751	696,354
(Loans for Rs 676 Millions (Previous Year Rs 816 Millions) are guaranteed by directors)		
	1,768,405,434	**1,034,036,737**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 4 UNSECURED LOANS		
Loans From Subsidiaries	–	100,895,160
Loans From Others	50,000,000	–
	50,000,000	**100,895,160**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	34,939,464	19,576,634
Less : Deferred Tax Asset	–	–
	34,939,464	**19,576,634**

Schedules forming part of Accounts

SCHEDULE 6 FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31-Mar-07	Additions	Deductions/ Transfers	As At 31-Mar-08	As At 31-Mar-07	For the year	Deletions	As At 31-Mar-08	As At 31-Mar-08	As At 31-Mar-07
LEASED ASSETS										
Digital Zone										
Land	52,320,975	–	–	52,320,975	–	–	–	–	52,320,975	52,320,975
Building	224,359,722	1,938,193	–	226,297,915	8,685,795	3,666,501	–	12,352,296	213,945,619	215,673,927
Plant & Machinery	55,986,481	–	3,480,000	52,506,481	6,079,761	2,719,532	601,874	8,197,419	44,309,062	49,906,720
Electrical Equipments & Fittings	108,967,884	898,371	–	109,866,255	12,153,845	5,252,990	–	17,406,835	92,459,420	96,814,039
Furniture & Fixtures	93,395,651	–	–	93,395,651	13,307,189	5,911,945	–	19,219,134	74,176,517	80,088,462
Tiruvanmiyur Land & Building	4,462,500	–	–	4,462,500	–	–	–	–	4,462,500	4,462,500
OTHER ASSETS										
Computers	9,370,773	12,184,300	–	21,555,073	5,074,461	2,819,311	–	7,893,772	13,661,301	4,296,312
Office Equipment	9,079,784	3,749,709	–	12,829,493	425,377	628,293	–	1,053,670	11,775,823	8,654,407
Furniture & Fittings	14,269,909	6,113,318	–	20,383,227	612,003	1,468,498	–	2,080,501	18,302,726	13,657,906
Motor Vehicle	11,799,077	8,971,864	1,089,780	19,681,161	1,033,176	1,622,123	67,223	2,588,076	17,093,085	10,765,901
Plant & Machinery	2,692,317	3,039,120	–	5,731,437	451,223	155,439	–	606,662	5,124,775	2,241,094
Agricultural Land	979,607	–	979,607	–	–	–	–	–	–	979,607
Dredger	–	554,168,267	–	554,168,267	–	7,525,181	–	7,525,181	546,643,086	–
	587,684,680	**591,063,142**	**5,549,387**	**1,173,198,435**	**47,822,830**	**31,769,813**	**669,097**	**78,923,546**	**1,094,274,889**	**539,861,850**
Capital Work in Progress	–	20,796,161	–	20,796,161	–	–	–	–	20,796,161	–
Grand Total	**587,684,680**	**611,859,303**	**5,549,387**	**1,193,994,596**	**47,822,830**	**31,769,813**	**669,097**	**78,923,546**	**1,115,071,050**	**539,861,850**
Previous Year	585,537,151	42,990,923	40,843,394	587,684,680	49,973,005	19,149,825	21,300,000	47,822,830	539,861,850	535,564,146

SCHEDULE 7 INVESTMENTS

Long Term Investments

Investments in Shares (Non-Quoted, Stated at Cost)

Company	Face value	No of Shares		As At	As At
		31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Subsidiaries					
Aaram Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Abhinaya Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Ajani Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Akarsh Constructions Pvt Ltd	10	10,000	–	100,000	–
Akhil Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Amir Constructions Pvt Ltd	10	10,000	–	100,000	–
Anumanthai Beachside Resorts Pvt Ltd	10	10,000	–	100,000	–
Anuttam Constructions Pvt Ltd	10	10,000	–	100,000	–
Aparajitha Constructions Pvt Ltd	10	10,000	–	100,000	–
Aprati Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Arogya Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Arohi Infrastructure Pvt Ltd	10	10,000	10,000	100,000	100,000
Aroopa Infradevelopers Pvt Ltd	10	10,000	10,000	100,000	100,000
Atul Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Avatar Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Bay Infradevelopers Pvt Ltd	10	10,000	10,000	100,000	100,000
Bharani Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Bhushan Tradelinks Pvt Ltd	10	10,000	10,000	100,000	100,000
Darpan Houses Pvt Ltd	10	10,000	–	100,000	–
Dasha Infradevelopers Pvt Ltd	10	10,000	10,000	100,000	100,000
Giri Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Goldenview Nivas Pvt Ltd	10	10,000	–	100,000	–
Highrise Housing Projects Pvt Ltd	10	10,000	–	100,000	–
Hilary Constructions Pvt Ltd	10	10,000	–	100,000	–
Jai Ganesh Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Kadambani Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Kanchanajunga Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Karaikal Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Karaikal Port Pvt Ltd	10	57,250,000	57,250,000	572,500,000	572,500,000

Schedules forming part of Accounts

SCHEDULE 7 INVESTMENTS *(Contd.)*

(Amount in Rupees)

Company	Face value	No of Shares 31-Mar-08	No of Shares 31-Mar-07	As At 31-Mar-08	As At 31-Mar-07
Kirtidhara Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Kodur Developers Pvt Ltd	10	10,000	–	100,000	–
Kripa Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Magnumopus Infrastructure Pvt Ltd	10	10,000	10,000	100,000	100,000
MARG Business Park Pvt Ltd	10	10,000	10,000	100,000	100,000
MARG Port Management Services Pvt Ltd	10	10,000	–	100,000	–
MARG Power Projects Pvt Ltd	10	10,000	–	100,000	–
MARG Renewable Power projects Pvt Ltd	10	10,000	–	100,000	–
Marigold Vilas Pvt Ltd	10	10,000	–	100,000	–
Mayur Habitat Pvt ltd	10	10,000	–	100,000	–
Mukta Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Navita Estates Pvt Ltd	10	10,000	–	100,000	–
Navrang Infrastructure Pvt Ltd	10	10,000	–	100,000	–
New Chennai Township Pvt Ltd	10	51,000,000	51,000,000	510,000,000	510,000,000
OMR Developers Pvt Ltd	10	10,000	10,000	100,000	100,000
Parivar Apartments Pvt Ltd	10	10,000	–	100,000	–
Pathang Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Prabhat Vilas Pvt Ltd	10	10,000	–	100,000	–
Prospective Constructions Pvt Ltd	10	10,000	–	100,000	–
Puducherry Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Rainbow Habitat Pvt Ltd	10	10,000	–	100,000	–
Riverside Infrastructure (India) Pvt Ltd	10	41,400,000	20,000,000	414,000,000	200,000,000
Rupak Constructions Pvt Ltd	10	10,000	–	100,000	–
Sanjog Infrastructure Pvt Ltd	10	10,000	10,000	100,000	100,000
Saptarishi Projects Pvt Ltd	10	10,000	–	100,000	–
Saral Homes Pvt Ltd	10	10,000	–	100,000	–
Sarang Infradevelopers Pvt Ltd	10	10,000	10,000	100,000	100,000
Sathsang Constructions Pvt Ltd	10	10,000	–	100,000	–
Secure Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Siddhi Infradevelopers Pvt Ltd	10	10,000	10,000	100,000	100,000
Signa Infrastructure India Ltd	10	37,000	37,000	370,000	370,000
Singar Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Subham Vihar Pvt Ltd	10	10,000	–	100,000	–
Swatantra Infrastructure Pvt Ltd	10	10,000	–	100,000	–
Tapovan Vilas Pvt Ltd	10	10,000	–	100,000	–
Trusted Properties (KPO) Pvt Ltd	10	10,000	–	100,000	–
Veda Infradevelopers Pvt Ltd	10	10,000	–	100,000	–
Viswadhara Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Wisdom Constructions Pvt Ltd	10	10,000	10,000	100,000	100,000
Yuva Constructions Pvt Ltd	10	10,000	–	100,000	–
Others					
MARG Digital Infrastructure Pvt Ltd	10	595,000	595,000	5,950,000	5,950,000
MARG Realities Ltd	10	995,000	995,000	9,950,000	9,950,000
RR Infotech Ltd	10	–	700,000	–	7,000,000
				1,519,270,000	**1,307,770,000**
Investments in Mutual Funds (Non-Quoted, Stated at Cost)					
UTI Infrastructure Advantage Fund Series	10	100,000	–	1,000,000	–
Less : Provision for Decline in Investments				133,000	–
				867,000	**–**
Investments in Properties (Non-Quoted, Stated at Cost)					
Building				8,360,744	–
				8,360,744	**–**
				1,528,497,744	**1,307,770,000**

Schedules forming part of Accounts

(Amount in Rupees)

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	–	8,360,744
Projects in Progress	245,892,569	294,480,125
Stock of Materials at Site	22,841,940	903,458
	268,734,509	**303,744,327**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	201,246,702	833,245
Others	723,748,099	504,500,985
	924,994,801	**505,334,230**
Cash and Bank Balances		
Cash Balance	573,227	562,960
Balances with Scheduled Banks		
In Current Accounts	63,512,838	148,666,355
In Deposit Accounts	28,711,075	104,081,550
In Margin Money Accounts	22,067,154	4,248,592
	114,864,294	**257,559,457**
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	746,810,928	244,150,829
Advances to Subsidiaries	1,662,579,628	483,172,881
Advances to Suppliers	251,699,165	113,969,789
Share Application Money	47,910,000	199,460,000
Staff Advances	4,661,336	619,752
Prepaid Taxes	137,493,582	78,217,277
Security Deposits	18,119,071	14,784,911
	2,869,273,710	**1,134,375,439**
	4,177,867,314	**2,201,013,453**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	434,695,480	217,388,277
Advances from Customers	652,632,380	367,561,902
Expenses Payable	76,686,862	13,472,469
Bills Payable	398,324,014	–
Statutory Dues	18,897,826	23,455,130
Unclaimed Dividend	541,552	–
Due to Directors	9,025,420	3,817,016
Interim Dividend	–	20,835,155
	1,590,803,534	**646,529,949**
Lease Deposits / Rental Advances	**41,760,881**	**41,910,881**
Provisions		
Income Tax	155,993,647	80,000,000
ESOP	3,636,346	–
Fringe Benefit Tax	1,575,000	737,778
Proposed Dividend	51,216,762	–
Tax on Proposed Dividend	8,704,289	–
	221,126,044	**80,737,778**
	2,506,322,839	**1,136,740,510**

Schedules forming part of Accounts

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 10 INCOME FROM OPERATIONS		
Income from Projects	2,334,205,816	1,157,269,772
Lease Rent Income (Building & Facilities)	93,276,811	84,814,660
	2,427,482,627	**1,242,084,432**
SCHEDULE 11 OTHER INCOME		
Dividend Received	306,148,000	–
Agricultural Income	174,834	63,270
Profit / loss on Sale of Assets	36,420,410	166,639,774
Exchange Rate Difference	13,508,588	–
Miscellaneous Income	241,905	6,501,919
	356,493,737	**173,204,963**
SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	294,480,125	74,296,171
Stock of Materials at Site	903,458	435,590
	303,744,327	**83,092,505**
Expenditure During the year		
Cost of Projects	1,627,465,042	1,035,837,379
Closing Stock		
Stock of Completed Projects	–	8,360,744
Projects in Progress	245,892,569	294,480,125
Stock of Materials at Site	22,841,940	903,458
	268,734,509	**303,744,327**
Cost of Projects	1,662,474,860	815,185,557
Repairs & Maintenance-Leased Properties	2,097,280	3,647,055
	1,664,572,140	**818,832,612**
SCHEDULE 13 PERSONNEL EXPENSES		
Salaries & Allowances	49,893,895	33,702,212
Directors Remuneration	16,320,000	8,466,000
Directors Sitting Fees		
- Board Meeting	585,000	–
- Committee Meeting	737,500	–
Rent Staff	872,260	543,500
Contribution to Funds	3,907,991	2,583,632
Recruitment & Training Expenses	9,599,386	7,575,420
Staff Welfare Expenses	10,261,348	2,489,988
Retirement Benefits	2,253,496	1,063,658
	94,430,876	**56,424,410**

Schedules forming part of Accounts

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	9,479,742	5,486,049
Rates & Taxes	381,932	464,800
Communication Cost	4,950,477	2,565,586
Electricity Charges	3,025,052	662,395
Traveling and Conveyance	13,611,549	11,040,119
Repairs & Maintenance	1,602,634	982,482
Secretarial Expenses	2,966,101	2,764,162
Advertisement & Business Promotion	29,290,396	13,198,861
Printing & Stationery	3,211,709	3,952,327
Postage and Courier Charges	868,215	543,346
Payment to Auditors		
- Statutory Audit Fee	280,900	168,540
- Other Services	154,495	368,406
Insurance Premium	3,440,009	4,240,610
Legal & Professional Charges	27,029,603	22,427,957
General Expenses	1,718,028	520,660
Office Maintenance	1,059,095	2,241,875
Donation	2,602,000	373,800
Vehicle Maintenance	881,157	697,564
	106,553,094	**72,699,539**

SCHEDULE 15 INTEREST & FINANCE CHARGES		
Interest on Loans	145,574,064	63,594,466
Less : Interest Income	108,498,890	3,166,935
Net Interest	37,075,174	60,427,531
Bank & Finance Charges	14,207,099	2,184,634
	51,282,273	**62,612,165**

SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	15,362,830	5,686,253
Less : Deferred Tax Asset	–	–
	15,362,830	**5,686,253**

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

B. REVENUE RECOGNITION

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

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

1. The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition / installation of the assets and improvement thereon less depreciation.
2. In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.
3. Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.
4. Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work - in - Progress.
5. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating divisions which the assets belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss against recognised in the profit and loss account.

D. OPERATING LEASES

The Company is not obligated under non-cancelable leases for office and residential space that are renewable on a periodic basis at the option of both the lessor and lessee.

The Company leases office facilities and residential space under cancelable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expenses under cancelable operating leases was Rs 3,827,140/- and Rs 9,760,367/- for the last quarter and year ended 31st March 2008 respectively

E. VALUATION OF CLOSING STOCK

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

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

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

c. Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

F. INVESTMENTS

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

G. RETIREMENT BENEFITS

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

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

H. TAX ON INCOME

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

b. Deferred Tax on timing differences between the accounting income and taxable income for the year is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

I. FOREIGN CURRENCY TRANSACTIONS:

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

NOTES ON ACCOUNTS

1. CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2008 is Rs 4.60 Millions (Previous year : 2.83 Millions)

b. Corporate Guarantees given to Banks in respect of loans taken by other companies : Rs 4,135 Millions (Previous year Rs 4,297 Millions)

c. Corporate Guarantees given to Banks in respect of performance bank guarantees issued by them : Rs 54.37 Millions (Previous year Rs 8.8 Millions)

d. (i) Unfulfilled Export Obligations of Rs 11.44 Millions (Previous Year : Rs 11.44 Millions), Rs 11.29 Millions (Previous Year: Rs 11.29 Millions) & Rs 9.49 Millions (Previous year : Nil) to be performed on or before 18th February 2012, 28th February 2015 & 12th April 2015 respectively, undertaken by the Company for import of capital goods.

(ii) Company has availed concessional import duty of Rs NIL (Previous Year: Rs 6.5 Millions) for which the STP Unit (Tenant) is required to perform export obligation as stipulated.

e. Claims not acknowledged as debts by the Company: Rs NIL (Previous year Rs NIL)

f. Income Tax Demand

Asst. Year	Nature of Tax	Department Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	Tax on Income	16,785,003	16,879,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (A)
1996-97	T D S	21,503	4,931	ITO - TDS
1997-98	T D S	2,368,619	2,317,682	ITO - TDS
1998-99	T D S	1,628,830	842,934	ITO - TDS
1999-00	T D S	1,857,640	581,282	ITO - TDS
2000-01	T D S	442,820	65,450	ITO - TDS

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

g. Sales Tax Demand:

Asst. Year	Nature of Tax	Department Demand	Amount paid under protest	Forum where Dispute is pending
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	55,51,773	DCTO Enforcement

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 Rs 15,362,830/- has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2008 is Rs 34,939,464/- the details of which are as follows:

(Amount in Rupees)

Particulars	31-Mar-08	31-Mar-07
Timing difference on account of depreciation	15,362,830	5,686,253
Outstanding deferred tax liability	19,576,634	13,890,381
Outstanding deferred tax liability (net)	34,939,464	19,576,634

3. Balance confirmations have not been obtained from all Sundry Debtors, Sundry Creditors and other balances.

4. 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.

5. 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.

6. The Company has allotted the equity shares during the year as under:

a. 200,000 equity shares of Rs 10 each at premium of Rs 235/- to Bennett Coleman & Co Ltd.

b. 4,415,381 equity shares of Rs 10 each at a premium of Rs 120/- against conversion of 2,500 Foreign Currency Convertible Bonds.

c. 4,400,100 equity shares of Rs 10 each at a premium of Rs 78.75/- to the promoters and their associates on conversion of warrants.

7. SEGMENTAL RESULTS

In accordance with paragraph 4 of Accounting Standard 17 "Segment Reporting" issued by ICAI, the Company has presented segmental information only on the basis of consolidated financial statements.

8. THE REMUNERATION PAID TO DIRECTORS IS AS FOLLOWS:

(Amount in Rupees)

Particulars	2007-2008	2006-2007
Remuneration to Managing Director	10,320,000	6,192,000
Commission to Managing Director	6,000,000	2,274,000
Directors Sitting Fees	1,322,500	Nil

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

9. 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 2008.

Particulars	Rs in Millions
Profit Before Tax as per Profit & Loss Account	886.59
Add : Depreciation charged as per Profit & Loss account	31.77
Less: Profit on Sales of Assets	36.42
Add : Managerial Remuneration debited to Profit & Loss Account	17.64
	899.58
Less : Depreciation as per Sec. 350 of the Companies Act, 1956	31.77
Net Profit as per Sec 349 of the Companies Act, 1956	**867.81**
Maximum amount of Remuneration permissible to Whole Time Directors (@ 5% of the Net Profit)	43.39

10. RELATED PARTY DISCLOSURES

The Company had made transactions with the following related parties:

a. Subsidiaries: Subsidiaries are listed in Annexure A

b. Associates:

i) There are no companies in which the Company holds more than 20% of the Equity Capital of the investee Company.

ii) The following are the companies in which there are common directors:

a. R R Infotech Limited

b. MARG Digital Infrastructure Private Limited

c. MARG Realities Limited

c. The following is the Key Management Personnel:

i) G R K Reddy-Chairman & Managing Director

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

(Rs in Millions)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Revenue	1,441	55	–	1,496
Dividend Received	306	–	–	306
Interest Received	103	–	–	103
Contract Work	5	–	–	5
Remuneration	–	–	16	16
Investments Made	219	–	–	219
Loans & Advances Made	2,079	–	–	2,079
Guarantees and Collaterals Issued	18	–	–	18
Guarantees and Collaterals Received	429	–	–	429

(Rs in Millions)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Balances as on 31st March 2008				
Investments	1,503	16	–	1,519
Sundry Debtors	777	1	–	778
Sundry Creditors	3	–	–	3
Loans & Advances	1,689	21	–	1,710
Remuneration	–	–	9	9
Guarantees Issued	4,023	112	–	4,135
Guarantees Received	429	–	–	429

Schedules forming part of Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

11. *(Rs in Millions)*

Particulars	2007-2008	2006-2007
a. Value of imports calculated on CIF basis		
i Components, embedded goods and spare-parts	0.89	40.30
ii Capital goods	477.43	16.29
b. Expenditure in foreign currencies		
i Travelling expenses	3.51	0.79
ii Expenses on FCCB Issue	–	8.46
iii Expenses on GDR Issue	–	2.81
iv FCCB conversion & Listing fee	1.07	–
v Technical / Profession & Conference Expenses	3.14	–
vi Business Promotion & Trade Fair Expenses	0.60	–

12. EARNINGS PER SHARE (EPS)

	2007-2008	2006-2007
a. Profit After Tax (Rs Millions)		
For Basic EPS	674.38	299.14
For Diluted EPS	674.38	301.85
b. Weighted average number of equity shares (Nos)		
For Basic EPS	21,156,060	10,399,514
For Diluted EPS	21,236,589	14,393,573
c. Earning Per Share (Rs)		
Basic	31.88	28.76
Diluted	31.76	20.97

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

14. Name of the Company was changed from “MARG Constructions Limited” to “MARG Limited” with effect from 17th December 2007.

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

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

Signatories to Schedule 1 to17

As per our Report of even date attached

For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Annexure A

Disclosure as required by clause 32 of listing agreement with stock exchanges: *(Rs in Millions)*

Type of Relationship	Name of the Company	Amount outstanding As at 31-Mar-08	Maximum Amount outstanding during the year
Loans & Advances Given			
Subsidiaries	Aaram Constructions Pvt Ltd	13.05	13.05
	Abhinaya Infradevelopers Pvt Ltd	4.71	4.71
	Ajani Constructions Pvt Ltd	8.11	8.11
	Akarsh Constructions Pvt Ltd	7.08	8.33
	Akhil Infrastructure Pvt Ltd	3.19	3.19
	Amir Constructions Pvt Ltd	14.13	14.13
	Anumanthai Beachside Resorts Pvt Ltd	0.04	0.04
	Anuttam Constructions Pvt Ltd	29.21	29.21
	Aparajitha Infrastructure Pvt Ltd	7.03	7.16
	Aprati Constructions Pvt Ltd	72.91	72.91
	Arogya Constructions Pvt Ltd	79.67	92.22
	Arohi Infrastructure Pvt Ltd	59.55	59.55
	Aroopa Infradevelopers Pvt Ltd	56.94	56.94
	Atul Infrastructure Pvt Ltd	7.03	7.03
	Avatar Constructions Pvt Ltd	33.48	36.00
	Bay Infradevelopers Pvt Ltd	92.09	92.09
	Bharani Infrastructure Pvt Ltd	2.72	2.72
	Bhushan Tradelinks Pvt Ltd	9.00	9.00
	Darpan Houses Pvt Ltd	1.66	1.66
	Dasha Infradevelopers Pvt Ltd	33.73	33.73
	Giri Infradevelopers Pvt Ltd	46.95	46.95
	Hilary Constructions Pvt Ltd	56.47	56.47
	Jai Ganesh Infradevelopers Pvt Ltd	5.88	5.88
	Kadambani Infrastructure Pvt Ltd	18.00	18.00
	Kanchanjanga Infradevelopers Pvt Ltd	75.48	75.48
	Karaikal Port Pvt Ltd	0.04	0.04
	Karaikal Infradevelopers Pvt Ltd	56.53	56.53
	Kirtidhara Infrastructure Pvt Ltd	0.04	0.04
	Kodur Developers Pvt Ltd	33.96	33.96
	Kripa Infrastructure Pvt Ltd	33.10	33.10
	Magnumopus Infrastructure Pvt Ltd	54.64	67.31
	MARG Business Park Pvt Limited	5.11	35.40
	Mukta Infrastructure Pvt Ltd	43.59	43.59
	Navarang Infrastructure Pvt Ltd	10.67	10.67
	Navita Estates Pvt Ltd	0.50	0.50
	New Chennai Township Pvt Ltd	291.36	291.36
	OMR Developers Pvt Ltd	63.50	80.10
	Parivar Apartments Pvt Ltd	5.07	5.07
	Pathang Constructions Pvt Ltd	13.57	13.57
	Prospective Constructions Pvt Ltd	5.90	5.90
	Riverside Infrastructure (I) Pvt Ltd	34.12	34.16
	Rupak Constructions Pvt Ltd	5.69	5.69
	Sanjog Infrastructure India Pvt Ltd	5.85	5.85
	Saptarishi Projects Pvt Ltd	0.45	0.45
	Saral Homes Pvt Ltd	0.86	1.75
	Sarang Infradevelopers Pvt Ltd	59.17	59.17
	Shubham Vihar Pvt Ltd	21.08	21.08
	Siddhi Infradevelopers Pvt Ltd	4.18	14.50
	Signa Infrastructure India Ltd	0.25	0.61
	Singar Constructions Pvt Ltd	2.96	2.96
	Swatantara Infrastructure Pvt Ltd	47.18	48.18
	Trusted Properties (KPO) Pvt Ltd	0.04	0.04
	Veda Infradevelopers Pvt Ltd	48.76	56.76
	Viswadhara Constructions Pvt Ltd	18.86	18.86
	Wisdom Constructions Pvt Ltd	56.05	56.05
	Yuva Constructions Pvt Ltd	1.31	1.31
Associates	MARG Digital Infrastructure Pvt Ltd	21.06	21.06

Auditor's Report on Cash Flow Statement

We have examined the above Cash Flow Statement of **MARG Limited** for the year ended 31st March 2008. 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 of the Members of the Company.

For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18th June 2008

Cash Flow Statement

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit before Taxation and Extraordinary Items	**835,368,182**	**385,570,845**
Adjustment for:		
Depreciation	31,769,813	19,149,825
Foreign Exchange	(13,508,588)	–
Dividend Income	(306,148,000)	–
Preliminary & Public Issue Expenses Written Off	–	2,250,000
Profit on sale of Assets	(36,420,410)	(166,639,774)
Charges for Employee Stock option	3,636,346	–
Operating Profit before Working Capital Changes	**514,697,343**	**240,330,896**
Decrease (Increase) in Sundry Debtors	(419,660,571)	(320,322,628)
Decrease (Increase) in Inventories	35,009,818	(220,651,822)
Decrease (Increase) in Loans & Advances	(1,734,898,271)	(923,401,609)
Increase (Decrease) in Current Liabilities	1,084,511,850	396,874,447
Cash Generated from Operations	**(520,339,831)**	**(827,170,716)**
Fringe Benefit tax	(1,575,000)	(745,000)
Dividend & Dividend Tax	(59,921,051)	–
Income Tax	(144,000,000)	(12,600,000)
Cash Flow before Extraordinary Items	**(725,835,882)**	**(840,515,716)**
Adjustment for Extraordinary Items (Preliminary Expenses)	–	–
NET CASH FROM OPERATING ACTIVITIES (A)	**(725,835,882)**	**(840,515,716)**
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(611,859,303)	(35,441,236)
Purchase/Sale of Investments	(220,727,744)	(1,284,470,000)
Exchange Difference - Assets Purchased	13,508,588	–
Dividend Received	306,148,000	–
Sale of Investments	36,420,410	–
Proceeds from Sale of Fixed Assets (Net)	4,880,290	178,633,481
NET CASH FROM INVESTING ACTIVITIES (B)	**(471,629,759)**	**(1,141,277,755)**
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Share Capital	1,013,508,875	1,033,006,009
Proceeds from Long Term Borrowings	734,368,697	614,713,463
FCCB Issue	(638,575,588)	574,000,000
Employee Stock Option Scheme	(3,636,346)	–
Proceed from Short Term Borrowings	(50,895,160)	–
NET CASH USED IN FINANCING ACTIVITIES (C)	**1,054,770,478**	**2,221,719,472**
Net Increase in Cash and Cash Equivalents (A+B+C)	**(142,695,163)**	**239,926,001**
Cash and Cash Equivalents at beginning of Period	**257,559,457**	**17,633,456**
Cash and Cash Equivalents at end of Period	**114,864,294**	**257,559,457**

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Report of the Auditors

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, 2008,** 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 financial statements of MARG LIMITED incorporate the accounts of the 61 Companies listed in "Annexure A" for the year ended 31st March 2008 which have been audited by us and whose reports have been considered by us.

We did not audit the financial statements of following subsidiaries whose financial statements reflects total assets of Rs 20.77 Millions as at 31st March 2008, the total income of Rs 5.00 Millions for the year ended on that date and the Net Cash Flows amounting to Rs 0.70 Millions. 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	Bharani Infrastructure Private Limited
2	Bhushan Tradelinks Private Limited
3	Darpan Houses Private Limited
4	Jai Ganesh Infradevelopers Private Limited
5	Kodur Developers Private Limited
6	Secure Infrastructure Private Limited
7	Signa Infrastructure India Limited
8	Tapovan Villas 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 2008;

ii. in the case of Consolidated Profit and Loss Account, of the Profit for the year ended 31st March 2008; and

iii. in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended 31st March 2008.

For **K Ramkumar & Co.,**
Chartered Accountants

R M V BALAJI
Partner

Place: Chennai
Date : 18th June 2008

Annexure A

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

Consolidated Balance Sheet

(Amount in Rupees)

Particulars	Schedule	As At 31-Mar-08	As At 31-Mar-07
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	256,083,810	165,929,000
Warrant Application Money		–	64,575,588
Reserves & Surplus	2	2,006,651,471	962,417,710
Minority Interest		215,807	95,521
LOAN FUNDS			
Secured Loans	3	3,593,736,464	1,539,728,959
Unsecured Loans	4	80,000,000	–
Foreign Currency Convertible Bonds		–	574,000,000
DEFERRED TAX LIABILITY (NET)	5	34,935,724	19,576,634
		5,971,623,276	**3,326,323,412**
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		4,228,505,819	1,949,659,083
Less : Depreciation		79,442,895	47,843,903
Net Block		**4,149,062,924**	**1,901,815,180**
Investments	7	25,127,744	22,900,000
Current Assets, Loans & Advances	8		
Inventories		1,060,565,337	316,937,277
Sundry Debtors		723,929,346	395,871,939
Cash & Bank Balances		537,338,170	331,707,392
Loans & Advances		1,269,735,105	947,213,409
		3,591,567,958	**1,991,730,017**
Less : Current Liabilities & Provisions	9		
Current Liabilities		1,528,480,130	534,546,903
Lease Deposits/ Rental Advances		41,760,881	41,910,881
Provisions		223,894,339	80,738,073
		1,794,135,350	**657,195,857**
Net Current Assets		**1,797,432,608**	**1,334,534,160**
Miscellaneous Expenses (To the extent not written off or adjusted)			
Preliminary Expenses		–	979,604
Profit & Loss Account		–	66,094,468
		5,971,623,276	**3,326,323,412**
Notes on Accounts	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Consolidated Profit and Loss Account

(Amount in Rupees)

Particulars	Schedule	Year Ended 31-Mar-08	Year Ended 31-Mar-07
INCOME			
Income from Operations	10	1,564,789,193	738,805,496
Other Income	11	65,047,405	7,346,619
		1,629,836,598	**746,152,115**
EXPENDITURE			
Cost of Projects/Other Operating Expenses	12	830,979,312	532,237,188
Personnel Expenses	13	95,869,748	56,429,137
Administrative Expenses	14	114,420,618	83,368,312
		1,041,269,678	**672,034,637**
PROFIT BEFORE DEPRECIATION, INTEREST & TAX		**588,566,920**	**74,117,478**
Depreciation	6	32,027,769	19,149,825
PROFIT BEFORE INTEREST & TAX		**556,539,151**	**54,967,653**
Interest & Finance Charges	15	142,933,171	62,670,619
PROFIT BEFORE TAX		**413,605,980**	**(7,702,966)**
TAX EXPENSE			
Current		148,905,399	80,000,000
Deferred	16	15,359,090	5,686,253
Fringe Benefit Tax		2,240,000	745,000
PROFIT AFTER TAX		**247,101,491**	**(94,134,219)**
Balance brought forward from Previous Year		(66,094,468)	81,676,516
Minority Interest		(120,286)	34,479
AMOUNT AVAILABLE FOR APPROPRIATION		**180,886,737**	**(12,423,224)**
APPROPRIATIONS			
Interim Dividend		–	20,835,155
Proposed Dividend		51,268,762	–
Dividend Tax on the Dividend		8,738,279	2,922,130
General Reserve		105,086,041	29,913,959
Balance carried to Balance Sheet		15,793,655	(66,094,468)
		180,886,737	**(12,423,224)**
EARNINGS PER SHARE			
Basic		**11.69**	**(9.05)**
Diluted		**11.64**	**(6.44)**
NOTES ON ACCOUNTS	17		

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 1 SHARE CAPITAL		
Authorised Capital		
50,000,000 Equity Shares of Rs 10 each	500,000,000	500,000,000
(Previous year 50,000,000 Equity Shares of Rs 10 each)		
Issued, Subscribed and Paid up Capital		
25,621,381 Equity Shares of Rs 10 each	256,083,810	165,929,000
(Previous year 16,592,900 Equity Shares of Rs 10 each)		
	256,083,810	**165,929,000**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 2 RESERVES & SURPLUS		
Securities Premium Account	1,855,855,486	932,501,421
Capital Reserve	2,330	2,330
General Reserve	135,000,000	29,913,959
Profit & Loss Account	15,793,655	–
	2,006,651,471	**962,417,710**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 3 SECURED LOANS		
From Banks & Financial Institution		
Secured by way of charge on rentals, mortgage / hypothecation of properties, movable & immovable properties	3,166,697,498	1,231,794,612
Secured by way of charge on hypothecation of inventories, advances and receivables of specified projects and fixed deposit receipts	419,339,418	267,647,941
Secured by way of pledge of Fixed deposits	–	36,031,438
Interest Accrued but not Due	7,699,548	4,254,968
(Loans for Rs 2,624 Millions (Previous Year Rs 1,178 Millions) are guaranteed by directors)		
	3,593,736,464	**1,539,728,959**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 4 UNSECURED LOANS		
Loans From Others	80,000,000	–
	80,000,000	–

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability	34,939,464	19,576,634
Less : Deferred Tax Asset	3,740	–
	34,935,724	**19,576,634**

Schedules forming part of Consolidated Accounts

SCHEDULE 6 FIXED ASSETS

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31-Mar-07	Additions	Deductions/ Transfers	As At 31-Mar-08	As At 31-Mar-07	For the year	Deletions	As At 31-Mar-08	As At 31-Mar-08	As At 31-Mar-07
LEASED ASSETS										
Digital Zone										
Land	52,320,975	–	–	52,320,975	–	–	–	–	52,320,975	52,320,975
Building	224,359,722	1,938,193	–	226,297,915	8,685,795	3,666,501	–	12,352,296	213,945,619	215,673,927
Plant & Machinery	55,986,481	–	3,480,000	52,506,481	6,079,761	2,719,532	601,874	8,197,419	44,309,062	49,906,720
Electrical Equipments & Fittings	108,967,884	898,371	–	109,866,255	12,153,845	5,252,990	–	17,406,835	92,459,420	96,814,039
Furniture & Fixtures	93,395,651	–	–	93,395,651	13,307,189	5,911,945	–	19,219,134	74,176,517	80,088,462
Tiruvanmiyur										
Land	4,462,500	–	–	4,462,500	–	–	–	–	4,462,500	4,462,500
OTHER ASSETS										
Computers	9,962,383	12,903,345	–	22,865,728	5,084,831	2,951,137	–	8,035,968	14,829,760	4,877,552
Office Equipment	9,079,784	3,881,624	–	12,961,408	425,377	652,264	–	1,077,641	11,883,767	8,654,407
Furniture & Fixtures	14,288,199	6,505,651	–	20,793,850	612,282	1,563,812	–	2,176,094	18,617,756	13,675,917
Motor Vehicle	11,799,077	12,071,277	1,089,780	22,780,574	1,033,176	1,742,265	67,223	2,708,218	20,072,356	10,765,901
Plant & Machinery	3,137,317	4,165,487	–	7,302,804	461,647	202,984	–	664,631	6,638,173	2,675,670
Agricultural Land	883,298,768	559,392,474	326,639,060	1,116,052,182	–	–	–	–	1,116,052,182	883,298,768
Electrical Equipments & Fittings	–	67,300	–	67,300	–	5,461	–	5,461	61,839	–
Dredger	–	554,168,267	–	554,168,267	–	7,525,181	–	7,525,181	546,643,086	–
Port License	150,000,000	–	–	150,000,000	–	–	–	–	150,000,000	150,000,000
Building	–	152,550	–	152,550	–	74,017	–	74,017	78,533	–
	1,621,058,741	**1,156,144,539**	**331,208,840**	**2,445,994,440**	**47,843,903**	**32,268,089**	**669,097**	**79,442,895**	**2,366,551,545**	**1,573,214,838**
Capital Work in Progress	328,600,342	1,629,855,979	175,944,942	1,782,511,379	–	–	–	–	1,782,511,379	328,600,342
Grand Total	**1,949,659,083**	**2,786,000,518**	**507,153,782**	**4,228,505,819**	**47,843,903**	**32,268,089**	**669,097**	**79,442,895**	**4,149,062,924**	**1,901,815,180**
Previous Year	718,351,555	1,253,997,169	22,689,641	1,949,659,083	49,973,005	19,170,898	21,300,000	47,843,903	1,901,815,180	668,378,550

SCHEDULE 7 INVESTMENTS

Long Term Investments

Company	Face value	No of Shares 31-Mar-08	No of Shares 31-Mar-07	As At 31-Mar-08	As At 31-Mar-07
Investments in Shares (Non-Quoted, Stated at Cost)					
MARG Digital Infrastructure Pvt Ltd	10	595,000	595,000	5,950,000	5,950,000
MARG Realities Ltd	10	995,000	995,000	9,950,000	9,950,000
RR Infotech Ltd	10	–	700,000	–	7,000,000
				15,900,000	**22,900,000**
Investments in Mutual Funds (Non-Quoted, Stated at Cost)					
UTI Infrastructure Advantage Fund Series				1,000,000	–
Less : Decline in Value of Investment				133,000	–
				867,000	–
Investments in Properties (Non-Quoted, Stated at Cost)					
Building				8,360,744	–
				25,127,744	**22,900,000**

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES		
Inventories		
Stock of Completed Projects	–	8,360,744
Projects in Progress	1,026,319,047	307,673,075
Stock of Materials at Site	34,246,290	903,458
	1,060,565,337	**316,937,277**
Sundry Debtors		
(Unsecured and considered good)		
Outstanding for more than 6 months	12,025,178	833,245
Others	711,904,168	395,038,694
	723,929,346	**395,871,939**
Cash and Bank Balances		
Cash Balance	7,626,164	6,225,798
Balances with Scheduled Banks		
In Current Accounts	325,972,186	214,593,118
In Deposit Accounts	181,672,666	106,639,884
In Margin Money Accounts	22,067,154	4,248,592
	537,338,170	**331,707,392**
Loans & Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	826,208,457	718,229,701
Advances to Suppliers	256,911,787	114,249,889
Share Application Money	21,060,000	21,060,000
Staff Advances	4,661,336	629,752
Prepaid Taxes	140,927,463	78,234,156
Security Deposits	19,966,062	14,809,911
	1,269,735,105	**947,213,409**
	3,591,567,958	**1,991,730,017**

Particulars	As At 31-Mar-08	As At 31-Mar-07
SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	536,416,627	221,141,503
Advances from Customers	294,617,694	239,192,051
Expenses Payable	228,815,555	13,702,521
Statutory Dues	60,739,268	35,858,657
Bills Payable	398,324,014	–
Unclaimed Dividend	541,552	–
Due to Directors	9,025,420	3,817,016
Dividend Payable	–	20,835,155
	1,528,480,130	**534,546,903**
Lease Deposits / Rental Advances	**41,760,881**	**41,910,881**
Provisions		
Income Tax	158,376,942	80,000,295
ESOP	3,636,346	–
Fringe Benefit Tax	1,960,000	737,778
Proposed Dividend	51,216,762	–
Tax on Dividend	8,704,289	–
	223,894,339	**80,738,073**
	1,794,135,350	**657,195,857**

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 10 INCOME FROM OPERATIONS		
Income from Projects	1,471,512,382	653,990,836
Lease Rent Income (Building & Facilities)	93,276,811	84,814,660
	1,564,789,193	**738,805,496**
SCHEDULE 11 OTHER INCOME		
Agricultural Income	6,980,955	489,681
Profit/ Loss on Sale of Assets	37,325,717	–
Interest on Income tax Refund	936,240	–
Exchange Rate Difference	13,508,588	–
Miscellaneous Income	6,295,905	6,856,938
	65,047,405	**7,346,619**
SCHEDULE 12 COST OF PROJECTS/OPERATING EXPENSES		
COST OF PROJECTS		
Opening Stock		
Stock of Completed Projects	8,360,744	8,360,744
Projects in Progress	307,673,075	74,296,171
Stock of Materials at Site	903,458	435,590
	316,937,277	**83,092,505**
Expenditure During the year		
Cost of Projects	1,572,510,092	762,434,905
Closing Stock		
Stock of Completed Projects	–	8,360,744
Projects in Progress	1,026,319,047	307,673,075
Stock of Materials at Site	34,246,290	903,458
	1,060,565,337	**316,937,277**
Cost of Projects	828,882,032	528,590,133
Repairs & Maintenance-Leased Properties	2,097,280	3,647,055
	830,979,312	**532,237,188**
SCHEDULE 13 PERSONNEL EXPENSES		
Salaries & Allowances	51,236,483	33,702,212
Directors Remuneration	16,320,000	8,466,000
Directors Sitting Fees		
- Board Meetings	585,000	–
- Committee Meetings	737,500	–
Rent Staff	872,260	543,500
Contribution to Funds	3,907,991	2,583,632
Recruitment & Training Expenses	9,599,386	7,575,420
Staff Welfare Expenses	10,345,348	2,494,715
Retirement Benefits	2,265,780	1,063,658
	95,869,748	**56,429,137**

Schedules forming part of Consolidated Accounts

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Rent	9,485,548	5,486,049
Rates & Taxes	381,932	464,865
Communication Costs	4,978,835	2,565,586
Electricity Charges	3,062,644	662,395
Travelling and Conveyance	13,914,852	11,063,211
Repairs & Maintenance	1,602,634	982,482
Secretarial Expenses	4,602,698	12,844,083
Advertisement & Business Promotion	32,048,051	13,198,861
Printing & Stationery	3,320,879	3,987,077
Postage and Courier	889,302	545,970
Payment to Auditors		
Statutory Audit Fee	1,061,521	399,433
Other Services	154,495	368,406
Insurance Premium	3,442,896	4,240,610
Professional & Consultancy Charges	27,210,168	22,468,724
Office Maintenance	1,144,132	2,242,525
Vehicle Maintenance	895,594	697,655
Donation	2,602,000	373,800
General Expenses	2,296,419	531,677
Preliminary Expenses Written off	1,326,018	244,903
	114,420,618	**83,368,312**

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 15 INTEREST & FINANCE CHARGES		
Interest on Loans	148,907,525	63,594,466
Less : Interest Income	20,902,536	3,242,148
Net Interest	128,004,989	60,352,318
Bank & Finance Charges	14,928,182	2,318,301
	142,933,171	**62,670,619**

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 16 DEFERRED TAX EXPENSE (INCOME)		
Deferred Tax Liability for the year	15,359,090	5,686,253
Less : Deferred Tax Asset	–	–
	15,359,090	**5,686,253**

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

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

a. The Financial Statements of the Company and its Subsidiary Companies have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income & expenses as per the respective financial statements duly certified by the Auditors of the respective companies after fully eliminating intra group balances and also transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

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

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

2. SIGNIFICANT GROUP ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

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

(iii) Method of Accounting - The Company maintains its accounts on accrual basis.

(iv) The Accounting Standards recommended by The Institute of Chartered Accountants of India have been followed wherever applicable to the Company.

B. REVENUE RECOGNITION

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

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

C. FIXED ASSETS, DEPRECIATION & IMPAIRMENT

(i) The Fixed Assets are stated at cost of acquisition including interest paid on specific borrowings up to the date of acquisition / installation of the assets and improvement thereon less depreciation.

(ii) In respect of construction of assets forming part of expansion project, directly attributable costs including financing costs relating to specific borrowings are also capitalised.

(iii) Depreciation is provided on fixed assets, on straight-line method, on pro-rata basis as per the rates specified in Schedule XIV of the Companies Act, 1956.

(iv) Advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end are shown under Capital Work - in - Progress.

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

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

D. VALUATION OF CLOSING STOCK

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

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

(iii) Completed projects: Completed Projects are valued at cost or net realizable value, whichever is less.

E. INVESTMENTS

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

F. RETIREMENT BENEFITS

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

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

G. TAX ON INCOME

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

(ii) Deferred Tax on timing differences between the accounting income and taxable income for the year is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

H. FOREIGN CURRENCY TRANSACTIONS

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

3. CONTINGENT LIABILITIES

a. Estimated amount of liability on capital contracts as on 31st March 2008 is Rs 532.10 Millions (Previous year : 60.83 Millions)

b. Corporate Guarantees given to Banks in respect of loans taken by other companies : Rs 112 Millions (Previous year 292 Millions)

c. Corporate Guarantees given to Bank in respect of performance bank guarantees issued by them : Rs 54.37 Millions (Previous year 8.80 Millions)

d. (i) Unfulfilled Export Obligations of Rs 11.44 Millions (Previous Year : Rs 11.44 Millions), Rs 11.29 Millions (Previous Year: Rs 11.29 Millions) & Rs 9.49 Millions (Previous year : Nil) to be performed on or before 18th February 2012, 28th February 2015 & 12th April 2015 respectively, undertaken by the Company for import of capital goods.

(ii) Company has availed concessional import duty of Rs Nil (Previous Year: Rs Nil) for which the STP Unit (Tenant) is required to perform export obligation as stipulated.

e. Claims not acknowledged as debts by the Company: Rs NIL (Previous year Rs Nil)

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

f. Income Tax Demand:

Asst. Year	Nature of Tax	Department Demand	Amount paid under protest	Forum where Dispute is pending
2001-02	Tax on Income	16,785,003	16,879,719	Madras High Court
2002-03	Tax on Income	8,926,848	8,926,848	CIT (A)
1996-97	T D S	21,503	4,931	ITO - TDS
1997-98	T D S	2,368,619	2,317,682	ITO - TDS
1998-99	T D S	1,628,830	842,934	ITO - TDS
1999-00	T D S	1,857,640	581,282	ITO - TDS
2000-01	T D S	442,820	65,450	ITO - TDS

g. Sales Tax Demand:

Asst. Year	Nature of Tax	Department Demand	Amount paid under protest	Forum where Dispute is pending
2004-05	Sales Tax	3,812,914	7,160	DCTO Enforcement
2005-06	Sales Tax	253,024	253,024	DCTO Enforcement
2006-07	Sales Tax	6,858,937	5,551,773	DCTO Enforcement

4. DEFERRED TAX LIABILITY

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

During the year an amount of Rs 15,359,090/- has been provided for deferred tax liability from the profits of the current year. The balance deferred tax liability outstanding as on 31st March 2008 is Rs 34,935,724/- the details of which are as follows:

(Amount in Rupees)

Particulars	31-Mar-08	31-Mar-07
Timing difference	15,359,090	5,686,253
Outstanding deferred tax liability	19,576,634	13,890,381
Outstanding deferred tax liability (net)	34,935,724	19,576,634

5. SEGMENTAL RESULTS

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

Business Segment:

For Management reporting purposes, the Company is organised into two major operating divisions – Projects and Leasing. The divisions are the basis on which the Company reports its primary segment information. The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments. The following table presents the revenue, profit (loss), assets and liabilities information relating to the respective Business Segments for the year ended on 31st March 2008.

(Rs in Millions)

Description	Year Ended 31st March 2008			Year Ended 31st March 2007		
	Projects	Leasing	Total	Projects	Leasing	Total
Revenue						
External Revenue	1,472	93	1,565	654	85	739
Internal Revenue	–	–	–	–	–	–
Total Revenue	**1,472**	**93**	**1,565**	**654**	**85**	**739**

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

(Rs in Millions)

Description	Year Ended 31st March 2008			Year Ended 31st March 2007		
	Projects	Leasing	Total	Projects	Leasing	Total
RESULT						
Segment Result before Interest & Tax	635	74	7091	126	64	190
Interest Expense	100	43	143	5	38	43
Net Segment Result	535	31	566	121	26	147
Other Unallocated Expenses net of Unallocated Income			153			155
Profit before Tax			413			(8)
Taxes			166			86
Profit after Tax			247			(94)
OTHER INFORMATION						
Segment Assets	2,967	477	3,444	1,304	497	1,801
Unallocated Corporate Assets			4,414			2,116
TOTAL ASSETS			**7,858**			**3,917**
Segment Liabilities	1,825	202	2,027	1,237	447	1,684
Unallocated Corporate Liabilities			3,568			1,107
TOTAL LIABILITIES			**5,595**			**2,791**
Capital Expenditure	2	3		2	3	
Depreciation		18			17	
Non Cash expenses other than Depreciation						

Geographical Segment:

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

6. **RELATED PARTY DISCLOSURES:**

The Company had transactions with the following related parties:

a. Associates:

   a. There are no companies in which the Company holds more than 20% of the Equity Capital of the Investee Company.

   b. The following are the Companies in which there are common directors :

      1. R R Infotech Limited
      2. MARG Digital Infrastructure Private Limited
      3. MARG Realities Limited

b. The following are the Key Management Personnel :

   i G R K Reddy – Chairman cum Managing Director

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

(Rs in Millions)

Particulars	Associates	Key Management Personnel	Total
Revenue	55	–	55
Remuneration	–	16	10

Schedules forming part of Consolidated Accounts

SCHEDULE 17 NOTES ON ACCOUNTS *(Contd.)*

(Rs in Millions)

Particulars	Associates	Key Management Personnel	Total
Balances as on 31st March 2008			
Investments	16	–	16
Sundry Debtors	1	–	1
Loans & Advances	21	–	21
Remuneration	–	9	9
Guarantees given	112	–	112

7. Earnings per share (EPS):

Particulars	2007-2008	2006-2007
a. Profit / (Loss) After Tax (Rs Millions)		
For Basic EPS	247.24	(94.13)
For Diluted EPS	247.24	(92.75)
b. Weighted average number of equity shares (Nos)		
For Basic EPS	21,156,060	10,399,514
For Diluted EPS	21,236,589	14,393,573
c. Earning Per Share (Rs)		
Basic	11.69	(9.05)
Diluted	11.64	(6.44)

8. Name of the Company was changed from "MARG Constructions Limited" to "MARG Limited" with effect from 17th December 2007.

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

10. Previous year's figures have been regrouped / reclassified / rearranged where ever necessary with the conformity with the current year figures.

Signatories to Schedule 1 to 17

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

Annexure

Sl. No.	Company Name	Country of Incorporation	% of Voting Power Held as at 31st March 2008
1	Aaram Constructions Private Limited	India	100%
2	Abhinaya Infradevelopers Private Limited	India	100%
3	Ajani Constructions Private Limited	India	100%
4	Akarsh Constructions Private Limited	India	100%
5	Akhil Infrastructure Private Limited	India	100%
6	Amir Constructions Private Limited	India	100%
7	Anumanthai Beachside Resorts Private Limited	India	100%
8	Anuttam Constructions Private Limited	India	100%
9	Aparajitha Infrastructure Private Limited	India	100%
10	Aprati Constructions Private Limited	India	100%
11	Arogya Constructions Private Limited	India	100%
12	Arohi Infrastructure Private Limited	India	100%
13	Aroopa Infradevelopers Private Limited	India	100%
14	Atul Infrastructure Private Limited	India	100%
15	Avatar Constructions Private Limited	India	100%
16	Bay Infradevelopers Private Limited	India	100%
17	Bharani Infrastructure Private Limited	India	100%
18	Bhushan Tradelinks Private Limited	India	100%
19	Darpan Houses Private Limited	India	100%
20	Dasha Infradevelopers Private Limited	India	100%
21	Giri Infradevelopers Private Limited	India	100%
22	Goldenview Nivas Private Limited	India	100%
23	Highrise Housing Projects Private Limited	India	100%
24	Hilary Constructions Private Limited	India	100%
25	Jai Ganesh Infradevelopers Private Limited	India	100%
26	Kadambani Infrastructure Private Limited	India	100%
27	Kanchanajunga Infradevelopers Private Limited	India	100%
28	Karaikal Infradevelopers Private Limited	India	100%
29	Karaikal Port Private Limited	India	100%
30	Kirtidhara Infrastructure Private Limited	India	100%
31	Kodur Developers Private Limited	India	100%
32	Kripa Infrastructure Private Limited	India	100%
33	Magnumopus Infrastructure Private Limited	India	100%
34	MARG Business Park Private Limited	India	100%
35	MARG Port Management Services Private Limited	India	100%

Sl. No.	Company Name	Country of Incorporation	% of Voting Power Held as at 31st March 2008
36	MARG Power Projects Private Limited	India	100%
37	MARG Renewable Power Projects Private Limited	India	100%
38	Marigold Villas private Limited	India	100%
39	Mayur Habitat Private Limited	India	100%
40	Mukta Infrastructure Private Limited	India	100%
41	Navita Estates Private Limited	India	100%
42	Navrang Infrastructure Private Limited	India	100%
43	New Chennai Township Private Limited	India	100%
44	O M R Developers Private Limited	India	100%
45	Parivar Apartments Private Limited	India	100%
46	Pathang Constructions Private Limited	India	100%
47	Prabhat Villas Private Limited	India	100%
48	Prospective Constructions Private Limited	India	100%
49	Puducherry Infradevelopers Private Limited	India	100%
50	Rainbow Habitat Private Limited	India	100%
51	Riverside Infrastructure (India) Private Limited	India	100%
52	Rupak Constructions Private Limited	India	100%
53	Sanjog Infrastructure Private Limited	India	100%
54	Saptarishi Projects Private Limited	India	100%
55	Saral Homes Private Limited	India	100%
56	Sarang Infradevelopers Private Limited	India	100%
57	Sathsang Constructions Private Limited	India	100%
58	Secure Infrastructure Private Limited	India	100%
59	Shubham Vihar Private Limited	India	100%
60	Siddhi Infradevelopers Private Limited	India	100%
61	Signa Infrastructure India Limited	India	74%
62	Singar Constructions Private Limited	India	100%
63	Swatantra Infrastructure Private Limited	India	100%
64	Tapovan Villas Private Limited	India	100%
65	Trusted Properties (KPO) Private Limited	India	100%
66	Veda Infradevelopers Private Limited	India	100%
67	Viswadhara Constructions Private Limited	India	100%
68	Wisdom Constructions Private Limited	India	100%
69	Yuva Constructions Private Limited	India	100%

Auditors' Report on Consolidated Cash Flow Statement

We have examined the Consolidated Cash Flow Statement of **MARG Limited** for the year ended 31st March 2008. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreement entered with Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18th June 2008

Consolidated Cash Flow Statement

(Amount in Rupees)

Particulars	Year Ended 31-Mar-08	Year Ended 31-Mar-07
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Profit before Taxation and extraordinary Item	**413,605,980**	**(7,702,966)**
Adjustment for:		
Depreciation	32,027,769	19,170,898
Profit on sale of Fixed Assets	(37,325,717)	–
Exchange Rate Gain	(13,508,588)	–
Preliminary Expenses Written Off	1,326,018	1,642,796
Operating Profit before Working Capital Changes	**396,125,462**	**13,110,728**
Decrease (Increase) in Sundry Debtors	(328,057,407)	(374,544,837)
Decrease (Increase) in Inventories	(743,628,060)	(233,844,772)
Decrease (Increase) in Loans & Advances	(322,521,696)	(736,823,105)
Increase in Loans & Advances	1,136,939,493	284,305,875
Cash Generated from Operations	**138,857,792**	**(1,047,796,111)**
Income Tax	(148,905,399)	(12,600,000)
Fringe Benefit tax	(2,240,000)	–
Dividend & Dividend Tax	(60,007,041)	–
Cash Flow before extraordinary items	**(72,294,648)**	**(1,060,396,111)**
Adjustment for extraordinary Items	(346,414)	–
NET CASH FROM OPERATING ACTIVITIES (A)	**(72,641,062)**	**(1,060,396,111)**
B CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(2,572,489,539)	(1,253,997,169)
Purchase/Sale of Investments	(2,227,744)	–
Proceeds from Sale of Fixed Assets (Net)	330,539,743	1,389,641
Exchange Difference - Assets Purchased	13,508,588	–
NET CASH FROM INVESTING ACTIVITIES (B)	**(2,230,668,952)**	**(1,252,607,528)**
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Share Capital	1,013,508,875	968,562,751
Proceed from Warrant Application Money	(64,575,588)	64,575,588
Proceeds from Long Term Borrowings	2,054,007,505	1,597,110,524
Short Term Borrowings	80,000,000	–
Repayment of Unsecured Loans	–	(3,600,000)
FCCB Repayment	(574,000,000)	–
NET CASH USED IN FINANCING ACTIVITIES (C)	**2,508,940,792**	**2,626,648,863**
Net Increase in Cash and Cash Equivalents (A+B+C)	**205,630,778**	**313,645,224**
Cash and Cash Equivalents at beginning of Period	**331,707,392**	**18,062,168**
Cash and Cash Equivalents at end of Period	**537,338,170**	**331,707,392**

As per our Report of even date attached
For **K Ramkumar & Co.,**
Chartered Accountants

R M V Balaji
Partner

Place : Chennai
Date : 18-June-2008

For and on behalf of Board of Directors

G R K Reddy
Chairman & Managing Director

V P Rajini Reddy
G Raghava Reddy
Karanjit Singh Jasuja
Arun Kumar Gurtu
P M Shivaraman
Directors

B Bhushan
ED & CFO

Gouri Shanker Mishra
Company Secretary

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

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 Pvt Ltd	100,000	74,724	13,227,944	13,053,220	-	337,857	101,567	3,000	98,567	-
2	Abhinaya Infradevelopers Pvt Ltd	100,000	633	4,814,127	4,713,494	-	41,355	633	-	633	-
3	Ajani Constructions Pvt Ltd	100,000	(23,881)	8,181,757	8,105,638	-	-	(16,423)	-	(16,423)	-
4	Akarsh Constructions Pvt Ltd	100,000	108	8,430,214	7,080,106	-	55,215	108	-	108	-
5	Akhil Infrastructure Pvt Ltd	100,000	(27,396)	3,259,635	3,187,031	-	-	(27,396)	-	(27,396)	-
6	Amir Constructions Pvt Ltd	100,000	792	14,234,886	14,134,094	-	38,205	792	-	792	-
7	Anumanthai Beachside Resorts Pvt Ltd	100,000	(13,773)	121,643	35,416	-	-	(13,773)	-	(13,773)	-
8	Anuttam Constructions Pvt Ltd	100,000	408	29,312,257	29,211,849	-	69,732	408	-	408	-
9	Aparajitha Infrastructure Pvt Ltd	100,000	297	7,135,263	7,034,966	-	49,815	297	-	297	-
10	Aprati Constructions Pvt Ltd	100,000	3,071,161	76,081,610	72,911,469	-	3,580,567	3,508,003	426,980	3,081,023	-
11	Arogya Constructions Pvt Ltd	100,000	(105,134)	79,661,360	79,666,494	-	294,060	(97,763)	-	(97,763)	-
12	Arohi Infrastructure Pvt Ltd	100,000	2,722,997	62,374,603	59,552,626	-	3,162,868	3,097,147	374,980	2,722,167	-
13	Aroopa Infradevelopers Pvt Ltd	100,000	2,388,928	59,428,787	56,940,879	-	2,844,294	2,719,373	330,980	2,388,393	-
14	Atul Infrastructure Pvt Ltd	100,000	1,203	7,129,978	7,028,775	-	36,945	1,203	-	1,203	-
15	Avatar Constructions Pvt Ltd	100,000	134,575	33,713,331	33,478,756	-	220,598	161,983	20,000	141,983	-
16	Bay Infradevelopers Pvt Ltd	100,000	1,310,833	93,501,958	92,091,125	-	1,598,096	1,541,727	188,000	1,353,727	-
17	Bharani Infrastructure Pvt Ltd	100,000	(27,695)	2,793,066	2,720,761	-	-	(27,695)	-	(27,695)	-
18	Bhushan Tradelinks Pvt Ltd	100,000	(52,856)	9,047,144	9,000,000	-	-	(28,442)	-	(28,442)	-
19	Darpan Houses Pvt Ltd	100,000	(15,964)	1,746,557	1,662,521	-	-	(15,964)	-	(15,964)	-
20	Dasha Infradevelopers Pvt Ltd	100,000	(12,330)	33,818,660	33,730,990	-	52,868	2,509	-	2,509	-
21	Giri Infradevelopers Pvt Ltd	100,000	(21,484)	47,027,444	46,948,928	-	914,754	(21,484)	-	(21,484)	-
22	Goldenview Nivas Pvt Ltd	100,000	(16,415)	83,585	-	-	-	(16,415)	-	(16,415)	-
23	Highrise Housing Projects Pvt Ltd	100,000	(16,570)	83,430	-	-	-	(16,570)	-	(16,570)	-
24	Hilary Constructions Pvt Ltd	100,000	1,266	56,568,157	56,466,891	-	784,858	1,266	-	1,266	-
25	Jai Ganesh Infradevelopers Pvt Ltd	100,000	(22,174)	5,959,150	5,881,324	-	-	(22,174)	-	(22,174)	-
26	Kadambani Infrastructure Pvt Ltd	100,000	3,197	18,106,935	18,003,738	-	49,215	3,197	-	3,197	-
27	Kanchanajunga Infradevelopers Pvt Ltd	100,000	(38,004)	75,545,872	75,483,876	-	4,053,377	(38,004)	-	(38,004)	-
28	Karaikal Infradevelopers Pvt Ltd	100,000	(18,933)	122,526	41,459	-	-	(18,933)	-	(18,933)	-
29	Karaikal Port Pvt Ltd	572,500,000	(2,374,416)	2,032,293,045	1,462,167,461	-	6,521,916	6,322,150	2,802,399	3,519,751	-
30	Kirtidhara Infrastructure Pvt Ltd	100,000	(20,921)	56,611,150	56,532,071	-	2,921,148	(20,921)	-	(20,921)	-
31	Kodur Developers Pvt Ltd	100,000	(14,283)	121,133	35,416	-	-	(14,283)	-	(14,283)	-
32	Kripa Infrastructure Pvt Ltd	100,000	10,679	34,072,581	33,961,902	-	65,245	10,679	-	10,679	-
33	Magnumopus Infrastructure Pvt Ltd	100,000	322,029	55,060,578	54,638,549	-	414,517	386,779	46,000	340,779	-
34	MARG Business Park Pvt Ltd	100,000	72,961	53,472,569	53,299,608	-	4,143,572	103,617	-	103,617	-

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

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
35	MARG Port Management Services Pvt Ltd	100,000	(14,804)	85,196	-	-	-	(14,804)	-	(14,804)	-
36	MARG Power Projects Pvt Ltd	100,000	(13,106)	86,894	-	-	-	(13,106)	-	(13,106)	-
37	MARG Renewable Power Projects Pvt Ltd	100,000	(13,106)	86,894	-	-	-	(13,106)	-	(13,106)	-
38	Marigold Villas Pvt Ltd	100,000	(16,467)	83,533	-	-	-	(16,467)	-	(16,467)	-
39	Mayur Habitat Pvt Ltd	100,000	(16,722)	83,278	-	-	-	(16,722)	-	(16,722)	-
40	Mukta Infrastructure Pvt Ltd	100,000	1,386	43,687,098	43,585,712	-	569,150	1,386	-	1,386	-
41	Navita Estates Pvt Ltd	100,000	(21,965)	576,681	498,646	-	-	(21,965)	-	(21,965)	-
42	Navrang Infrastructure Pvt Ltd	100,000	1,884	10,770,035	10,668,151	-	45,630	1,884	-	1,884	-
43	New Chennai Township Pvt Ltd	510,000,000	35,810,896	777,456,166	231,645,270	-	575,100,000	345,006,989	-	344,621,989	306,000,000
44	OMR Developers Pvt Ltd	100,000	2,344,980	82,544,813	63,500,513	-	5,867,119	2,643,452	299,320	2,344,132	-
45	Parivar Apartments Pvt Ltd	100,000	(19,374)	5,149,072	5,068,446	-	-	(19,374)	-	(19,374)	-
46	Pathang Constructions Pvt Ltd	100,000	(4,799)	13,669,099	13,573,898	-	41,789	2,109	-	2,109	-
47	Prabhat Villas Pvt Ltd	100,000	(15,499)	84,501	-	-	-	(15,499)	-	(15,499)	-
48	Prospective Constructions Pvt Ltd	100,000	2,104	5,998,197	5,896,093	-	66,365	2,104	-	2,104	-
49	Puducherry Infradevelopers Pvt Ltd	100,000	(19,746)	80,254	-	-	-	(19,746)	-	(19,746)	-
50	Rainbow Habitat Pvt Ltd	100,000	(17,540)	82,460	-	-	-	(17,540)	-	(17,540)	-
51	Riverside Infrastructure (India) Pvt Ltd	414,000,000	(2,759,808)	791,020,487	377,020,487	-	-	(1,580,555)	26,847	(1,607,402)	-
52	Rupak Constructions Pvt Ltd	100,000	(20,110)	5,773,097	5,693,207	-	-	(20,110)	-	(20,110)	-
53	Sanjog Infrastructure Pvt Ltd	100,000	(6,905)	5,940,169	5,847,074	-	57,420	342	-	342	-
54	Saptarishi Projects Pvt Ltd	100,000	(15,918)	534,309	450,227	-	-	(15,918)	-	(15,918)	-
55	Saral Homes Pvt Ltd	100,000	4,199	960,850	856,651	-	39,420	4,199	-	4,199	-
56	Sarang Infradevelopers Pvt Ltd	100,000	3,071	56,785,657	56,682,586	-	109,260	41,683	13,000	28,683	-
57	Sathsang Constructions Pvt Ltd	100,000	(23,789)	76,211	-	-	-	(23,789)	-	(23,789)	-
58	Secure Infrastructure Pvt Ltd	100,000	(12,286)	87,714	-	-	-	(12,286)	-	(12,286)	-
59	Shubham Vihar Pvt Ltd	100,000	21,099	21,199,136	21,078,037	-	85,105	21,099	-	21,099	-
60	Siddhi Infradevelopers Pvt Ltd	100,000	(110,841)	4,167,518	4,178,359	-	93,437	(92,929)	-	(92,929)	-
61	Signa Infrastructure India Ltd	500,000	330,025	830,025	-	-	5,000,265	1,374,627	678,000	696,627	200,000
62	Singar Constructions Pvt Ltd	100,000	(14,494)	3,046,630	2,961,124	-	50,526	912	-	912	-
63	Swatantra Infrastructure Pvt Ltd	100,000	2,946	48,282,632	47,179,686	-	2,034,010	2,946	-	2,946	-
64	Tapovan Villas Pvt Ltd	100,000	(17,304)	82,696	-	-	-	(17,304)	-	(17,304)	-
65	Trusted Properties (KPO) Pvt Ltd	100,000	(13,823)	121,593	35,416	-	-	(13,823)	-	(13,823)	-
66	Veda infradevelopers Pvt Ltd	100,000	(23,809)	56,839,036	48,762,845	-	5,902	(23,809)	-	(23,809)	-
67	Viswadhara Constructions Pvt Ltd	100,000	(6,544)	18,949,993	18,856,537	-	59,454	881	-	881	-
68	Wisdom Constructions Pvt Ltd	100,000	(14,112)	56,137,665	56,051,777	-	38,645	1,059	-	1,059	-
69	Yuva Constructions Pvt Ltd	100,000	949	1,414,668	1,313,719	-	40,725	949	-	949	-

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	29561	State Code	18
Balance Sheet Date	31-03-2008		

II. Capital Raised during the year *(Amount in Rs Thousand)*

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	90154.81

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs)*

Total Liabilities	4967745649	Total Assets	4967745649

Source of Funds

Paid up Capital	256083810	Reserve & Surplus	2858316941
Secured Loans	1768405434	Unsecured Loans	50000000
Deferred Tax Liability	34939464		

Application of Funds

Net Fixed Assets	1115071050	Investment	1528497744
Net Current Assets	2324176855	Misc. Expenditure	NIL

IV. Performance of Company *(Amount in Rs)*

Total Incomes	2783976364	Total Expenditure	1948608182
Profit before Tax	835368182	Profit after Tax	674430352
Earning per Share in Rs. (Annualised)	31.88	Dividend Rate %	20.00%

V. Generic names of Three Principal Products of the Company (as per monetary terms)

Item Code No. (ITC Code)	NA
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 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
info@trisyscom.com

Spirit of Visioneering

MARG Limited

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